

**DATACENTRIX HOLDINGS LIMITED**  
**(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)**  
**(REGISTRATION NUMBER: 1998/006413/06)**  
**JSE CODE: DCT**  
**ISIN: ZAE 000016051**

("Datacentrix" or "the Group")

**UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2011**

**Key Financial Indicators**

- Revenue increased by 9%
- EBITDA decreased by 8% to R81 million
- Earnings per share (EPS) and headline earnings per share (HEPS) decreased by 4%
- Net asset value increased by 9% to 234 cents
- Cash generated from operations of R47 million resulted in cash on hand of R330 million
- Interim dividend declared of 13.4 cents per share

**Condensed Consolidated Statements of Comprehensive Income for the six months ended 31 August 2011**

	<b>Unaudited 6 months ended 31 August 2011 R'000</b>	<b>Unaudited 6 months ended 31 August 2010 R'000</b>	<b>Audited 12 months ended 28 February 2011 R'000</b>
<b>Revenue</b>	<b>912 652</b>	<b>836 030</b>	1 575 739
<b>Operating profit</b>	<b>69 634</b>	<b>75 381</b>	124 438
Net interest received	<b>7 100</b>	<b>6 886</b>	12 794
<b>Profit before taxation</b>	<b>76 734</b>	<b>82 267</b>	137 232
<b>Income taxation expense</b>	<b>(24 581)</b>	<b>(27 748)</b>	(47 034)
- normal and deferred taxation	<b>(22 697)</b>	<b>(24 341)</b>	(40 773)
- secondary taxation on companies	<b>(1 884)</b>	<b>(3 407)</b>	(6 261)
<b>Total comprehensive income attributable to ordinary shareholders</b>	<b>52 153</b>	<b>54 519</b>	90 198
<b>Basic earnings per ordinary share (cents)</b>	<b>26.6</b>	<b>27.8</b>	46.1
<b>Diluted basic earnings per ordinary share (cents)</b>	26.1	27.5	45.3
<b>Dividend per share (cents)</b>	<b>13.4</b>	<b>13.9</b>	23.1
<b>Earnings before interest, taxation, depreciation and amortisation (EBITDA)</b>	<b>80 914</b>	<b>87 963</b>	150 091
<b>Headline earnings per ordinary share (cents)</b>	<b>26.8</b>	<b>27.9</b>	46.3
<b>Diluted headline earnings per ordinary share (cents)</b>	26.2	27.5	45.5
Weighted average number of shares in issue* (000s)	195 798	195 798	195 798
Weighted average number of shares in issue for purposes of dilution* (000s)	199 790	198 630	199 190
*adjusted for treasury shares			
<b>Reconciliation between earnings for the period attributable to ordinary shareholders and headline earnings</b>			
Earnings attributable to ordinary shareholders	<b>52 153</b>	<b>54 519</b>	90 198
Loss on sale of assets	<b>274</b>	<b>161</b>	425
<b>Earnings for the purpose of basic and diluted headline earnings per share</b>	<b>52 427</b>	<b>54 680</b>	90 623

