

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 2010

Key Financial Indicators

- Basic earnings per share and headline earnings per share decreased 33% to 41 cents
- Cash on hand of R284.8 million, with no interest-bearing debt
- Cash generated from operations of R153.3 million
- Final dividend declared of 16.6 cents per share, bringing annual dividend to 30.0 cents per share
- Tangible net asset value per share increased 7% from 175.4 to 186.9 cents per share

Condensed Consolidated Statements of Comprehensive Income for the year ended 28 February 2010

	Audited 2010 R'000	Audited 2009 R'000
Revenue	1 290 781	1 513 322
Operating profit	107 173	153 176
Net interest received	14 924	23 304
Profit before taxation	122 097	176 480
Income taxation expense	(41 692)	(56 061)
Profit attributable to ordinary shareholders	80 405	120 419
Total comprehensive income attributable to shareholders	80 405	120 419
Basic earnings per ordinary share (cents)	41.1	61.5
Diluted basic earnings per ordinary share (cents)	40.6	61.0
Proposed and declared dividend per share (cents)	30.0	30.0
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	126 619	165 534
Headline earnings per ordinary share (cents)	41.0	61.5
Diluted headline earnings per ordinary share (cents)	40.5	61.0
Weighted average number of shares in issue* (000's)	195 798	195 785
Weighted average number of shares in issue for the purpose of dilution* (000's)	198 258	197 295
*adjusted for treasury shares		
Reconciliation between earnings attributable to ordinary shareholders and headline earnings		
Earnings attributable to ordinary shareholders	80 405	120 419
Profit on sale of property and equipment	(212)	(64)
Headline earnings	80 193	120 355

Condensed Consolidated Statements of Financial Position as at 28 February 2010

	Audited 2010 R'000	Audited 2009 R'000
ASSETS		
Non-current assets	72 099	82 623
Property and equipment	39 297	41 275
Intangible assets	17 276	17 138
Long-term receivables	1 036	3 256
Deferred taxation assets	14 490	20 954
Current assets	518 155	527 710
Inventories	12 882	10 438
Trade and other receivables	220 437	284 431
Cash and cash equivalents	284 836	232 841
TOTAL ASSETS	590 254	610 333
EQUITY AND LIABILITIES		
Capital and reserves	383 152	360 625
Share capital	21	21
Share premium	37 442	37 366
Treasury shares	(38 200)	(37 166)
Equity-settled share scheme reserve	17 872	15 272
Retained earnings	366 017	345 132
Non-current liability		
Deferred revenue	11 921	16 328
Current liabilities	195 181	233 380
Trade and other payables	158 019	179 511
Provisions	1 849	1 132
Deferred revenue	32 520	43 505
Lease smoothing liability	1 695	1 145
Current taxation liabilities	1 098	8 087
TOTAL EQUITY AND LIABILITIES	590 254	610 333
Net asset value (adjusted for treasury shares) per share (cents)	195.7	184.2
Tangible net asset value (adjusted for treasury shares) per share (cents)	186.9	175.4
Closing number of shares in issue (000's)	195 798	195 785

Condensed Consolidated Statements of Changes in Equity for the year ended 28 February 2010

	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 29 February 2008	21	38 145	(35 901)	12 672	279 539	294 476
Total comprehensive income for the year	-	-	-	-	120 419	120 419
Treasury shares – movement during the year	-	-	(1 265)	-	-	(1 265)
Share-based payments	-	-	-	2 600	-	2 600
Dividend paid	-	-	-	-	(54 826)	(54 826)
Loss on sale of treasury shares	-	(779)	-	-	-	(779)
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 payments	-	-	-	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

Condensed Consolidated Statements of Cash Flow for the year ended 28 February 2010

	Audited 2010 R'000	Audited 2009 R'000
Profit before taxation	122 097	176 480
Adjusted for non-cash items and separately disclosable items	7 547	(8 259)
Working capital changes	23 689	(35 581)
- Inventories	(2 444)	538
- Trade and other receivables	62 300	(49 339)
- Trade and other payables, and other liabilities	(36 167)	13 220
Cash generated from operations	153 333	132 640
Net interest received	14 924	23 304
Dividend paid	(59 520)	(54 826)
Taxation paid	(42 217)	(70 335)
Net cash inflow from operating activities	66 520	30 783
Net cash outflow from investing activities	(13 491)	(16 566)
Net cash outflow from financing activities	(1 034)	(3 272)
Net increase in cash and cash equivalents	51 995	10 945
Cash and cash equivalents at the beginning of the year	232 841	221 896
Cash and cash equivalents at the end of the year	284 836	232 841

Basis of Preparation

The condensed annual 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 conform to International Accounting Standard 34: Interim Financial Reporting, the Listings Requirements of the JSE Limited, and the Companies Act of South Africa (Act 61 of 1973). The principal accounting policies, which comply with International Financial Reporting Standards, 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, except for IFRS 8: Operating Segments which required additional disclosure.

