



2010

**ANSYS LIMITED
REVIEWED PROVISIONAL
ANNUAL RESULTS**



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	28 February 2010 (Reviewed) R'000	28 February 2009 (Audited) R'000
Assets		
Non-current assets		
Property, plant and equipment	7 887	6 871
Intangible assets	29 347	29 005
Deferred tax asset	4 482	1 116
Current assets		
Inventories	10 156	5 799
Trade and other receivables	32 261	52 235
Cash and cash equivalents	3 355	6 965
Other financial assets	60	1 012
Total assets	87 548	103 003
Equity and liabilities		
Equity		
Share capital and vendor shares	40 718	42 287
Retained earnings	8 029	23 735
Liabilities		
Non-current liabilities		
Finance leases	388	665
Current liabilities		
Finance leases	274	523
Trade and other payables	30 048	18 950
Other financial liabilities	–	5 871
Cash and cash equivalents	7 202	9 115
Current tax payable	889	1 857
Total equity and liabilities	87 548	103 003
Number of shares in issue	142 228 041	140 271 008
Net asset value per share (cents)	34.27	47.07
Tangible net asset value per share (cents)	13.64	26.39

CONDENSED SEGMENT REPORT

	28 February 2010 (Reviewed) R'000	28 February 2009 (Audited) R'000
<i>Segment Revenue:</i>		
Rail	61 903	90 063
Defense	29 565	28 635
Industrial	5 757	1 270
Corporate Unallocated	102	203
Total	97 327	120 171
<i>Operating (loss)/profit segment results (before interest and taxation):</i>		
Rail	2 600	15 533
Defense	(12 648)	(8 458)
Industrial	(1 598)	1 417
Corporate Unallocated	(6 009)	(5 434)
Total	(17 655)	3 058

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	28 February 2010 (Reviewed) R'000	28 February 2009 (Audited) R'000
Revenue	97 327	120 171
Gross profit	34 305	52 144
Other income	326	90
Operating costs	(48 620)	(47 632)
EBITDA	(13 989)	4 602
Depreciation and amortisation	(3 666)	(1 544)
(Loss)/profit before interest and taxation	(17 655)	3 058
Interest paid	(855)	(1 550)
Interest received	220	908
(Loss)/profit before taxation	(18 290)	2 416
Taxation	2 584	(887)
(Loss)/profit for the year	(15 706)	1 529
Total comprehensive (loss)/income for the year	(15 706)	1 529
Basic (loss)/earnings per share (cents)	(11.10)	1.09
Diluted (loss)/earnings per share (cents)	(10.95)	1.06
Headline (loss)/earnings per share (cents)	(10.25)	1.09
Weighted average number of shares in issue	141 517 718	140 134 390
Diluted average number of shares in issue	143 406 733	144 503 386
<i>Reconciliation of headline (loss)/earnings:</i>		
Net (loss)/profit attributable to ordinary shareholders	(15 706)	1 529
Adjusted for loss on disposal of property, plant and equipment	40	6
Adjusted for goodwill impairment	1 166	–
Total tax effect of the adjustments	(11)	(2)
Headline (loss)/earnings attributable to ordinary shareholders	(14 511)	1 533

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	28 February 2010 (Reviewed) R'000	28 February 2009 (Audited) R'000
Cash flows from operating activities	11 412	(17 513)
Cash flows from investing activities	(6 632)	(4 717)
Cash flows from financing activities	(6 477)	(528)
Cash flows for the year	(1 697)	(22 758)
Cash and cash equivalents at beginning of year	(2 150)	20 608
Cash and cash equivalents at end of year	(3 847)	(2 150)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital R'000	Vendor shares R'000	Retained income R'000	Total equity R'000
Balance at 1 March 2008	28 368	20 128	27 806	76 302
<i>Movements during the year</i>				
Shares issued	813	(813)	–	–
Re-assessment of shares to be issued as a result of business combination	–	(6 209)	–	(6 209)
Profit for the year	–	–	1 529	1 529
Dividends	–	–	(5 600)	(5 600)
Balance at 28 February 2009	29 181	13 106	23 735	66 022
<i>Movements during the year</i>				
Shares issued	5 869	(5 869)	–	–
Re-assessment of shares to be issued as a result of business combination	–	(1 569)	–	(1 569)
Profit for the year	–	–	(15 706)	(15 706)
Balance as at 28 February 2010	35 050	5 668	8 029	48 747

