DATACENTRIX HOLDINGS LIMITED
REGISTRATION NUMBER: 1998/006413/06
SHARE CODE: DCT
ISIN CODE: ZAE 000016051

AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2004

Key Financial Indicators

- Revenue decreased 1% to R764 million
- Operational performance (EBITDA) decreased 2% to R57 million
- Headline earnings per share (HEPS) decreased 10% to 20.7 cents and earnings per share 16% to 16.3 cents
- Cash generated from operations of R28 million, resulting in R131 million cash on hand, with no interest-bearing debt
- Net asset value increased 17% to 97 cents and tangible net asset value increased 27% to 81 cents
- Capital distribution of 6.9 cents per share proposed

Consolidated Income Statement for the year ended 29 February 2004

	2003 R'000	2004 R'000
Revenue	**770 738**	**763 782**
Operating expenses	**(712 423)**	**(706 620)**
Earnings before depreciation, goodwill amortised and interest, adjusted for profit on disposal of business (EBITDA)	**58 315**	**57 162**
Depreciation	(5 589)	(7 297)
Net profit from disposal of business	1 383	-
Goodwill amortised	(7 677)	(8 672)
Operating income before interest and taxation	**46 432**	**41 193**
Net interest received	7 420	10 476
Deemed interest (AC133 fair value adjustment)	-	(1 243)
Share of associate income	1 134	343
Income before taxation	**54 986**	**50 769**
Taxation	(18 069)	(19 023)
Earnings attributable to ordinary shareholders	**36 917**	**31 746**

Note: Accounting policies were changed to incorporate AC133 and the consolidation of the share trust and options	Pre acc policy changes 2003	Post acc policy changes 2003	Post acc policy changes 2004
Headline earnings per ordinary share (cents)	**21.8**	**22.9**	**20.7**
Diluted headline earnings per ordinary share (cents)	21.8	22.6	19.9
Basic earnings per ordinary share (cents)	**18.6**	**19.5**	**16.3**
Diluted basic earnings per ordinary share (cents)	18.6	19.3	15.7
Weighted average number of shares in issue (000's)	198 363	189 040	**195 024**
Weighted average number of shares in issue for the purposes of dilution (000's)	198 363	191 489	**202 628**

Reconciliation between earnings attributable to ordinary shareholders and headline earnings

	2003	2004
Earnings attributable to ordinary shareholders	36 917	31 746
Goodwill amortised	7 677	8 672
Net profit from disposal of business	(1 383)	-
Headline earnings	**43 211**	**40 418**

Consolidated Balance Sheet as at 29 February 2004

	2003 R'000	2004 R'000
ASSETS		
Non-current assets	**68 922**	**59 658**
Property and equipment	14 191	13 737
Intangible assets	37 191	32 585
Investment in associate	917	1 233
Advance payments	5 527	3 050
Deferred taxation	11 096	9 053
Current assets	**249 071**	**258 821**
Inventories	10 403	11 707
Accounts receivable	120 884	116 092
Bank balances and cash	117 784	131 022
TOTAL ASSETS	**317 993**	**318 479**
EQUITY AND LIABILITIES		
Capital and reserves	**159 993**	**193 768**
Share capital	20	20
Share premium	43 740	50 831
Treasury shares	(10 135)	(11 078)
Non-distributable reserves	14 543	-
Acquisition consideration (shares) due to vendors	6 796	1 746
Distributable reserves	105 029	152 249
Non-current liability		
Acquisition consideration (long-term cash) due to vendors	12 155	**833**
Current liabilities	**145 845**	**123 878**
Accounts payable and accruals	102 853	86 763
Provisions	3 295	3 838
Deferred revenue on contracts	21 555	19 905
Acquisition consideration (short-term cash) due to vendors	7 231	11 098
Taxation	10 911	2 274
TOTAL EQUITY AND LIABILITIES	**317 993**	**318 479**
Net asset value per share (cents)	83	**97**
Tangible net asset value per share (cents)	64	**81**
Number of shares in issue (000's)	193 081	**199 863**

Consolidated Statement of Changes in Equity for the year ended 29 February 2004

	2003 R'000	2004 R'000
Opening balance as previously stated	119 345	159 993
Consolidation of employee share incentive trust	(10 097)	-
Opening balance restated	109 248	159 993
Net income for the year	36 917	31 746
Share issue expenses	(242)	(86)
(Loss) / Profit on sale of treasury shares held in employee share incentive trust	(6)	102
Deemed interest (AC133 fair value adjustment)	-	931
Treasury shares – movement during the year	(106)	(943)
Non-achievement of profit warranties	(1 042)	-
Share issues	15 224	2 025
Closing balance	**159 993**	**193 768**

