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

AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2006

Key Financial Indicators

- Revenue increased 17.3% to over R1 billion for the first time
- EBITDA increased 8.1% to R86.5 million
- Headline earnings per share (HEPS) increased 8.3% to 28.6 cents
- Earnings per share (EPS) increased 15.3% to 25.5 cents
- Net asset value increased 14.1% to 125 cents
- Tangible net asset value increased 20.2% to 116 cents
- Cash on hand of R165.6 million, with no interest-bearing debt
- Dividend declared of 30 cents per share

Consolidated Income Statement for the year ended 28 February 2006

	Audited 2006 R'000	Restated 2005 R'000
Revenue	**1 034 397**	882 205
Operating profit	**70 341**	60 384
Net interest received	**7 856**	5 764
Income from associate	**-**	472
Income before taxation	**78 197**	66 620
Taxation	**(28 341)**	(23 339)
Earnings attributable to ordinary shareholders	**49 856**	43 281
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**86 512**	80 027
Headline earnings per ordinary share (cents)	**28.6**	26.4
Diluted headline earnings per ordinary share (cents)	**27.9**	25.8
Basic earnings per ordinary share (cents)	**25.5**	22.1
Diluted basic earnings per ordinary share (cents)	**24.8**	21.6
Declared dividend per share (cents)	**30**	9
Weighted average number of shares in issue (000's)	**195 648**	195 801
Weighted average number of shares in issue for the purposes of dilution (000's)	**200 713**	200 690
Reconciliation between earnings attributable to ordinary shareholders and headline earnings		
Earnings attributable to ordinary shareholders	**49 856**	43 281
Goodwill amortised	**7 857**	8 471
Profit on sale of assets	**-**	75
Profit on disposal of business	**74**	-
Profit on sale of property and equipment	**1 700**	446
Headline earnings	**55 939**	51 677

Changes in accounting policies and disclosures

	Previously stated R'000	IFRS R'000	Other restatements R'000	Restated 2005 R'000
Net profit	44 659			44 659
- Operating profit		(1 319)	(877)	(2 196)
- Taxation		-	818	818
	44 659	**(1 319)**	**59**	**43 281**

Consolidated Balance Sheet as at 28 February 2006

	Audited 2006 R'000	Restated 2005 R'000
ASSETS		
Non-current assets	**64 181**	75 351
Property, plant and equipment	**31 217**	33 360
Investment property	**-**	2 333
Intangible assets	**17 008**	25 006
Investment in associate	**-**	1 413
Advance payments	**263**	-
Deferred taxation	**15 695**	13 239
Current assets	**379 423**	290 027
Inventories	**4 836**	6 765
Accounts receivable	**208 972**	116 116
Bank balances and cash	**165 615**	167 146
TOTAL ASSETS	**443 604**	365 378
EQUITY AND LIABILITIES		
Capital and reserves	**244 879**	214 772
Share capital	**21**	20
Share premium	**40 311**	39 589
Treasury shares	**(20 203)**	(14 060)
Equity-settled share scheme	**5 042**	1 735
Distributable reserves	**219 708**	187 488
Non-current liability		
Deferred revenue - long-term portion	**13 234**	19 260
Current liabilities	**185 491**	131 346
Accounts payable and accruals	**134 522**	82 389
Provisions	**23 371**	24 639
Deferred revenue on contracts – short term	**16 602**	12 842
Acquisition consideration (short-term cash) due to vendors	**-**	920
Lease liability	**300**	163
Taxation	**10 698**	10 393
TOTAL EQUITY AND LIABILITIES	**443 604**	365 378
Net asset value (adjusted for treasury shares) per share (cents)	**125.16**	109.69
Tangible net asset value (adjusted for treasury shares) per share (cents)	**116.47**	96.92
Actual number of shares in issue (000's)	**195 647**	195 801

Changes in accounting policies and disclosures

	Previously stated R'000	IFRS R'000	Other restatements R'000	Restated 2005 R'000
- Property, plant and equipment	25 001	-	8 359	33 360
- Deferred tax assets	12 165	-	1 074	13 239
- Inventories	12 124	-	(5 359)	6 765
- Equity-settled share scheme	-	1 735	-	1 735
- Retained earnings	196 908	(1 735)	(7 685)	187 488
- Current tax liabilities	10 137	-	256	10 393
- Provisions	13 299	-	11 340	24 639
- Lease liability	-	-	163	163

Consolidated Statement of Changes in Equity for the year ended 28 February 2006

	Audited 2006 R'000	Restated 2005 R'000
Opening balance	**214 771**	186 142
Net income for the year	**49 856**	44 659
Share issue expenses	**(10)**	(26)
Profit (loss) on sale of treasury shares held in share trust	**(180)**	482
Treasury shares – movement during the year	**(4 911)**	(2 982)
Other restatements	**-**	(60)
Equity-settled share scheme	**3 307**	-
Share acquisitions	**(1 232)**	-
Dividend/Capital distribution	**(17 635)**	(13 444)
Raised on new acquisitions	**913**	-
Closing balance	**244 879**	214 771

