

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED 31 AUGUST 2004

Key Financial Indicators

- Revenue increased 13% to R450 million
- Operational profits (EBITDA) increased 43% to R43 million
- Basic headline earnings per share (HEPS) increased 30% to 14.9 cents
- Basic earnings per share (EPS) increased 37% to 12.6 cents
- Strong operating cash flows of R50,5 million, resulting in R146,9 million cash on hand, with no interest bearing debt
- Net asset value increased 8% to 100 cents and tangible net asset value increased 16% to 86 cents

**CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 AUGUST 2004**

	Unaudited 6 Months ended 31 Aug 2004 R'000	Unaudited 6 Months ended 31 Aug 2003 R'000 Restated	Unaudited 6 Months ended 31 Aug 2003 R'000 Original	Audited 12 Months ended 29 Feb 2004 R'000
Revenue	450 470	397 420	397 420	763 782
Earnings before depreciation, goodwill amortised and interest (EBITDA)	43 173	30 179	30 179	57 162
Depreciation	(4 481)	(3 467)	(3 467)	(7 297)
Goodwill amortised	(4 564)	(4 333)	(4 333)	(8 672)
Operating income before interest and taxation	34 128	22 379	22 379	41 193
Net interest received	2 929	6 246	6 246	10 476
Deemed interest (AC133 fair value adjustment)	-	(1 209)	-	(1 243)
Share of associate income	176	144	144	343
Income before taxation	37 233	27 560	28 769	50 769
Taxation	(12 424)	(9 568)	(9 931)	(19 023)
Earnings attributable to ordinary shareholders	24 809	17 992	18 838	31 746
Reconciliation of headline earnings				
Earnings attributable to ordinary shareholders	24 809	17 992	18 838	31 746
Goodwill amortised	4 564	4 333	4 333	8 672
Headline earnings	29 373	22 325	23 171	40 418
	Unaudited Post acc policy changes 31 Aug 2004	Unaudited Post acc policy changes 31 Aug 2003 Restated	Unaudited Pre acc policy changes 31 Aug 2003 Original	Audited Post acc policy changes 29 Feb 2004
Headline earnings per ordinary share (cents)	14.9	11.5	11.5	20.7
Diluted headline earnings per ordinary share (cents)	14.2	11.2	11.5	19.9
Basic earnings per ordinary share (cents)	12.6	9.2	9.3	16.3
Diluted basic earnings per ordinary share (cents)	12.0	9.0	9.3	15.7
Weighted average number of shares in issue (000s)	196 628	194 807	202 138	195 024
Weighted average number of shares in issue for purposes of dilution (000s)	206 916	199 665	202 138	202 628

CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2004

	Unaudited 31 Aug 2004 R'000	Unaudited 31 Aug 2003 R'000 Restated	Unaudited 31 Aug 2003 R'000 Original	Audited 29 Feb 2004 R'000
ASSETS				
Non-current assets	59 567	70 818	81 068	59 658
Property and equipment	19 324	15 456	15 456	13 737
Intangible assets	28 306	36 899	36 899	32 585
Investment in associate	1 405	1 257	1 257	1 233
Advance payments	1 947	5 749	5 749	3 050
Deferred taxation	8 585	11 457	11 094	9 053
Loan to share trust	-	-	10 613	-
Current assets	259 019	256 751	256 722	258 821
Inventories	13 963	11 482	11 482	11 707
Accounts receivable	98 109	97 453	97 453	116 092
Bank balances and cash	146 947	147 816	147 787	131 022
TOTAL ASSETS	318 586	327 569	337 790	318 479
EQUITY AND LIABILITIES				
Capital and reserves	203 870	180 504	191 012	193 768
Share capital	20	20	20	20
Share premium	36 889	43 665	43 727	50 831
Treasury shares	(11 843)	(10 471)	-	(11 078)
Non-distributable reserves	-	14 543	14 543	-
Acquisition consideration (shares) due to vendors	1 746	8 795	8 795	1 746
Distributable reserves	177 058	123 952	123 927	152 249
Non-current liability				
Acquisition consideration (long-term cash) due to vendors	-	799	920	833
Current liabilities	114 716	146 266	145 858	123 878
Accounts payable and accruals	75 476	90 810	90 765	86 763
Provisions	4 166	3 391	3 391	3 838
Deferred revenue on contracts	22 379	22 868	22 868	19 905
Acquisition consideration (short-term cash) due to vendors	833	11 134	11 134	11 098
Taxation	11 862	18 063	17 700	2 274
TOTAL EQUITY AND LIABILITIES	318 586	327 569	337 790	318 479
Net asset value per share (cents)	100	93	98	97
Tangible net asset value per share (cents)	86	74	79	81
Number of shares in issue (000s)	204 130	194 737	194 737	199 862

