

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

REVIEWED RESULTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2005

Key Financial Indicators

- EBITDA increased 40% to R80.2 million
- Headline earnings per share (HEPS) increased 31% to 27.1 cents
- Earnings per share (EPS) increased 40% to 22.8 cents
- Cash generated from operations of R97.5 million, resulting in R167 million cash on hand, with no interest-bearing debt
- A dividend of 9.0 cents per share is proposed

Consolidated Income Statement for the year ended 28 February 2005

	Reviewed 2005 R'000	Audited 2004 R'000
Revenue	897 491	763 782
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	80 222	57 162
Depreciation	(7 611)	(6 038)
Amortisation of intangibles	(9 944)	(9 931)
Operating income before interest and taxation	62 667	41 193
Net interest received	5 764	10 476
Deemed interest (AC133 fair value adjustment)	(87)	(1 243)
Income from associate	472	343
Income before taxation	68 816	50 769
Taxation	(24 157)	(19 023)
Earnings attributable to ordinary shareholders	44 659	31 746
Headline earnings per ordinary share (cents)	27.1	20.7
Diluted headline earnings per ordinary share (cents)	26.1	19.9
Basic earnings per ordinary share (cents)	22.8	16.3
Diluted basic earnings per ordinary share (cents)	21.9	15.7
Capital distribution per share (cents)	-	6.9
Proposed dividend per share (cents)	9.0	-
Weighted average number of shares in issue (000's)	195 801	195 024
Weighted average number of shares in issue for the purposes of dilution (000's)	203 618	202 628
Reconciliation between earnings attributable to ordinary shareholders and headline earnings		
Earnings attributable to ordinary shareholders	44 659	31 746
Goodwill amortised	8 471	8 672
Profit on sale of property and equipment	(75)	-
Headline earnings	53 055	40 418

Consolidated Balance Sheet as at 28 February 2005

	Reviewed 2005 R'000	Audited 2004 R'000
ASSETS		
Non-current assets	65 918	59 658
Property and equipment	25 002	11 938
Investment property	2 332	-
Intangible assets	25 006	34 384
Investment in associate	1 413	1 233
Advance payments	-	3 050
Deferred taxation	12 165	9 053
Current assets	295 386	258 821
Inventories	12 124	11 707
Accounts receivable	116 116	116 092
Bank balances and cash	167 146	131 022
TOTAL ASSETS	361 304	318 479
EQUITY AND LIABILITIES		
Capital and reserves	222 457	193 768
Share capital	20	20
Share premium	39 589	50 831
Treasury shares	(14 060)	(11 078)
Acquisition consideration (shares) due to vendors	-	1 746
Distributable reserves	196 908	152 249
Non-current liability		
Acquisition consideration (long-term cash) due to vendors	-	833
Current liabilities	138 847	123 878
Accounts payable and accruals	82 388	82 258
Provisions	13 299	8 343
Deferred revenue on contracts	32 103	19 905
Acquisition consideration (short-term cash) due to vendors	920	11 098
Taxation	10 137	2 274
TOTAL EQUITY AND LIABILITIES	361 304	318 479
Net asset value (adjusted for treasury shares) per share (cents)	116	103
Tangible net asset value (adjusted for treasury shares) per share (cents)	104	85
Actual number of shares in issue (000's)	204 130	199 863

Consolidated Statement of Changes in Equity for the year ended 28 February 2005

	2005 R'000	2004 R'000
Opening balance	193 768	160 924
Net income for the year	44 659	31 746
Share issue expenses	(26)	(86)
Profit on sale of treasury shares held in share trust	482	102
Treasury shares – movement during the year	(2 982)	(943)
Capital distribution	(13 444)	-
Raised on new acquisitions	-	2 025
Closing balance	222 457	193 768

Consolidated Cash Flow Statement for the year ended 28 February 2005

	Reviewed 2005 R'000	Audited 2004 R'000
Income before taxation	68 816	50 769
Adjusted for non-cash items	11 813	6 495
	80 629	57 264
Working capital changes	16 843	(13 709)
- Inventory	(417)	(1 304)
- Receivables	(24)	4 792
- Payables	17 284	(17 197)
Cash generated from operations	97 472	43 555
Net interest received	5 764	10 476
Capital distribution	(13 444)	-
Taxation paid	(19 262)	(25 959)
Net cash inflow from operating activities	70 530	28 072
Net cash outflow from investing activities	(20 299)	(7 380)
Net cash outflow from financing activities	(14 107)	(7 454)
Net increase in cash and cash equivalents	36 124	13 238
Cash and cash equivalents at the beginning of the year	131 022	117 784
Cash and cash equivalents at the end of the year	167 146	131 022

The prior year financial position and results have been amended for the reclassification of provisions and intangible assets.

Nature of Business

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

Commentary

The directors of Datacentrix Holdings Limited present the reviewed annual financial results of the group for the year ended 28 February 2005. The directors are satisfied with the results and believe that they are creditable in a challenging market, which is continuing to consolidate. The company has achieved growth in revenue, despite the continuing deflation of IT product costs. The group's tight operational and financial controls, strong customer and partner focus, empowerment profile and performance-driven culture continue to make it an ideal choice for vendors and customers looking for a long-term strategic partner.