Consolidated Cash Flow Statement for the year ended 28 February 2006

	Audited 2006 R'000	Restated 2005 R'000
Income before taxation	**78 197**	67 812
Adjusted for non-cash items	**11 943**	15 366
Working capital changes	**(42 191)**	16 174
- Inventory	**1 929**	(682)
- Receivables	**(92 856)**	(24)
- Payables	**48 736**	16 880
Cash generated from operations	**47 949**	99 352
Net interest received	**7 856**	5 764
Dividend paid	**(17 635)**	(13 444)
Taxation paid	**(30 236)**	(19 262)
Net cash inflow from operating activities	**7 934**	72 410
Net cash outflow from investing activities	**(3 624)**	(20 861)
Net cash outflow from financing activities	**(5 841)**	(15 425)
Net increase in cash and cash equivalents	**(1 530)**	36 124
Cash and cash equivalents at the beginning of the year	**167 146**	131 022
Cash and cash equivalents at the end of the year	**165 615**	167 146

Commentary

The directors of Datacentrix Holdings Limited are proud to announce the annual financial results of the group for the year ended 28 February 2006. The directors believe that the results reflect creditable performance after experiencing a particularly tough trading environment in the first half of the year. Growth has been achieved on all the indices as normally reported on. In particular Datacentrix is proud to announce the achievement of a historic milestone of exceeding one billion Rand in turnover. This milestone was achieved against the headwind of a relatively strong currency and a generally deflationary environment for IT infrastructure. This illustrates that Datacentrix has resilience and a strong market presence.

Basis of Preparation

In the current year, the group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 March 2005. The adoption of these new and revised standards and interpretations has resulted in changes to the group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- share-based payments (IFRS 2);
- goodwill (IFRS 3);
- property, plant and equipment (IAS 16);
- Business Contributions (IFRS 3); and
- Leases (IAS 17 (Revised)).

IFRS 2: Share-Based Payments - requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of IFRS 2, the group did not recognise the financial effect of share-based payments until such payments were settled.

IFRS 3: Business Combinations - has been adopted for business combinations for which the agreement date is on or after 31 March 2004. The option of limited retrospective application of the standard has not been taken up, thus avoiding the need to restate past business combinations. After initial recognition, IFRS 3 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Under IAS 36: Impairment of Assets (as revised in 2004), impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. IFRS 3 prohibits the amortisation of goodwill. Previously, under IAS 22, the Group carried goodwill in its balance sheet at cost less accumulated amortisation and accumulated impairment losses.

In compliance with circular 7/2005 issued by the South African Institute of Chartered Accountants and IAS 17 (revised), the group now accounts for its fixed escalation operating leases on a straight line basis over the period of the lease.

The above results have also been restated for the impact of IAS 8: Revenue and IAS 16: Property, plant and equipment, which has mainly been the reclassification of the respective line items.

In 2001, the board approved an incentive plan for three nominated directors in terms of performance and accordingly established the targets based on achievement of headline earnings per share growth. The detail of the incentive plan is fully disclosed in the circular dated 15 December 2005. At a general meeting held on 03 February 2006, the required majority vote was not reached to approve the issue of shares. The board and key shareholders are of the view that there is a constructive obligation on the part of the company to compensate each director accordingly. In view of this, the board has decided to issue cash bonuses in lieu of the options to these executive directors. According to IAS 19: Employee Benefits, the services in relation to this bonus have been rendered in the respective years of 2002, 2003 and 2005. Hence a provision for bonus of R14,580 million has been raised accordingly, and comparative figures have been restated to this effect.

Basic earnings per share and headline earnings per share are reported after a secondary taxation on companies (STC) charge of R2,3 million in respect of Datacentrix' cash dividend paid in July 2005.

Infrastructure and Related Services

The Infrastructure division produced significant growth in the second half of the year, resulting in the division exiting the financial year with healthy organic growth. The division continues to be a dominant player in the supply, deployment, maintenance and support of IT infrastructure solutions. In the period under review the division had a number of significant wins, retained all its major customers, renewed existing contracts and strengthened its technology partner accreditations. Regarding the latter, the division was recognised as the best performing HP reseller for the ISE (International Sales Europe) region outdoing other MEA competitors both in terms of volume and growth.

The division experienced strong performance from most segments of the market, most notably from the coastal region, government sector and enterprise systems unit. The division's strategic focus remains unchanged, with expected growth areas encompassing managed output solutions, enterprise systems, government spending and infrastructure refresh projects. Datacentrix continues to ensure that the group is accredited by its vendors at the highest possible technical level. This competency provides customers with peace of mind that Datacentrix is a cost effective partner for the supply, installation and maintenance of equipment over its entire lifecycle.

Customer satisfaction remains extremely high with the 'cradle to grave' focus that Datacentrix has in the supply and support of hardware. This focus ensures customers are assisted through the needs determination, the product evaluation and selection, the configuration and installation process and the support of the infrastructure thereafter. The additional services, which Datacentrix is extending it's competencies in, are performing according to expectation. The Advanced Infrastructure Projects division employs highly skilled Microsoft certified engineers and handles large Microsoft based projects. Datacentrix' innovative approach to outsourcing is finding a very receptive market and this specialised division has gained further momentum this year with the award of two blue chip clients who have outsourced their entire IT infrastructure management to Datacentrix.

Solutions

The ERP business unit encountered challenges during the year. Contract management has been improved and better methodologies employed to curtail the reoccurrence of this situation. The systems and processes continue to be reviewed and management has been strengthened. Client relationships have been reinforced and service delivery enhanced. Management remains confident that these turnaround activities have improved the efficiencies of the business and look forward to future contributions by the business unit to the growth in earnings.

The Development and Integration business unit within the Solutions Division has won major deals in the areas of workflow and data-mining during the year. The Optimisation business unit, serving in the electronic content management and archiving areas, has also performed creditably.

Black Economic Empowerment (BEE)

With the DTI Codes of Practice largely in place, clarity has been provided for companies to begin to purposefully address their empowerment credentials. Accordingly, Datacentrix will be taking this opportunity to bring its credentials in line with the requirements of the code. The intention of the company is that this would among other things entail the empowerment of senior staff and management whose contribution to the current and future success of the business is key. While Datacentrix has been evaluating a number of options to this end, consolidation in the industry may also provide an opportunity to achieve the same goals.

Future Prospects
The board remains cautiously optimistic about the prospects of the company. Datacentrix continues to be a well-placed partner to government, specifically on the existing SITA contracts. Government spending on IT has increased markedly in the last few months and we expect to see continued activity from this sector. The anticipated large infrastructure roll-outs including rail and ports, electricity, Gautrain, the hosting of the 2010 World Cup, and improved service delivery from government departments all contribute to a positive economic climate with positive spin-offs for the IT sector. The pressure to make broadband more accessible and affordable to stimulate economic growth and to make South Africa viable as a call centre destination also adds to a positive outlook for the IT industry. The demand for Infrastructure and related services continues to generate growth to the company's earnings. The Solutions Division is being put on a sound footing and there are expectations that it will return to being a significant contributor to the bottom line.

Dividend
The Directors are pleased to announce a review of the company dividend policy to provide the return of a greater proportion of the cash to shareholders. Accordingly, the normal dividend policy has been adjusted from three times cover to two times cover on HEPS, resulting in a dividend of 14 cents per share. In addition, after due consideration of the company's cash requirements, the board has decided to approve the payment of a special dividend of 16 cents per share to be paid concurrently with. This will contribute significantly to improving the company's capital structure and improving shareholder returns.

Deemed declaration date:	Friday, 21 April 2006
Last day to trade:	Friday, 5 May 2006
Share trade ex dividend	Monday, 8 May 2006
Record date	Friday, 12 May 2006
Payment date:	Monday, 15 May 2006

Share certificates may not be dematerialised or rematerialised between Monday, 8 May and Friday, 15 May 2006, both days inclusive.

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

Annual General Meeting
It is expected that the Annual Report will be dispatched to shareholders no later than 22 May 2006. Notice is hereby given that the annual general meeting of the company will be held at the company's registered office on 15 June 2006 at 10h00.

Cautionary update
Further to the renewal of the cautionary announcement dated 17 March 2006, shareholders are advised that negotiations relating to the shareholding of the company, which may have a material affect on the price of the company's securities, are still in progress. Accordingly, shareholders are advised to continue exercising caution when dealing in the company's securities on the JSE Limited until a full announcement is made.

Board Composition
With immediate effect, the following changes to the composition of the board will be made to achieve better compliance with corporate governance guidelines and requirements of the codes of good governance. Executive directors Charl Joubert and Stewart Barker have resigned from the board, but will continue their executive roles within the company and will continue to be invitees to the board. The position of executive chairman, held by Gary Morolo, has been changed to a non-executive seat on the board. The balance of executive to non-executive has therefore been restored in favour of the non-executives.

For and on behalf of the Board:

Gary Morolo
Chairman
18 April 2006

Directors:	Gary Morolo (Chairman), Gerhard Uys (CEO), Ahmed Mahomed, Alwyn Martin*, Charl Joubert, Christoff Botha*, Elizabeth Naidoo, Imogen Mkhize*, Joan Joffe*, Klaas Lammers, Stewart Barker *non-executive
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Sponsor:	Barnard Jacobs Mellet Corporate Finance (Pty) Ltd