**Condensed Consolidated Statements of Financial Position as at 31 August 2011**

	Unaudited 31 August 2011 R'000	Unaudited 31 August 2010 R'000	Audited 28 February 2011 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>85 312</b>	<b>73 723</b>	76 997
Property and equipment	<b>34 680</b>	<b>37 650</b>	37 536
Goodwill	<b>15 596</b>	<b>15 596</b>	15 596
Other intangible assets – software	<b>6 221</b>	<b>1 211</b>	2 354
Deferred taxation assets	<b>28 815</b>	<b>19 266</b>	21 511
<b>Current assets</b>	<b>696 109</b>	<b>630 456</b>	585 444
Current taxation asset	-	-	154
Inventories	<b>27 885</b>	<b>27 883</b>	10 877
Trade and other receivables	<b>338 280</b>	<b>308 547</b>	253 243
Cash and cash equivalents	<b>329 944</b>	<b>294 026</b>	321 170
<b>TOTAL ASSETS</b>	<b>781 421</b>	<b>704 179</b>	662 441
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>457 463</b>	<b>408 708</b>	420 027
Share capital	<b>21</b>	<b>21</b>	21
Share premium	<b>37 473</b>	<b>37 477</b>	37 544
Treasury shares	<b>(38 889)</b>	<b>(38 286)</b>	(38 799)
Equity-settled share scheme reserve	<b>28 181</b>	<b>21 461</b>	24 761
Retained earnings	<b>430 677</b>	<b>388 035</b>	396 500
<b>Non-current liability</b>	<b>24 427</b>	<b>16 169</b>	18 292
Deferred revenue – long-term portion	<b>24 427</b>	<b>16 169</b>	18 292
<b>Current liabilities</b>	<b>299 531</b>	<b>279 302</b>	224 122
Trade and other payables	<b>232 199</b>	<b>225 131</b>	177 773
Provisions	<b>1 904</b>	<b>2 063</b>	1 500
Deferred revenue – short-term portion	<b>45 866</b>	<b>35 592</b>	42 962
Lease smoothing liability	<b>2 513</b>	<b>1 622</b>	1 887
Current taxation liabilities	<b>17 049</b>	<b>14 894</b>	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>781 421</b>	<b>704 179</b>	662 441
Net asset value (adjusted for treasury shares) per share (cents)	<b>233.6</b>	<b>208.7</b>	214.5
Tangible net asset value (adjusted for treasury shares) per share (cents)	<b>222.5</b>	<b>200.1</b>	205.4
Weighted average number of shares in issue (000s)	<b>195 798</b>	<b>195 798</b>	195 798

**Condensed Consolidated Statement of Changes in Equity for the six months ended 31 August 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
<b>Balance at 28 February 2010</b>	<b>21</b>	<b>37 442</b>	<b>(38 200)</b>	<b>17 872</b>	<b>366 017</b>	<b>383 152</b>
Profit for the period	-	-	-	-	54 519	54 519
Treasury shares movement	-	-	(86)	-	-	(86)
Share-based payments	-	-	-	3 589	-	3 589
Dividend paid	-	-	-	-	(32 501)	(32 501)
Profit on sale of treasury shares	-	35	-	-	-	35
<b>Balance at 31 August 2010</b>	<b>21</b>	<b>37 477</b>	<b>(38 286)</b>	<b>21 461</b>	<b>388 035</b>	<b>408 708</b>
Profit for the period	-	-	-	-	35 679	35 679
Treasury shares movement	-	-	(513)	-	-	(513)
Share-based payments	-	-	-	3 300	-	3 300
Dividend paid	-	-	-	-	(27 214)	(27 214)
Profit on sale of treasury shares	-	67	-	-	-	67
<b>Balance at 28 February 2011</b>	<b>21</b>	<b>37 544</b>	<b>(38 799)</b>	<b>24 761</b>	<b>396 500</b>	<b>420 027</b>
Profit for the period	-	-	-	-	52 153	52 153
Treasury shares movement	-	-	(90)	-	-	(90)
Share-based payments	-	-	-	3 420	-	3 420
Dividend paid	-	-	-	-	(17 976)	(17 976)
Profit on sale of treasury shares	-	(71)	-	-	-	(71)
<b>Balance at 31 August 2011</b>	<b>21</b>	<b>37 473</b>	<b>(38 889)</b>	<b>28 181</b>	<b>430 677</b>	<b>457 463</b>

**Condensed Consolidated Statement of Cash Flow for the six months ended 31 August 2011**

	Unaudited 6 months ended 31 August 2011 R'000	Unaudited 6 months ended 31 August 2010 R'000	Audited 12 months ended 28 February 2011 R'000
Profit before taxation	76 734	82 267	137 232
Adjusted for non-cash items	8 429	9 088	20 468
Working capital changes	(38 177)	(27 429)	5 417
- Inventory	(17 008)	(15 001)	2 005
- Trade and other receivables	(85 037)	(87 074)	(32 806)
- Trade and other payables	63 868	74 646	36 218
<b>Cash generated from operations</b>	<b>46 986</b>	<b>63 926</b>	<b>163 117</b>
Net interest received	7 100	6 886	12 794
Dividend paid	(17 976)	(32 501)	(59 715)
Taxation paid	(14 682)	(18 728)	(55 307)
<b>Net cash inflow from operating activities</b>	<b>21 428</b>	<b>19 583</b>	<b>60 889</b>
<b>Net cash outflow from investing activities</b>	<b>(12 564)</b>	<b>(10 307)</b>	<b>(23 956)</b>
<b>Net cash outflow from financing activities</b>	<b>(90)</b>	<b>(86)</b>	<b>(599)</b>
Net increase in cash and cash equivalents	8 774	9 190	36 334
Cash and cash equivalents at the beginning of the period	321 170	284 836	284 836
<b>Cash and cash equivalents at the end of the period</b>	<b>329 944</b>	<b>294 026</b>	<b>321 170</b>

## 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 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 71 of 2008). The principal accounting policies, which comply with IFRS, have been consistently applied in all material respects in the current and comparative years.