Accounting Policies

The preliminary financial statements of the group are prepared as a going concern on a historical cost basis, except for certain financial assets and liabilities that are measured on a fair value basis in terms of AC133 – Financial Instruments: Recognition and Measurement. These financial statements conform to the South African Statement of Generally Accepted Accounting Practice, AC127 - Interim Financial Reporting. The principal accounting policies have been consistently applied in all material respects.

Infrastructure and related Services

The Infrastructure division once again produced healthy organic growth in the past financial year. 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 has had a number of significant wins, heightened its technology partner accreditations, retained all its major customers and renewed existing contracts. The division experienced strong performance from all segments of the market, most notably from the coastal region, government sector and software licensing business unit.

A key focus for 2004 was to strengthen our Johannesburg presence and Datacentrix is now firmly entrenched within this sector, having secured strategic relationships with a number of blue-chip organisations. The focus on the Johannesburg market will continue in the new financial year and, to this end, the division has grown its sales team appropriately. The logistics capability of the company has been strengthened with the establishment of a hosting, logistics and service centre in Midrand. The division's strategic focus remains unchanged, with expected growth areas encompassing managed print services, enterprise solutions, networking, 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. Datacentrix has embarked on a national drive to further align processes and procedures to international standards, like ITIL, which provide a base for IT service delivery. This focus ensured that customers received exceptional service levels during the year under review.

In line with the stated objective of increasing selective outsourcing agreements, a number of new customers were obtained during the year and although sales cycles tend to be lengthy, the pipeline of opportunities is good. In response to the market, which is showing a desire to purchase computing capacity as opposed to its individual components, Datacentrix has branded a product/service offering called Workspace, which is a cost effective packaged solution for enterprise customers.

Solutions

The growth within Datacentrix Solutions has been fuelled by the market's need for ERP, archiving of data and documents, integration of dissimilar applications, document management and workflow, business intelligence and the move towards outsourcing of business applications. The result has been a number of contracts awarded.

Datacentrix Solutions was again named Microsoft Business Solutions Partner of the Year for 2004/2005 - the only partner locally to garner this award for two consecutive years. Datacentrix Solutions has been selected as a member of the elite Microsoft Business Solutions Inner Circle, an accomplishment earned by firms whose sales achievement ranks them at the top echelon of the Microsoft Business Solutions global network of value-added reselling partners. The division was also accredited as a Microsoft Gold Certified Partner, reinforcing Datacentrix' expertise and position in the local market.

Black Economic Empowerment (BEE)

The company continues to rank very satisfactorily in independent BEE surveys, notably the annual "Top Empowerment Companies, 2005" survey of all JSE-listed companies, which was run by Financial Mail in partnership with Empowerdex. Datacentrix remains in the top 10 most empowered of all listed companies and is still ranked the top empowered IT company.

In order to enhance its BEE status, Datacentrix will address the requirements of the DTI guidelines regarding broad based ownership, women ownership, and unencumbered ownership. Accordingly, Datacentrix together with Aka Capital are proactively addressing the need to introduce broad based BEE, including women ownership. This will result in a dilution of the shareholding controlled by Aka Capital, thus also achieving Aka Capital's objective of remaining with a substantial unencumbered shareholding in Datacentrix.

Future Prospects

Datacentrix' continued profitability is based on solid business model, focus on business basics, its prudent and conservative management, and steadily improving empowerment profile. The group's strategic focus remains unchanged, with expected growth areas encompassing ERP, selective outsourcing in both the desktop and the server environment, managed print services and infrastructure refresh projects. The company remains confident that it best represents the ideal long-term strategic channel partner for vendors and customers. The directors are optimistic about the group's prospects, and wish to thank the customers, business partners and staff for their dedicated and constructive support over the past year.

Dividend

A dividend of 9.0 cents per share is proposed, representing three times cover on HEPS, which is in line with the capital distribution of the prior year. Further details relating to this dividend will be announced after the annual general meeting.

Auditors' Opinion and Subsequent Events

The group's auditors, Deloitte & Touche, have reviewed these results and a copy of their unqualified review opinion 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 review report.

Board Composition

There were no changes to the composition of the board during the period under review. In line with corporate governance requirements, the board is involved in efforts to strengthen its composition. The board expects to make announcements relating to the appointment of additional independent non-executive directors.

Annual General Meeting

It is expected that the Annual Report will be dispatched to shareholders no later than 12 May 2005. Notice is hereby given that the annual general meeting of the company will be held at the company's registered office on 9 June 2005 at 10h00.

For and on behalf of the Board:

Gary Morolo
Executive Chairman
5 April 2005

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

Registered Office: Block 7, Sanwood Park, 379 Queens Crescent, Lynnwood, Pretoria

Transfer Secretaries: Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg

Sponsor: Barnard Jacobs Mellet Corporate Finance (Pty) Ltd