

DATACENTRIX HOLDINGS LIMITED
REGISTRATION NUMBER: 1998/006413/06
SHARE CODE: DCT
ISIN CODE: ZAE 000016051
AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2003
HIGHLIGHTS

- Revenue increased by 48% to R770,7 million
- Operational performance (EBITDA) increased by 48% to R58,3 million
- Headline earnings per share (HEPS) increased by 31% to 21.8 cents and earnings per share by 38% to 18.6 cents
- Cash generated from operations of R62,1 million, resulting in R118 million cash on hand, with no interest bearing debt
- Five year HEPS compound annual growth rate of 36% and EPS annual growth rate of 32%

Consolidated Income Statement

for the year ended 28 February 2003

	Group	
	2003 R'000	2002 R'000
Revenue	770 738	521 581
Operating income before depreciation, profit (loss) on disposal of business, goodwill amortised and interest (EBITDA)	58 314	39 378
Depreciation	(5 587)	(4 127)
Net profit (loss) from disposal of business	1 383	(2 220)
Goodwill amortised	(7 678)	(3 002)
Operating income before interest and taxation (EBIT)	46 432	30 029
Net interest received	7 420	1 094
Share of associate income	1 134	-
Income before taxation	54 986	31 123
Taxation	(18 069)	(10 221)
Net income after taxation	36 917	20 902
Loss attributable to outside shareholders in subsidiary	-	1 444
Earnings attributable to ordinary shareholders	36 917	22 346
Accumulated profits at the beginning of the year	68 172	45 826
Accumulated profits at the end of the year	105 089	68 172
Headline and diluted headline earnings per ordinary share (cents)	21.8	16.7
Basic and diluted basic earnings per ordinary share (cents)	18.6	13.5
Weighted average number of shares in issue (000's)	198 363	165 341
Reconciliation of Headline Earnings		
Net income after taxation	36 917	20 902
Loss attributable to outside shareholders in subsidiary	-	1 444
Goodwill amortised	7 678	3 002
Net (profit) loss from disposal of business	(1 383)	2 220
Headline earnings for the year	43 212	27 568

Consolidated Balance Sheet
as at 28 February 2003

	Group	
	2003 R'000	2002 R'000
ASSETS		
Non-current assets	79 159	51 597
Property and equipment	14 191	12 479
Intangible assets	37 191	16 658
Investment in associate	916	1 633
Investment	5 527	1 641
Deferred taxation	11 096	9 072
Loan to share trust	10 238	10 114
Current assets	249 042	203 416
Inventories	10 403	7 583
Accounts receivable	120 884	124 373
Bank balances and cash	117 755	71 460
TOTAL ASSETS	328 201	255 013
EQUITY AND LIABILITIES		
Capital and reserves	170 202	119 345
Share capital	20	19
Share premium	43 755	31 994
Non-distributable reserves	14 543	14 543
Acquisition consideration (shares) due to vendors	6 795	4 617
Accumulated profits	105 089	68 172
Non-current liabilities		
Acquisition consideration (long-term cash) due to vendors	12 155	6 390
Current liabilities	145 844	129 278
Accounts payable	102 852	103 933
Provisions	3 295	3 291
Deferred revenue	21 555	11 746
Acquisition consideration (short-term cash) due to vendors	7 231	2 735
Taxation	10 911	7 573
TOTAL EQUITY AND LIABILITIES	328 201	255 013
Net asset value per share (cents)	88	64
Tangible net asset value per share (cents)	69	55
Number of shares in issue (000's)	193 081	187 008
Statement of Changes in Equity for the year ended 28 February 2003		
Opening balance	119 345	72 279
Net income for the period	36 917	22 346
Shares issued	-	21 586
Share issue expenses	(242)	(385)
Acquisition consideration due share issues	15 224	-
Non-achievement of profit warranties	(1 042)	3 519
Closing balance	170 202	119 345

Consolidated Cash Flow Statement
for the year ended 28 February 2003

	2003 R'000	Group 2002 R'000
Net cash inflow from operating activities	62 099	25 206
Net cash outflow from investing activities	(12 828)	(11 004)
Net cash (outflow)/inflow from financing activities	(2 976)	12 169
Net increase in cash and cash equivalents	46 295	26 371
Cash and cash equivalents at the beginning of the year	71 460	45 089
Cash and cash equivalents at the end of the year	117 755	71 460

Commentary

Datacentrix is proud to present its fifth set of solid annual results since listing on the JSE Securities Exchange main board in September 1998.

The Group continues to show solid growth in a difficult trading environment. The sector continues to consolidate, with companies showing considerable strain both in operational and financial performance. Datacentrix's strong delivery capacity, operational performance, balance sheet and empowerment profile has made it an ideal partner for vendors and clients looking for a long-term strategic partner.

Compared to the corresponding prior year results:

- Revenue increased by 48% to R770,7 million
- Operational performance (EBITDA) increased by 48% to R58,3 million
- Headline earnings per share (HEPS) increased by 31% to 21.8 cents and earnings per share by 38% to 18.6 cents
- Cash generated from operations of R62,1 million, resulting in R118 million cash on hand, with no interest-bearing debt
- Five year HEPS compound annual growth rate of 36% and EPS annual growth rate of 32%
- Taxation has been provided for at the full rate
- Net asset value increased by 38% to 88 cents per share and tangible net asset value by 26% to 69 cents per share

Nature of Business

The Group's major activities comprise the supply, integration and optimisation of IT-infrastructure, solutions and related services to enterprise South Africa.