Consolidated Cash Flow Statement for the year ended 29 February 2004

	2003 R'000	2004 R'000
Income before taxation	54 986	50 769
Adjusted for non-cash items	3 350	6 495
	58 336	57 264
Working capital changes	12 829	(13 709)
- Inventory	(1 509)	(1 304)
- Receivables	16 594	4 792
- Payables	(2 256)	(17 197)
	71 165	43 555
Net interest received	7 420	10 476
Taxation paid	(16 415)	(25 959)
Net cash inflow from operating activities	62 170	28 072
Net cash outflow from investing activities	(12 860)	(7 380)
Net cash outflow from financing activities	(2 991)	(7 454)
Net increase in cash and cash equivalents	**46 319**	**13 238**
Cash and cash equivalents at the beginning of the year	71 465	117 784
Cash and cash equivalents at the end of the year	**117 784**	**131 022**

Nature of Business
Datacentrix operates as a technology reseller and solution provider. Its major activities comprise the supply, integration and optimisation of IT infrastructure, solutions and related services to enterprise South Africa.

Commentary
The directors of Datacentrix Holdings Limited present the annual financial results of the group for the year ended 29 February 2004. The performance of the company, its competitive profile, delivery capacity and its prospects have not changed materially in a difficult and challenging environment. The company has maintained and even increased its level of activity and the operations remain strong. Although the company achieved good growth in sales volumes of hardware and software products during the year, the results were negatively impacted by the change in the value of the Rand relative to the US Dollar.

Overall the directors are pleased with the results and believe that the company is extremely well positioned to continue its solid performance, particularly in a more stable exchange rate environment and given the significant level of transformation already achieved from a shareholding, employment equity and procurement point of view over the past five years.

Accounting Policies
The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The JSE Securities Exchange of South Africa ("JSE") issued guidance on the consolidation of share trusts and the Datacentrix Holdings Employee Share Trust is accordingly consolidated into the annual financial statements of the group. This represents a change in accounting policy and in accordance with the requirements of AC103: Net Profit or Loss for Period, Fundamental Errors and Changes in Accounting Policies, the comparative figures have been restated. The group also adopted AC133 Financial Instruments: Recognition and Measurement during the current financial year. As a result of adopting AC133 and in accordance with transition requirements of AC133, comparative figures have not been adjusted except for the restatement of current year opening retained earnings. The implementation of AC133 has a material negative impact on our current year results of a net R1,24, million owing to the fair valuing of acquisition consideration due to vendors at the beginning and end of the financial year under review.

Results
Revenue was down 1% compared to the corresponding period, mainly due to the change in value of the Rand (the equivalent revenue in US Dollars shows growth of more than 30% for hardware and software sales, which are all imported). As a consequence, EBITDA, earnings and headline earnings per share were down 2%, 16% and 10% respectively. Net asset value per share increased 17% to 97 cents compared to the corresponding period and tangible net asset value per share increased 27% to 81 cents. Cash generated from operations was R28 million, resulting in R131 million cash on hand with no interest-bearing debt. Lower cash conversion was primarily due to cash reserves being utilised to pay trade creditors earlier in order to benefit from settlement discounts.

Infrastructure and Services
The Infrastructure division has shown healthy growth during the period under review when one allows for the scrapping of import duties and the change in the value of the Rand. The division continues to be a pre-eminent player in the supply, maintenance and support of IT infrastructure.

In this reporting period the division chalked up a number of significant wins, heightened its technology partner accreditations, retained all its major existing customers and renewed existing contracts. A key focus for 2003 was to make inroads into the Johannesburg market and Datacentrix is now firmly entrenched within this sector, winning over a number of blue-chip customers and gaining larger long-term contracts. The opportunities presented by server and storage consolidation trends continue to fuel growth for high-end servers, storage and enterprise backup library solutions. The division is firmly established as a serious player in the enterprise solutions space. Management within the Infrastructure division has been bolstered to assist the group to meet its growing customer needs.

Datacentrix Services is a single service provider for an enterprise's diverse requirements. The supply of products through Infrastructure and the outsourcing capabilities of Services provide cost effective and capable solutions to Datacentrix' customers. The focal point for Services has been customer satisfaction through the successful achievement of exceptional service levels. Opportunities within the selective outsourcing market have been identified as key, bringing the benefit of stronger strategic customer relationships, improved resource utilisation and annuity income. The single-source managed support contract, that brings together multiple-point services, is gaining momentum as the preferred method of contracting and doing business with support providers.