NOTES TO THE PROVISIONAL FINANCIAL INFORMATION

1. Intangible assets

	Cost R'000	Accumulated amortisation and impairment R'000	Carrying value R'000
As at 28 February 2010			
Intangible assets	8 850	(2 469)	6 381
Purchased:			
– Computer software	2 283	(1 502)	781
Internally generated:			
– Signalling Product Development	246	(31)	215
– Continuous Rope Monitoring System Development	2 335	–	2 335
– AMMS Development	3 986	(936)	3 050
Goodwill	24 132	(1 166)	22 966
Total	32 982	(3 635)	29 347
As at 28 February 2009			
Intangible assets	4 131	(827)	3 304
Purchased:			
– Computer software	1 281	(827)	454
Internally generated:			
– Signalling Product Development	246	–	246
– AMMS Development	2 604	–	2 604
Goodwill	25 701	–	25 701
Total	29 832	(827)	29 005

NOTES TO THE PROVISIONAL FINANCIAL INFORMATION CONTINUED

The carrying value of the intangible assets is reconciled as follows:

The carrying value of the intangible assets is reconciled as follows:	Opening balance R'000	Re-assessment of goodwill R'000	Goodwill impairment R'000	Additions R'000	Amortisation R'000	Closing balance R'000
At 28 February 2010						
Intangible assets	3 304	-	-	4 719	(1 642)	6 381
Purchased:						
– Computer software	454	-	-	1 002	(675)	781
Internally generated:						
– Continuous Rope Monitoring System Development	-	-	-	2 335	-	2 335
– Signalling Product Development	246	-	-	-	(31)	215
– AMMS Development	2 604	-	-	1 382	(936)	3 050
Goodwill	25 701	(1 569)	(1 166)	-	-	22 966
Total	29 005	(1 569)	(1 166)	4 719	(1 642)	29 347
At 28 February 2009						
Intangible assets:	1 509	-	-	2 050	(255)	3 304
Purchased:						
– Computer software	167	-	-	542	(255)	454
Internally generated:						
– Signalling Product Development	246	-	-	-	-	246
– AMMS Development	1 096	-	-	1 508	-	2 604
Goodwill	34 216	(8 515)	-	-	-	25 701
Total	35 725	(8 515)	-	2 050	(255)	29 005

Note:

The re-assessment of goodwill relates to the excess of the re-calculated purchase consideration over the fair value of the assets acquired as part of the business combinations concluded during the 2008 financial year. The purchase consideration was re-assessed due to the difference between the forecasted results for 28 February 2009 and 28 February 2010 as per the initial purchase agreement and the actual results achieved during 28 February 2009 and 28 February 2010.

Introduction

The 2010 financial year was the worst year in the history of Ansys. Performance was adversely affected by a number of factors. The group experienced longer than usual procurement and payment cycles of major clients. Two subsidiaries, Optocon and Emerging Signals experienced capital equipment pressure and delayed project execution respectively. Sales were depressed owing to reduced demand as a result of the global financial melt-down. The combined effect of these factors has resulted in the less than satisfactory results.

However, prospects for 2011 financial year have improved dramatically as the factors highlighted above have in main been resolved. Government's re-energized commitment to service delivery has encouraged our public sector clients to speed up both procurement and payment cycles. Projects in the signalling and defence domain, a major portion of Ansys' business, are being expedited to meet the service delivery backlogs.

Demand in our mining market has begun to grow. Major orders of the Ansys Rope Tester have been secured and more are expected for this unique product.

Ansys has significantly diversified away from the state-owned enterprise sector. Currently more than 50% of the R100 million orders on hand are from the private sector. Other actions were taken to improve the operational effectiveness of the business and are expected to improve returns. Improvements made to Optocon include the appointment of a new managing director and concluding a distribution agreement for the Ansys Commercial Optical Cameras with a major distributor to boost sales.

Emerging Signals, which is still imperative to Ansys' rail operation, has been completely integrated in terms of its management and administration to enhance management's focus. QuadSoft, which remains profitable and a generator of free cash flows, is expected to increase its contribution as efforts are underway to expand into other markets.

Financial Results

Revenue generation for the year decreased from R120.2 million for the year ended 28 February 2009 to R97.3 million for the year ended 28 February 2010. Profit before tax for the year decreased from R2.4 million to a loss before tax of R18.3 million.

Acquisitions

The purchase consideration in respect of the 2008 acquisitions (Optocon, Quadsoft and Emerging Signals) is subject to profit warranties. The profit warranties for Emerging Signals and QuadSoft expired on 28 February 2009. Optocon was still subjected to a profit warranty for the 28 February 2010 financial year, which profit warranties was not achieved. A subsequent re-assessment was made to the purchase consideration.