Infrastructure

The Group's top-rated accreditation and positioning with international technology vendors makes it the partner of choice for the supply and maintenance of enterprise infrastructure requirements. Server consolidation trends are fuelling the demand for high-end servers, storage area networks solutions and enterprise backup library solutions. Multi-year contracts have been secured or renewed for the supply, maintenance and support of IT infrastructures.

The acquisition of SM NetworX to bolster the Group's market presence in the Johannesburg market has been completed. The strategic fit was compelling in that both companies are IT infrastructure and services providers with a strong customer focus, tight operational and financial controls and a performance driven culture. This has facilitated a full and immediate integration of this acquisition, which now forms the platform for aspirations for a bigger market-share in the greater Johannesburg market. The Group has also performed extremely well in the other regions, particularly our Cape Town office, which has exceeded all expectations. The Group's empowerment profile makes it extremely well positioned to gain more market share of government increased capital expenditure.

Solutions

The Solutions unit offers hosted services, consulting, supply, implementation and training of business solutions for the enterprise market. It's skills base focuses on hosted application services, financial systems, data mining, archiving, data exchange, workflow and the integration of dissimilar back end systems within the enterprise. The following industry drivers will fuel strong growth in this business:

- Microsoft's entry into the business solutions space;
- Archiving of documents and data for statutory requirements;
- Integration of applications inside of the enterprise;
- Document management and workflow to optimise existing processes;
- Business intelligence to support business decisions by interpreting unstructured data; and
- Outsourcing the hosting of business applications and the relevant infrastructure.

Services

Datacentrix has an impressive array of service accreditations that were initially obtained to ensure high quality support to the Group's Infrastructure customers. These accreditations also allow the Group to provide in-warranty repairs to its customers on behalf of the vendors. The key services of configuration, installation, hardware maintenance, desktop/server support, operating system upgrades and infrastructure outsourcing continue to be the divisions focus. The increased momentum towards selective or full outsourcing continues and we have specific competencies in the printer, desktop and server environments.

Black Economic Empowerment ("BEE")

Datacentrix continues to entrench itself as a truly South African company, embracing BEE at all levels within the organization and through its equity structure. During February 2002, the BEE shareholding was enhanced with an issue of new shares, raising the BEE equity stake to 49% with the anticipation of shareholder dilution resulting from acquisitions. In the past year BEE shareholding has proportionately diluted to 47% resulting from acquisitions made through the year. Although further dilutions are anticipated in the event of more acquisitions being made, the empowerment shareholding will not be diluted below strategic levels.

Strong focus on employment equity profile has been maintained with 43% of all personnel being Black and 63% from the designated group at year-end. Ahmed Mahomed has been appointed to the board of Datacentrix as Managing Director of infrastructure, the largest division of the group. Liz Naidoo has joined the executive team as Chief Financial Officer for the Group.

Corporate Governance

A corporate governance review has been underway since the publication of the new King II guidelines. This process is aimed at bringing Datacentrix structures in line with these guidelines and with the JSE Securities Exchange new listing requirements. A systematic approach has been adopted, which includes the evaluation of the board composition and membership of board committees; performance of the board, its directors and committees; capacity to report on the triple bottom-line; and processes to ensure that fiduciary care is exercised in a transparent manner. A Corporate Governance Committee chaired by an independent non-executive director Imogen Mkhize, drives this review process with the goal of further deepening the culture and ethic of corporate governance already present in the company.

Future Prospects

Datacentrix has successfully implemented its growth strategy and remains poised to make judicious and opportune acquisitions in addition to its strong organic growth strategy. To date it's focus on the South African market and real customer needs have shielded Datacentrix from the global slowdown. The Group remains extremely well positioned to take advantage of the continued shakeout and consolidation in the IT industry. Datacentrix is the strategic partner of choice for the technology partners it represents in South Africa, and it's valued enterprise customers. The Group is confident that growth will continue in the next financial year.

Dividends

No dividends have been declared or paid during this year. The board reviews the dividend policy on an ongoing basis. At present the directors believe that the cash resources and positive cash flow can be best employed within the Group to increase returns to shareholders and to fund organic or acquisitive growth in a market of consolidation and industry volatility.

Accounting Policies

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the accounting policies used in their preparation are consistent with those adopted in the previous financial year.

Auditor's opinion and subsequent events

These results have been audited by the Group's auditors, Deloitte & Touche, 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.

For and on behalf of the Board:

Gary Morolo
Executive Chairman

Gerhard Uys
Group Managing Director

14 April 2003
Pretoria

Directors:

Gary Morolo, Gerhard Uys, Klaas Lammers, Stewart Barker, Charl Joubert, Ahmed Mahomed**, Natanya Kuper*, Sam Nematswerani*, Joan Joffe*, Imogen Mkhize*, Christoff Botha*

* Non-executive

**Appointed to the board on 1 March 2003

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Transfer secretaries:

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