

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 2008

Key Financial Indicators

- Headline earnings per share (HEPS) increased 21% to 26.8 cents
- Earnings per share (EPS) increased 20% to 26.7 cents
- Net asset value increased by 8% to 162.7 cents
- EBITDA increased 11% to R73.7 million
- Cash generated from operations of R32 million resulting in cash on hand of R208 million
- Interim dividend of 13 cents per share

Abridged Consolidated Income Statement for the six months ended 31 August 2008

	Unaudited 6 months ended 31 August 2008 R'000	Unaudited 6 months ended 31 August 2007 R'000	Audited 12 months ended 29 February 2008 R'000
Revenue	699 234	693 711	1 346 971
Operating profit	67 963	61 584	146 942
Net interest received	10 456	5 950	9 137
Profit before taxation	78 419	67 534	156 079
Income tax expense	(26 069)	(24 043)	(54 214)
- normal and deferred taxation	(22 990)	(20 656)	(48 569)
- secondary taxation on companies	(3 079)	(3 387)	(5 645)
Earnings for the period attributable to ordinary shareholders	52 350	43 491	101 865
Basic earnings per ordinary share (cents)	26.7	22.2	52.0
Diluted basic earnings per ordinary share (cents)	26.4	21.7	51.0
Headline earnings per ordinary share (cents)	26.8	22.2	52.0
Diluted headline earnings per ordinary share (cents)	26.4	21.7	51.0
Dividend per share (cents)	13.0	11.0	15.0
Weighted average number of shares in issue* (000s)	195 785	195 785	195 785
Weighted average number of shares in issue for purposes of dilution* (000s)	198 212	200 129	199 634
*adjusted for treasury shares			
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	73 652	66 428	157 096
Reconciliation between earnings for the period attributable to ordinary shareholders and headline earnings			
Earnings attributable to ordinary shareholders	52 350	43 491	101 865
Loss (profit) on sale of assets	45	(49)	(74)
Earnings for the purpose of basic and diluted earnings per share	52 395	43 442	101 791

Abridged Consolidated Balance Sheet at 31 August 2008

	Unaudited 31 August 2008 R'000	Unaudited 31 August 2007 R'000	Audited 29 February 2008 R'000
ASSETS			
Non-current assets	77 968	64 400	79 185
Property and equipment	33 111	31 094	32 018
Software	1 883	1 025	2 144
Goodwill	15 596	15 596	15 596
Deferred tax assets	23 059	14 009	23 168
Long-term receivables	4 319	2 676	6 259
Current assets	481 969	434 320	469 344
Inventories	11 062	10 006	10 976
Trade and other receivables	262 866	217 056	236 472
Cash and cash equivalents	208 041	207 258	221 896
TOTAL ASSETS	559 937	498 720	548 529
EQUITY AND LIABILITIES			
Capital and reserves	318 647	263 146	294 476
Share capital	21	21	21
Share premium	37 354	40 095	38 145
Treasury shares	(37 116)	(31 331)	(35 901)
Equity-settled share scheme reserve	15 872	11 642	12 672
Retained earnings	302 516	242 719	279 539
Non-current liabilities	17 353	22 768	19 327
Obligations under finance leases	-	823	-
Deferred revenue	17 353	21 945	19 327
Current liabilities	223 937	212 806	234 726
Trade and other payables	148 346	156 459	165 408
Provisions	15 503	13 234	17 323
Deferred revenue	32 254	27 886	27 205
Lease liability	259	393	215
Current tax liabilities	27 575	14 834	24 575
TOTAL EQUITY AND LIABILITIES	559 937	498 720	548 529
Net asset value (adjusted for treasury shares) per share (cents)	162.7	134.4	150.4
Tangible net asset value (adjusted for treasury shares) per share (cents)	153.8	125.9	141.4
Weighted average number of shares in issue (000s)	195 785	195 785	195 785