The net effect of the Optocon re-assessment was as follows:

- *Intangible assets*

Goodwill, included in intangible assets, decreased by R1.6 million from the year ended 28 February 2009 to the current 28 February 2010 review period.

- *Capital and Reserves*

Included in capital and reserves are vendor shares that relate to the issue of shares for the acquisitions. The vendor shares decreased by R1.6 million from the year ended 28 February 2009 to the current 28 February 2010 review period.

Impairment of goodwill

Goodwill is allocated to the Group's cash-generating units identified according to business segments, which include Optocon, Emerging Signals and QuadSoft. Goodwill is tested for

COMMENTARY CONTINUED

impairment annually and the only cash generating unit showing indications of impairment was Optocon. The impairment was calculated at R1.2 million and written off during the current financial year. There were no indications requiring the impairment of goodwill relating to Emerging Signals and QuadSoft.

These adjustments should be read in conjunction with the audited annual consolidated financial statements of 28 February 2009.

Non-Current assets

A significant part of the increase in non-current assets is attributable to the increase in the deferred tax asset. The increase relates to the recognition of taxable losses during the current financial year of R3.3 million.

Current assets

The changes in current assets are mainly attributable to the following:

- Increase in inventories of R1.3 million for stock acquired at year end for the Bayhead yard automation project and R2.3 million of stock on hand relating to a cancelled order.
- The 2009 trade receivables were reflected at an inflated value when compared to normal values, due to the completion of a rail project during February 2009.

Prospects

The 2011 financial year has begun with the award of R25 million worth of orders for Mine Rope (Cable) Testers. Feedback from customers on this product is that it is the most effective Mine Rope Tester available on the market.

After the successful completion of the Bayhead pilot project, a further two orders have been received from GE South Africa Technologies (GESAT) for yard automation using General Electric Transportation equipment. These orders will be executed by Emerging Signals during the current financial year.

The order book of Optocon for the 2011 financial year is full and a turnaround is expected.

The group order book is currently at R100 million, which is good for this time of the year and 25% better than this time last year.

Dividend policy

The Group has historically exercised a policy of paying dividends to shareholders, having due regard to profits, future capital requirements and the cash flow position. In the light of the low profitability for 2010, no dividend will be payable for this year.

Changes to the board of directors

The following changes to the board of directors incurred during the financial year and up to the date of this report:

MG Diliza (Non-executive director) – Resigned on 21 August 2009

Dr JL Steyn (Non-executive director) – Resigned on 1 March 2010

Although the group is not currently compliant in terms of the constitution of the Audit and Risk committee as a result of the above resignations, the board acknowledges that the Companies Act requires the Audit Committee to have at least two independent non-executive directors appointed as members of the Audit committee. The Board further supports the principle of independence in order to maintain corporate division of power and negotiations. The nomination committee is currently considering the recommendation for appointment of several candidates, as independent non-executive directors.

COMMENTARY CONTINUED

Broad Based Black Economic Empowerment ("BBBEE")

The BBBEE committee was established by the board of directors, during the previous financial year, to actively manage the Group's BBBEE status. During the current year assessment, Ansys improved from a level 7 contributor to a level 6 contributor.

Statement of compliance and basis of preparation

The provisional reviewed financial information for the year ended 28 February 2010 has been presented in accordance with, and containing the information required by, IAS 34: Interim Financial Reporting. The results have been prepared in accordance with accounting policies of the group that comply with International Financial Reporting Standards, the Companies Act of South Africa and the Listings Requirements of the JSE Limited and have been consistently applied, throughout the Group, to all periods presented. These provisional financial results have been reviewed by the Company's auditors, BDO South Africa Incorporated, who have expressed an unmodified review conclusion on the results. A copy of their review report is available for inspection at the company's registered office.

Appreciation

We wish to thank our customers, business partners, advisors and suppliers for their contribution to Ansys in the past year. No growth or economic activity would be possible without orders and the capable staff and shareholder investment to execute them. Special thanks are thus due to our financial service providers, staff and shareholders who are loyally assisting Ansys through this time of world economic turmoil.

By order of the Board

12 May 2010



Alan Holloway
Chief Executive Officer



Rachelle Grobbelaar
Chief Financial Officer



CORPORATE INFORMATION

Non executive directors:	T Daka (Chairman)
Executive directors:	A Holloway (CEO), R Grobbelaar (CFO), RF Barnard
Registration number:	1987/001222/06
Registered address:	170 Outeniqua Avenue, Waterkloof Park, Pretoria
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Designated Adviser:	Exchange Sponsors (2008) (Pty) Limited