## Subsequent Events

No material events have occurred between the period end and the date of this announcement.

## The Business of Datacentrix

Datacentrix is a South African based black empowered company that provides high performing and secure Information and Technology (IT) solutions to the country's corporate and public sectors. It provides a comprehensive offering ranging from the core areas of infrastructure and business solutions, to outsourcing and other related IT services, positioning it as a long-term strategic partner of choice to clients. The Group comprises three operating divisions, namely Infrastructure, Managed Services and Business Solutions.

## Commentary

The directors of Datacentrix Holdings Limited announce its interim financial results for the six months ending 31 August 2011. The Group showed good organic revenue growth of 9% from R836 million to R913 million, a creditable performance in light of the anticipated revenue drop-off following the once-off FIFA World Cup event last year.

Earnings declined from R54.5 to R52.2 million for the period, due to a decline in operating margin from 9% to 8%. The margin decline was a consequence of increased margin pressure on transactional business and a greater investment in key technical competencies. However margins increased on a six-month sequential basis. Headline earnings per share (HEPS) decreased from 27.9 cents to 26.8 cents.

The Group maintained sound financial and operational disciplines, with cash generated from operating activities amounting to R47 million reflecting a closing cash balance of R330 million, up from R294 million shown in the 2010 interim results and R321 million at financial year end. The Group has no interest-bearing debt. The Group continues to invest in skills in new business areas; these costs are being absorbed by the income statement and support the Group's organic growth strategy. Net asset value increased by 9% from 214.5 cents to 233.6 cents over the six month period.

Excluding FIFA World Cup income, group revenue grew by approximately 19%.

## Operational Review

The nature of Group business activities has changed and will continue to change in keeping pace with industry trends and client expectations. The Group is satisfied with the overall performance of its divisions, despite negative comparison to last year's windfall profits from the FIFA World Cup event. The Infrastructure division contributed 52% of group earnings while the Managed Services and Business Solutions divisions contributed 28% and 16% respectively, with a total contribution of 44% of group earnings. Both the Managed Services and Business Solutions divisions produced solid margins of 12% and 20% respectively. The Business Solutions division grew divisional earnings by 54%, supported by strong performances in the Enterprise Content Management (ECM) and the Business Intelligence (BI) business sectors.

## Segmental Analysis

Unaudited 6 months ended	Infrastructure		Managed Services		Business Solutions		Corporate		Total Group	
	31 Aug '11 R'000	31 Aug '10 R'000	31 Aug '11 R'000	31 Aug '10 R'000	31 Aug '11 R'000	31 Aug '10 R'000	31 Aug '11 R'000	31 Aug '10 R'000	31 Aug '11 R'000	31 Aug '10 R'000
Revenue	717 662	606 663	167 551	201 558	59 424	46 698	(31 985)	(18 889)	912 652	836 030
Operating profit	37 845	46 278	20 633	21 727	11 598	7 538	(442)	(162)	69 634	75 381
Net interest received	-	-	-	-	-	-	7 100	6 886	7 100	6 886
Profit before taxation	37 845	46 278	20 633	21 727	11 598	7 538	6 658	6 724	76 734	82 267
Income tax expense	(10 596)	(12 958)	(5 777)	(6 084)	(3 247)	(2 111)	(4 961)	(6 596)	(24 581)	(27 748)
- normal and deferred taxation	(10 596)	(12 958)	(5 777)	(6 084)	(3 247)	(2 111)	(3 077)	(3 189)	(22 697)	(24 341)
- secondary taxation on companies	-	-	-	-	-	-	(1 884)	(3 407)	(1 884)	(3 407)
Earnings for the period attributable to ordinary shareholders	27 249	33 320	14 856	15 644	8 351	5 427	1 697	128	52 153	54 519

## Infrastructure

The Infrastructure division is migrating from being mainly a transactional commodity player to a solutions provider in the infrastructure segment of the market. The division, amongst other, houses our Infrastructure technology competencies. It continues to be a leading supplier of total integrated IT solutions and related services from consulting, designing, provisioning, deployment through to maintenance and on-going support.