Abridged Consolidated Statement of Changes in Equity for the six months ended 31 August 2008

	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 2007	21	40 709	(25 958)	8 642	225 054	248 468
Profit for the period	-	-	-	-	43 491	43 491
Treasury shares movement	-	-	(5 373)	-	-	(5 373)
Share-based payments	-	-	-	3 000	-	3 000
Dividends	-	-	-	-	(25 826)	(25 826)
Profit on sale of treasury shares	-	(614)	-	-	-	(614)
Balance at 31 August 2007	21	40 095	(31 331)	11 642	242 719	263 146
Profit for the period	-	-	-	-	58 374	58 374
Treasury shares movement	-	-	(4 570)	-	-	(4 570)
Share-based payments	-	-	-	1 030	-	1 030
Dividends	-	-	-	-	(21 554)	(21 554)
Profit on sale of treasury shares	-	(1 950)	-	-	-	(1 950)
Balance at 29 February 2008	21	38 145	(35 901)	12 672	279 539	294 476
Profit for the period	-	-	-	-	52 350	52 350
Treasury shares movement	-	-	(1 215)	-	-	(1 215)
Share-based payments	-	-	-	3 200	-	3 200
Dividends	-	-	-	-	(29 373)	(29 373)
Profit on sale of treasury shares	-	(791)	-	-	-	(791)
Balance at 31 August 2008	21	37 354	(37 116)	15 872	302 516	318 647

Abridged Consolidated Cash Flow Statement for the six months ended 31 August 2008

	Unaudited 6 months ended 31 August 2008 R'000	Unaudited 6 months ended 31 August 2007 R'000	Audited 12 months ended 29 February 2008 R'000
Profit before taxation	78 419	67 534	156 079
Adjusted for non-cash items	(2 133)	1 164	2 164
Working capital changes	(44 177)	12 705	5 927
- Inventory	(86)	(605)	(1 575)
- Trade and other accounts receivable	(29 468)	(8 038)	(25 309)
- Trade, other accounts payable and liabilities	(14 623)	21 348	32 811
Cash generated from operations	32 109	81 403	164 170
Net interest received	10 456	5 950	9 137
Dividend paid	(29 373)	(25 826)	(47 380)
Taxation paid	(22 960)	(16 859)	(46 525)
Net cash (outflow) inflow from operating activities	(9 768)	44 668	79 402
Net cash outflow from investing activities	(1 688)	(4 807)	(19 206)
Net cash outflow from financing activities	(2 399)	(6 444)	(12 141)
Net (decrease) increase in cash and cash equivalents	(13 855)	33 417	48 055
Cash and cash equivalents at the beginning of the period	221 896	173 841	173 841
Cash and cash equivalents at the end of the period	208 041	207 258	221 896

Basis of Preparation

The abridged 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 summarised 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 periods. All new interpretations and standards were assessed and adopted with no material impact. These results have not been reviewed or reported on by the auditors.

Commentary

The directors of Datacentrix present the unaudited interim financial results of the Group for the six months ended 31 August 2008. The Group shows a flat top line, however with creditable headline earnings per share (HEPS) increase of 21% to 26.8 cents and earnings per share (EPS) increase of 20% to 26.7 cents. Operating performance (EBITDA) increased by 11% to R73.7 million. Cash generated from operations was R32 million. Datacentrix retains strong prospects within both the public and private sectors. Within the context of the economic and political climate the directors are confident that the current investment in key technical skills and sales capacity will stand the company in good stead.

Infrastructure and Related Services

The Infrastructure and Related Services division continues to be a dominant player in the supply, deployment, maintenance and support of IT infrastructure solutions to enterprise South Africa. In the period under review, the division contributed R661 million (2007: R658 million) and R62.5 million (2007: R51.8 million) to the Group's revenue and segment result for the period respectively. The division is a HP and Microsoft Gold Certified Partner, IBM Premier Partner and holds some of the highest industry accreditations. This together with the high level of service provided to customers reaffirms the real value we add as a trusted partner to both our vendors and customers.

The performances over the past six months is attributable to lower volumes and slower spend in traditional accounts in the Gauteng private sector base, increased fixed costs due to the demand for scarce resources and investment in the division's technical and sales capacity in new growth areas. In contrast the public sector, coastal and services business units showed healthy organic growth. The growth in services has impacted positively on the division's net margin. We continue to ensure that the Group is accredited by its vendors at the highest possible level both in the technical and sales arenas. The continued expansion of our service offering has enabled us to provide additional services to customers, further enhancing our strategic value as a single source service provider. The Group will continue to invest in its services capability to add increasing value to its product offering. This commitment ensures that the division is a cost effective partner for the supply, installation and maintenance of equipment over its entire lifecycle, providing customers with the ability to focus their resources on their core business.

Client satisfaction is the foundation of our business. Our full service focus on the supply and support of IT Infrastructure ensures ease of engagement. Clients are assisted through the various processes including needs assessment, product evaluation and selection, configuration, installation and the support of the infrastructure thereafter.

Solutions

The Workflow and Development business unit has won major projects in the areas of workflow during the period with blue chip clients, resulting in good organic growth for the period. The Workflow business is seeing strong demand driven by enterprise customers seeking better efficiencies. The Optimisation business unit serving the electronic content management and archiving areas has been affected by longer than usual selling cycles; however some new contracts have recently been won which positions the business unit favourably for the next six months.

Overall, the Solutions business performed below expectation with a segment result at R5.4 million (2007: R9.7 million) and it contributed R38 million (2007: R35 million) to the Group's segment revenue.

Board and Management changes

Rainer Jeske has been appointed Managing Director of the Technology Solutions Business unit, a sub division of Infrastructure and Related Services. Rainer has been with Datacentrix for 11 years and brings with him a wealth of experience to his new role.

Empowerdex Rating

The board is on record as having declared the strengthening of empowerment credentials a priority for Datacentrix, and all the elements of broad empowerment required by the Codes are under active review, including specifically, broad based ownership. Satisfactory progress has been made to date with all the other elements and Datacentrix has regained A rating (level four contributor) after a temporary dip to a level B rating. However Datacentrix still underperforms significantly in the ownership and equity aspects and is currently reviewing initiatives which will enable us to reclaim our preeminent status in all of the elements of the DTI BEE codes of Good Practice.

Prospects

Datacentrix continues to consolidate its position in the market space and given due consideration to the economic outlook, currently remains positive. Though more complex opportunities are taking longer to conclude, both the private and government sector show healthy activity in IT projects and as always Datacentrix expects to maintain or increase market share. Management is confident that the investment in identified growth areas such as security, Microsoft services, managed print solutions, resourcing and selective outsourcing, will bear fruits in the future. The group is well positioned to capitalise on the opportunities outlined above.

The directors wish to thank staff, customers and business partners for their dedicated and constructive support.

Dividend

An interim dividend of 13.0 cents has been declared in line with our dividend policy of two times cover on HEPS.

Declaration date:	Monday, 06 October 2008
Last day to trade:	Friday, 24 October 2008
Share trade ex dividend:	Monday, 27 October 2008
Record date:	Friday, 31 October 2008
Payment date:	Monday, 03 November 2008

Share certificates may not be dematerialised or rematerialised between 27 October 2008 and 31 October 2008, both days inclusive.

For and on behalf of the Board:

Gary Morolo
Chairman
7 October 2008

Directors: Gary Morolo (Chairman)*, Ahmed Mahomed (CEO), Elizabeth Naidoo (CFO), Alwyn Martin*, Dudu Nyamane*, Israel Skosana*, Joan Joffe* (*non-executive)

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Sponsor: Barnard Jacobs Mellet Corporate Finance (Pty) Ltd