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 is a leading South African company that operates within the Information and Communication Technology (ICT) sector. The group is split into three operating divisions, namely Infrastructure, Managed Services and Business Solutions, providing end-to-end IT solutions that are generic in nature and thus well suited to all sectors within the local market.

Commentary

Datacentrix announces its annual financial results for the year ended 28 February 2010. The group continues to maintain solid disciplines across the business, which is visible in the strong operating cash flows of R153.3 million generated, resulting in cash of R284.8 million in hand with no interest-bearing debt. Tangible net asset value improved by 7% to 187 cents.

Gross revenue contracted to R1.3 billion from R1.5 billion, because of poor results in parts of the Infrastructure division, while EBITDA dropped from R165.5 million to R126.6 million. Due to lower interest rates over the past year, group interest earned declined by R8 million, impacting on both headline earnings per share and basic earnings per share from 61.5 cents to 41 cents.

Segmental Analysis

	Infrastructure		Managed Services		Business Solutions		Other		Total Group	
	28 Feb 2010 R'000	28 Feb 2009 R'000	28 Feb 2010 R'000	28 Feb 2009 R'000	28 Feb 2010 R'000	28 Feb 2009 R'000	28 Feb 2010 R'000	28 Feb 2009 R'000	28 Feb 2010 R'000	28 Feb 2009 R'000
Revenue	974 282	1 243 185	281 537	262 590	97 874	81 063	(62 912)	(73 516)	1 290 781	1 513 322
Operating profit	68 983	120 830	26 440	22 260	12 092	10 660	(342)	(574)	107 173	153 176
Net interest received	-	-	-	-	-	-	14 924	23 304	14 924	23 304
Profit before taxation	68 983	120 830	26 440	22 260	12 092	10 660	14 582	22 730	122 097	176 480
Income tax expense	(19 677)	(34 454)	(7 538)	(6 344)	(3 446)	(3 038)	(11 031)	(12 225)	(41 692)	(56 061)
- normal and deferred taxation	(19 677)	(34 454)	(7 538)	(6 344)	(3 446)	(3 038)	(4 791)	(6 478)	(35 452)	(50 314)
- secondary taxation on companies	-	-	-	-	-	-	(6 240)	(5 747)	(6 240)	(5 747)
Earnings for the year attributable to ordinary shareholders	49 306	86 376	18 902	15 916	8 646	7 622	3 551	10 505	80 405	120 419

Operational Review

The group is pleased with the performance of its divisions with the exception of a component of Infrastructure. The group's historical principal revenue earner, the Infrastructure division, contributed 56% to group profit before taxation. The Managed Services and Business Solutions divisions reflected healthy year-on-year profit before taxation (PBT) growth of 19% and 13% respectively. The Managed Services offering, and the success achieved in this division, has improved annuity revenue, decreasing the group's reliance on transactional business. The effect of growing annuity revenue will stand the group in good stead in the future.

The commercial sector reflected strong growth however the results in the public sector were less than expected. A number of tenders submitted have not been awarded, due to a change in priorities. Given the historic high contribution of this segment to group revenues, it has had a significant impact on group' results, dampening the good performance of the rest of the Infrastructure business.

Datacentrix' investment in a variety of value based offerings ranges from selective outsourcing, Managed Print Services (MPS), data centre solutions, Enterprise Content Management (ECM), IBM and Microsoft technical and management capabilities. The group also expanded its geographical footprint to the Eastern Cape with the official opening of an office in Port Elizabeth, and an office in East London, which opened on 1 April 2010.

A number of these targeted growth areas have performed well, showing significant new client wins. Datacentrix also renewed expiring selective outsourcing contracts in the last financial year, testimony to the organisation's ability to execute and deliver on client expectations.

The company has maintained its deliberate strategy to invest in both technical and management capacity taking advantage of a volatile market. The group still boasts healthy operating margins viewed within the context of the market despite lower revenue streams from government and continued investment in resources.