As expected the Infrastructure division reflected a decline in earnings (18%) for the six months, but revenue in the division grew a healthy 18%. The earnings decline is occasioned by competitive forces in the transactional offering and an increase in investment in the technical capability and the establishment of the Security Operation Centre (SOC) of the division.

The Group finalised the establishment of a SOC, which incorporates leading technologies to address the security needs of our clients on a proactive basis. In addition, the Group offers a mail Cloud solution and is in the process of expanding its Cloud offering. As Cloud technology matures, the Group will continue to evaluate opportunities closely and will make the necessary investment.

Datacentrix is currently recognised as the largest and most broadly certified HP integrator, not only in South Africa but also the Middle East, Mediterranean and African (MEMA) region, winning this year's awards as HP's service partner of the year for South Africa and runner-up in the MEMA category.

Datacentrix attained platinum level partner status with Symantec, as well as Storage Management and High Availability specialisation, and strengthened its position with IBM and VMware where it boasts some of the highest certified virtualisation skills in the country.

The commercial segment of the market continues to be buoyant. Whilst the Group has seen marginal improvement in the public sector performance, this is still far from pre-downturn levels. Activities in this space continue to be subdued and unpredictable, but the Group will maintain the investment in resources in the sector in order to benefit optimally from ICT spend as it arises.

### **Managed Services**

The Managed Services division comprises of Managed Print Services (MPS), Outsourcing, Resourcing and Projects. The division contributed 28% to group earnings and showed a healthy operating margin of 12%. The division had an expected performance decline in the Managed Print Services side following windfall profits brought in by this sector following the FIFA World Cup. The Outsourcing business however, showed healthy double digit growth for the period.

The Managed Services division is committed to delivering solutions that enable its clients to use IT 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 in earnings of 54% for the period, generated in particular by the ECM business unit, which now has one of the largest services capabilities in the market and is focused on the ECM, Business Process Management (BPM) and Information Lifecycle Management spaces. The BI business unit has also shown good results for the period after a skills injection last year, albeit from a low base.

### **Black Economic Empowerment**

At the previous annual financial results presentation the Group announced that it was engaged in the process to improve its BEE credentials and to this end a cautionary announcement was issued in anticipation of a swift conclusion. The anticipated agreement was not reached and the Group has withdrawn the cautionary due to the discussions with a particular party being discontinued; however it continues its urgent evaluation of other opportunities of improving its BEE equity holding.

### **Prospects**

The Group's strategy is to continue to drive the business up the value chain, delivering tangible strategic business value to its clients. Wins in the Managed Services and Solutions divisions have substantially strengthened the organisation's market positioning. The Group has expanded its offering organically to incorporate Datacentre (including Cloud deployment), Microsoft, Storage (software), BI, Security, MPS, Outsourcing expertise and the deployment of SOC.

Datacentrix' growth has been organic; however the Group is exploring acquisitions to accelerate growth in identified areas. Acquisitions will principally be done to enter into new market segments and to create critical mass in existing competencies.

### **Directorate**

There have been no changes to the board for this reporting period.

### **Dividend**

An interim dividend of 13.4 cents has been declared for the six months ended 31 August 2011 in line with the dividend policy of two times cover on HEPS.

Declaration date:	Tuesday, 4 October 2011
Last day to trade:	Friday, 21 October 2011
Share trade ex dividend:	Monday, 24 October 2011
Record date:	Friday, 28 October 2011
Payment date:	Monday, 31 October 2011

Share certificates may not be dematerialised or re-materialised between Monday, 24 October 2011 and Friday, 28 October 2011, both days inclusive.

For and on behalf of the Board:

### **Gary Morolo**

Chairman  
4 October 2011

### **Ahmed Mahomed**

Chief Executive Officer

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  
Registered Office: Sage Corporate Park North, 238 Roan Crescent, Old Pretoria Road, Midrand  
Transfer Secretaries: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg