

DATACENTRIX HOLDINGS LIMITED
REGISTRATION NUMBER: 1998/006413/06
JSE CODE: DCT
ISIN: ZAE 000016051
 ("Datacentrix" or "the group")

AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2011 AND CAUTIONARY ANNOUNCEMENT

Key Financial Indicators

- Revenue increased 22% to R1.576 billion
- Basic earnings per share (EPS) increased by 12% to 46.1 cents
- Headline earnings per share (HEPS) increased by 13% to 46.3 cents
- Cash on hand of R321.2 million, with no interest-bearing debt
- Cash generated from operations of R163.1 million
- Tangible net asset value per share increased 10% from 186.9 to 205.4 cents per share

Condensed Consolidated Statements of Comprehensive Income for the year ended 28 February 2011

	Audited	Audited
	2011	2010
	R'000	R'000
Revenue	1 575 739	1 290 781
Operating profit	124 438	107 173
Net interest received	12 794	14 924
Profit before taxation	137 232	122 097
Income taxation expense	(47 034)	(41 692)
Total comprehensive income attributable to ordinary shareholders	90 198	80 405
Basic earnings per ordinary share (cents)	46.1	41.1
Diluted basic earnings per ordinary share (cents)	45.3	40.6
Declared dividend per share (cents)	#13.9	30.0
<i># interim dividend only</i>		
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	150 091	126 619
Headline earnings per ordinary share (cents)	46.3	41.0
Diluted headline earnings per ordinary share (cents)	45.5	40.5
Weighted average number of shares in issue* (000's)	195 798	195 798
Weighted average number of shares in issue for the purpose of dilution* (000's)	199 190	198 258
<i>*adjusted for treasury shares</i>		
Reconciliation between comprehensive income attributable to ordinary shareholders and headline earnings		
Earnings attributable to ordinary shareholders	90 198	80 405
Loss (profit) on sale of property and equipment	425	(212)
Headline earnings	90 623	80 193

Condensed Consolidated Statements of Financial Position as at 28 February 2011

	Audited 2011 R'000	Audited 2010 R'000
ASSETS		
Non-current assets	76 997	72 099
Property and equipment	37 536	39 297
Intangible assets	17 950	17 276
Long-term receivables	-	1 036
Deferred taxation assets	21 511	14 490
Current assets	585 444	518 155
Current taxation asset	154	-
Inventories	10 877	12 882
Trade and other receivables	253 243	220 437
Cash and cash equivalents	321 170	284 836
TOTAL ASSETS	662 441	590 254
EQUITY AND LIABILITIES		
Capital and reserves	420 027	383 152
Share capital	21	21
Share premium	37 544	37 442
Treasury shares	(38 799)	(38 200)
Equity-settled share scheme reserve	24 761	17 872
Retained earnings	396 500	366 017
Non-current liability		
Deferred revenue – long-term	18 292	11 921
Current liabilities	224 112	195 181
Trade and other payables	177 773	158 019
Provisions	1 500	1 849
Deferred revenue – short-term	42 962	32 520
Lease smoothing liability	1 887	1 695
Current taxation liabilities	-	1 098
TOTAL EQUITY AND LIABILITIES	662 441	590 254
Net asset value (adjusted for treasury shares) per share (cents)	214.5	195.7
Tangible net asset value (adjusted for treasury shares) per share (cents)	205.4	186.9
Weighted average number of shares in issue (000's)	195 798	195 798

Condensed Consolidated Statements of Changes in Equity for the year ended 28 February 2011

	Share capital R'000	Share premium R'000	Treasury shares R'000	Equity settled share scheme reserve R'000	Retained earnings R'000	Total R'000
Balance at 28 February 2009	21	37 366	(37 166)	15 272	345 132	360 625
Total comprehensive income for the year	-	-	-	-	80 405	80 405
Treasury shares – movement during the year	-	-	(1 034)	-	-	(1 034)
Share-based payment	-	-	-	2 600	-	2 600
Dividend paid	-	-	-	-	(59 520)	(59 520)
Profit on sale of treasury shares	-	76	-	-	-	76
Balance at 28 February 2010	21	37 442	(38 200)	17 872	366 017	383 152
Total comprehensive income for the year	-	-	-	-	90 198	90 198
Treasury shares – movement during the year	-	-	(599)	-	-	(599)
Share-based payment	-	-	-	6 889	-	6 889
Dividend paid	-	-	-	-	(59 715)	(59 715)
Profit on sale of treasury shares	-	102	-	-	-	102
Balance at 28 February 2011	21	37 544	(38 799)	24 761	396 500	420 027

Condensed Consolidated Statement of Cash Flow for the year ended 28 February 2011

	Audited 2011 R'000	Audited 2010 R'000
Profit before taxation	137 232	122 097
Adjusted for non-cash items	20 468	7 547
Working capital changes	5 417	23 689
- Inventories	2 005	(2 444)
- Trade and other receivables	(32 806)	62 300
- Trade and other payables	36 218	(36 167)
Cash generated from operations	163 117	153 333
Net interest received	12 794	14 924
Dividend paid	(59 715)	(59 520)
Taxation paid	(55 307)	(42 217)
Net cash inflow from operating activities	60 889	66 520
Net cash outflow from investing activities	(23 956)	(13 491)
Net cash outflow from financing activities	(599)	(1 034)
Net increase in cash and cash equivalents	36 334	51 995
Cash and cash equivalents at the beginning of the year	284 836	232 841
Cash and cash equivalents at the end of the year	321 170	284 836

Basis of Preparation

The condensed financial statements of the group are prepared as a going concern on a historical cost basis except for certain financial instruments, at amortised cost or fair value. The condensed annual financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board and the information as required by IAS 34: Interim Financial Reporting, Listing Requirements of the JSE Limited, and the Companies Act of South Africa (Act 61 of 1973), as amended. The principal accounting policies, which comply with IFRS, have been consistently applied in all material respects in the current and comparative years. All new interpretations and standards were assessed and adopted with no material impact.

Auditors' Opinion and Subsequent Events

The group's auditors, Deloitte & Touche, have audited these results and a copy of their unmodified audit opinion on this set of condensed financial information as well as their accompanying unmodified audit report on the annual financial statements is available for inspection at the group's registered office. No material events have occurred between the financial year end and the date of the audit report.

Nature of Business

Datacentrix intends to continue to be the preferred ICT partner to the majority of South Africa's corporate and public sector organisations. The company plans to grow in a profitable, yet responsible manner and continue delivering complete solutions to its Southern African clients, maximising value, and utilising the latest technology together with the talent of its resources. This is given direction by the company's shared values of pride, passion, professionalism and performance.

Commentary

Datacentrix is pleased to announce its annual financial results for the year ended 28 February 2011 showing solid organic revenue, and a profit profile between the divisions that is shifting in favour of the Managed Services and Business Solutions divisions.

The group continues to maintain diligent financial and operational discipline across the business, evident in the strong operating cash flow generation of R163 million, resulting in cash on hand of R321 million with no interest-bearing debt. Tangible net asset value improved by 10 percent to 205 cents. Revenue grew organically from R1.3 billion to R1.6 billion, a growth of 22 percent, while EBITDA increased from R127 million to R150 million, a rise of 19 percent. EBITDA margins have held steady at 9.5 percent. Due to lower interest rates, group interest earned declined by R2.1 million. Headline earnings per share increased from 41 cents to 46 cents, a growth of 13 percent.

Segmental Analysis

	Infrastructure		Managed Services		Business Solutions		Corporate		Total Group	
	28 Feb 2011 R'000	28 Feb 2010 R'000	28 Feb 2011 R'000	28 Feb 2010 R'000	28 Feb 2011 R'000	28 Feb 2010 R'000	28 Feb 2011 R'000	28 Feb 2010 R'000	28 Feb 2011 R'000	28 Feb 2010 R'000
Revenue	1 203 762	974 282	345 419	281 537	100 489	97 874	(73 931)	(62 912)	1 575 739	1 290 781
Operating profit	70 251	68 983	34 771	26 440	19 773	12 092	(357)	(342)	124 438	107 173
Net interest received	-	-	-	-	-	-	12 794	14 924	12 794	14 924
Profit before taxation	70 251	68 983	34 771	26 440	19 773	12 092	12 437	14 582	137 232	122 097
Income tax expense	(19 670)	(19 677)	(9 736)	(7 538)	(5 537)	(3 446)	(12 091)	(11 031)	(47 034)	(41 692)
- normal and deferred taxation	(19 670)	(19 677)	(9 736)	(7 538)	(5 537)	(3 446)	(5 830)	(4 791)	(40 773)	(35 452)
- secondary taxation on companies	-	-	-	-	-	-	(6 261)	(6 240)	(6 261)	(6 240)
Comprehensive income for the year attributable to ordinary shareholders	50 581	49 306	25 035	18 902	14 236	8 646	346	3 551	90 198	80 405

Operational Review

The group is satisfied with the overall performance of its divisions. Its primary contributor, the Infrastructure division contributed 51 percent to group profit before taxation (PBT), while the Managed Services and Business Solutions divisions contributed 25 and 14 percent respectively. The Managed Services and Business Solutions divisions grew divisional PBT by 32 and 64 percent respectively, boosting the combined contribution of these divisions to a healthy 40 percent of group PBT.

Targeted growth areas have performed well, showing significant new client wins. Good performances were noted within both newly established and existing competencies, in particular storage, security, data centres, outsourcing and managed print services (MPS). The company has invested in the basic constructs of a cloud solution and has already started engaging clients.

Infrastructure

The Infrastructure division reflected a marginal PBT (3 percent) increase for the year under review. When contextualised against the backdrop of the continued subdued public sector expenditure, the performance of the rest of the business was commendable, more than offsetting the poor public sector performance. While public sector tender activity is still robust, the awarding of these tenders remains inhibited.

The Infrastructure division continues to be a leading supplier of total, integrated IT solutions and related services, from design to provisioning and deployment through to maintenance and ongoing support. Although the year was challenging for this division, as mentioned, the commercial sector business outperformed as a result of increasing its share of wallet in existing clients and new project wins. The specialist technology areas within the division also performed well.

The Datacentrix Infrastructure division is the largest and most broadly certified HP integrator in the local market. In addition, the company is now also one of the strongest partners for both IBM and Symantec, after strengthening its capabilities by securing the services of pre-eminent management and technical resources in these spaces. At the same time, the division boasts some of the highest certified technical skills in virtualisation technologies (VMware), a targeted growth area.

Managed Services

A strong performance was delivered by the Managed Services division, increasing divisional PBT by 32 percent. This performance benefited handsomely from a once-off MPS project relating to the 2010 FIFA World Cup South Africa and the recent signing of a three year infrastructure outsourcing term contract with a large mining house. MPS is an area where Datacentrix has gained recognition as a leading contender.

The Managed Services division is committed to delivering solutions that enable its clients to use information technology as a strategic asset in achieving their business objectives, while at the same time, reducing cost and risk. In support of this strategy, Datacentrix will continue to invest in improved operational capacity including people, processes and technology.

Business Solutions

The Business Solutions division has shown excellent growth over the year in review, highlighted in particular by the Enterprise Content Management (ECM) business unit, which has one of the largest services capabilities in the market and is focused primarily on the ECM, Business Process Management (BPM) and Information Lifecycle Management (ILM) spaces.

The Business Intelligence (BI) business unit has shown a revival after a skills injection, resulting in a positive contribution to the division's overall performance.

With regards to its Enterprise Resource Planning (ERP) offering, the group has decided to invest in Softline's SAGE X3 ERP solution expertise. This will increase Datacentrix' presence in the ERP market and will complement its current Microsoft solution set.

Relocation of Offices

We are pleased to have finalised the consolidation of our three Gauteng offices, spread between Pretoria, Samrand and Woodmead into a single, centrally situated office in Midrand. The demonstrated benefits of this move have been compelling. Foremost has been the enhanced level of communication and cooperation between various individuals and business units, and enhancement of efficiencies and elimination of duplication. Added benefits include reduced travelling time especially between offices, improved employee morale and pride in the workplace, and improvement in the cultivation of a common corporate culture. The new office has been secured at comparable overall office rental and other operating costs. Datacentrix now also enjoys visibility and brand awareness, with corporate signage fronting the busiest corridor route in Gauteng.

Prospects

Industry consolidation is expected to continue. From Datacentrix' perspective, the company's strategy to grow its total solutions portfolio will continue, with specific focus this year turning to further enhancing its security and data centre capabilities, including selected cloud solutions.

Management is committed to its strategy to move the group's operations higher up the value chain. While the company's hopeful expectations this year regarding government related business did not materialise, the company remains focused on this segment in order to benefit optimally from public sector ICT spending as it may arise. Recent wins in the outsourcing business have substantially strengthened the company's market positioning and places it in good stead for future growth. The company intends to continue developing business solutions to deliver tangible business value to its clients.

The Board

The board is pleased to announce the appointment of Troy Dyer as an independent, non-executive director to the board, effective from 23 March 2011. He will also serve as a member of the Audit Committee and the Risk Committee.

Black Economic Empowerment and Cautionary Announcement

The company is currently in discussions and anticipates making a definite announcement about enhancing its BEE shareholding. In the past three years Datacentrix has flagged the issue, particularly the challenge the company has had in augmenting its black shareholding in line with anticipated ICT Charter requirements. Accordingly, shareholders are advised to exercise caution when dealing in shares of the company until a full announcement is made in this regard as the anticipated transaction may have a material impact on the share price.

Dividend

The board advises that the declaration of the final dividend has been postponed pending the finalisation of the envisaged BEE transaction in the next few weeks as the board anticipates getting better clarity about the cash requirements of the company going forward.

Annual General Meeting

It is expected that the annual report will be dispatched to shareholders no later than 19 May 2011. Notice is hereby given that the annual general meeting of the company will be held at the company's registered office on Friday, 10 June 2011 at 10:00.

For and on behalf of the Board:

Gary Morolo
Chairman

Ahmed Mahomed
Chief Executive Officer

18 April 2011

Gary Morolo (Non-executive Chairman), Ahmed Mahomed (CEO), Alwyn Martin*, Dudu Nyamane*, Elizabeth Naidoo (FD), Joan Joffe*, Thenjiwe Chikane*, Troy Dyer*

**independent, non-executive*

Company Secretary: Ithemba Governance and Statutory Solutions (Proprietary) Limited
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Transfer Secretaries: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg
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