Datacentrix is a highly accredited warranty service provider for all major vendors and performs in-warranty repairs on their behalf for customers. Direct partner contracts have been renewed and accreditations maintained during the year.

Solutions

The growth within Datacentrix Solutions has been fuelled by the market's need for archiving of data and documents, integration of dissimilar applications, document management and workflow; business intelligence; the move towards outsourcing of business applications; and Microsoft's entry into the CRM market. The result has been a number of successful contract wins, particularly on the ERP side, which will be executed during the new financial year. Some of these wins include Cashbuild, Pride Milling, Brenner Mills and Astral Foods.

Datacentrix Solutions division attained the Microsoft Business Solution Partner of the Year award in August 2003 and was accredited as a Microsoft Gold Certified Partner for Business Intelligence, reinforcing Datacentrix' expertise and position in the local market. The division's strong Microsoft partnership has been fortified with its offering of Microsoft CRM solutions to new and existing customers.

Black Economic Empowerment

Datacentrix continues to focus strongly on internal transformation imperatives and also participates actively in the ICT forums to promote transformation. Strong equity and empowerment shareholder involvement and employment equity credentials place Datacentrix ahead of the anticipated ICT charter requirements. The "A" rating accredited by EmpowerDEX, an economic empowerment rating and research agency, provides independent confirmation of our progress in this area. Particular focus is now being placed on further improving our empowerment supplier purchases and corporate social investment programs.

Future Prospects

Datacentrix' solid business model, maintained focus on business basics and its prudent and conservative management have resulted in its continued profitability, consistent performance, strong balance sheet, steadily improved empowerment profile, strong vendor relationships and accreditations and its high customer satisfaction levels. The group's strategic focus remains unchanged, with expected growth areas encompassing enterprise systems and the Johannesburg market. 2004 should mark the start of a number of sizeable "refresh" projects worldwide, as organisations start to upgrade equipment implemented during the Y2K boom. With a number of long outstanding government tender evaluations finally resolved in Datacentrix' favour, the company expects significant growth from this sector as well. Other areas of future strategic importance to Datacentrix include a focus on selective outsourcing in both the desktop and the server environment as well as in output management (printing, copying, faxing). The company remains confident that it best represents the ideal long-term strategic channel partner for vendors and customers.

Capital Distribution

Datacentrix is proud to announce the proposed declaration of a capital distribution of 6.9 cents per share. This represents a three times HEPS capital distribution cover, which the company expects to maintain as a policy going forward. A capital distribution to be paid out of share premium of 6.9 cents per share for the year ended 29 February 2004 has been recommended. Shareholders will be asked to consider, and if deemed fit, approve the capital distribution at the annual general meeting of the company to be held on 09 June 2004. Subject to shareholder approval, the following dates will be applicable to the capital distribution:

Last day to trade:	25 June 2004
Trading commences ex distribution:	28 June 2004
Record date:	02 July 2004
Payment date:	05 July 2004

Share certificates may not be dematerialised or rematerialised between 28 June 2004 and 02 July 2004, both days inclusive.

Auditor's Opinion and Subsequent Events

The group's auditors, Deloitte & Touche, have audited these results and a copy of their unqualified audit report is available for inspection at the company's registered office. No material events have occurred between the end of the financial year and the date of the audit report.

Changes to the Board

Natanya Kuper resigned from the board of directors effective 20 November 2003. Her contribution has been greatly valued and appreciated. In compliance with JSE regulations the positions of Chairman and Chief Executive Officer have been separated. Gerhard Uys is now the CEO while Gary Morolo retains the position of Executive Chairman. Further, in line with corporate governance requirements, the board is involved in efforts to strengthen the non-executive independent director component of the board.

For and on behalf of the Board

Gary Morolo
Executive Chairman
Pretoria - 02 April 2004

Executive Directors: Gary Morolo (Executive Chairman), Gerhard Uys (CEO), Klaas Lammers, Stewart Barker, Charl Joubert, Ahmed Mahomed, Elizabeth Naidoo **Non-Executive Directors:** Sam Nematswerani, Joan Joffe, Christoff Botha, Imogen Mkhize

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Transfer Secretaries: Computershare Limited, 70 Marshall Street, Johannesburg