Infrastructure

The Infrastructure division remains a foremost provider for the supply of products, deployments, maintenance and support of integrated IT infrastructure in the country, as well as being the largest and most broadly certified HP integrator in the local marketplace. Although the year has been challenging for this division, the commercial sector business achieved double digit growth as a result of new client wins in all regions.

The division successfully deployed end-to-end data centre solutions utilising some of the newest technologies in the market. In doing so, it leveraged its entire portfolio of services, from end user computing to business critical hardware and software technologies and expertise.

The division has also performed well in the specialist technology areas. It has made significant progress in strengthening its IBM capabilities, securing the services of pre-eminent management and technical resources in this space.

Datacentrix' Security business unit has successfully deployed an upgraded biometrics security solution. Furthermore, the company is encouraged by the developments in the focused Networking business unit addressing two main areas, bandwidth optimisation, which deals with solutions designed to improve bandwidth utilisation; and the provisioning of network infrastructure, which focuses on new network technologies.

Managed Services

Strong performances were delivered within the Managed Services division, with Managed Print Services (MPS), outsourcing and resourcing reflecting healthy double digit growth. The Outsourcing business unit in particular closed three deals in the latter part of 2009. The MPS unit is recognised in the information technology market as a leader in its field.

In support of these businesses, Datacentrix continues to invest in improved operational capacity, strengthening both the MPS and outsourcing execution engines and continuing in its single minded approach to provide excellent service delivery to which its clients have become accustomed.

Business Solutions

This division has also shown healthy growth. The Enterprise Content Management (ECM) business in particular showed remarkable growth, resulting in a solid performance from the Business Solutions division.

The ECM and Business Process Management (BPM) business units won local and international accolades for the solutions deployed. The business unit has one of the largest services capabilities in the market and is focused primarily on the ECM, BPM and Information Lifecycle Management (ILM) spaces. The Enterprise Resource Planning (ERP) business offering, whilst profitable, remains under pressure.

The Board

In line with implementing the pertinent aspects of King III, the roles of some directors have changed. Joan Joffe has assumed the role of Lead Independent Director effective 1 March 2010 in line with King III. Risk management has been separated from the Audit Committee and a new Risk Management Committee of the board has been set up under the chairmanship of Thenjiwe Chikane. Alwyn Martin continues in his role as Chairman of the Audit Committee. Dudu Nyamane assumes the chairmanship of the Remuneration and Human Resources Committee. All of the above are independent, non-executive directors.

Prospects

The current climate will continue to fuel consolidation in the market, offering opportunities to access new clients and resources. The strategy to grow the total solutions portfolio will continue, specifically with regard to the biometrics and access management's security offering, datacenter solutions, enterprise content management, managed services and outsourcing.

Management has been driving a strategy to position Datacentrix to operate higher up the value chain. This has borne fruit so far and indications are that it will set Datacentrix up for its next growth phase. While our optimism this year in government related business did not materialise, a significant portion of the business that Datacentrix was in line for is yet to be awarded and we continue to have confidence in our tender submissions. Recent wins in the outsourcing business have substantially augmented the base for annuity income going forward. While Datacentrix has a bias towards organic growth, management and the board are actively considering bolt-on acquisitions to strengthen the Business Solutions division.

Dividend

An annual dividend of 30.0 cents per share has been declared.

Declaration date:	Tuesday, 20 April 2010
Last day to trade:	Friday, 07 May 2010
Share trade ex dividend:	Monday, 10 May 2010
Record date:	Friday, 14 May 2010
Payment date:	Monday, 17 May 2010

Share certificates may not be dematerialised or re-materialised between Monday, 10 May 2010 and Friday, 14 May 2010, both days inclusive.

Annual General Meeting

It is expected that the annual report will be dispatched to shareholders no later than 12 May 2010. Notice is hereby given that the annual general meeting of the company will be held at the company's registered office on Friday, 4 June 2010 at 10:00.

For and on behalf of the Board:

Gary Morolo
Chairman

19 April 2010

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

Company Secretary:	Ithemba Governance and Statutory Solutions (Proprietary) Limited
Registered Office:	Block 7, Sanwood Park, 379 Queens Crescent, Lynnwood, Pretoria
Transfer Secretaries:	Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg
Sponsor:	Barnard Jacobs Mellet Corporate Finance (Proprietary) Limited