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 AUGUST 2004**

	Unaudited 6 Months ended 31 Aug 2004 R'000	Unaudited 6 Months ended 31 Aug 2003 R'000 Restated	Unaudited 6 Months ended 31 Aug 2003 R'000 Original	Audited 12 Months ended 29 Feb 2004 R'000
Opening balance as previously stated	193 768	170 202	170 202	159 993
Consolidation of Datacentrix Holdings Share Trust	-	(10 209)	-	-
Opening balance restated	193 768	159 993	170 202	159 993
Net income for the period	24 809	17 992	18 838	31 746
Capital distribution	(13 661)	-	-	-
Share issue expenses	(25)	(28)	(28)	(86)
Profit/(loss) on sale of treasury shares	167	(48)	-	102
Deemed interest (AC133 fair value opening balance adjustment)	-	931	-	931
Treasury shares – movement during the period	(1 188)	(336)	-	(943)
Raised on new acquisitions	-	2 000	2 000	2 025
Closing balance	203 870	180 504	191 012	193 768

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 AUGUST 2004**

	Unaudited 6 Months ended 31 Aug 2004 R'000	Unaudited 6 Months ended 31 Aug 2003 R'000 Restated	Unaudited 6 Months ended 31 Aug 2003 R'000 Original	Audited 12 Months ended 29 Feb 2004 R'000
Income adjusted for non-cash items	43 340	28 515	28 560	57 264
Working capital changes	7 242	11 718	11 673	(13 709)
- Inventory	(2 256)	(1 079)	(1 079)	(1 304)
- Receivables	17 983	23 431	23 431	4 792
- Payables	(8 485)	(10 634)	(10 679)	(17 197)
Cash generated from operations	50 582	40 233	40 233	43 555
Net interest received	2 929	6 246	6 246	10 476
Taxation paid	(2 434)	(3 416)	(3 416)	(25 959)
Capital distribution	(13 661)	-	-	-
Net cash inflow from operating activities	37 416	43 063	43 063	28 072
Net cash outflow from investing activities	(9 141)	(7 335)	(7 670)	(7 380)
Net cash outflow from financing activities	(12 350)	(5 696)	(5 361)	(7 454)
Net increase in cash and cash equivalents	15 925	30 032	30 032	13 238
Cash and cash equivalents at the beginning of the period	131 022	117 784	117 755	117 784
Cash and cash equivalents at the end of the period	146 947	147 816	147 787	131 022

Commentary

The directors of Datacentrix Holdings Limited present the interim financial results of the group for the six months ended 31 August 2004. The directors are very satisfied with the results and believe that the company is extremely well positioned to continue its solid performance. The company's operations remain strong and it has achieved excellent growth in sales volumes during the period under review, despite the continuing deflation of IT products 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 partner for vendors and customers looking for a long-term strategic partner.

Nature of Business

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

Basis of Preparation

The interim financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice, AC127: Interim Financial Reporting.

Change in Accounting Policies

The JSE Securities Exchange of South Africa ("JSE") issued guidance on the consolidation of share trusts and the Datacentrix Holdings Share Trust is accordingly consolidated into the results of the group. This represents a change in accounting policy and in accordance with the requirements of AC103: Net Profit or Loss for Period, Fundamental Errors and Changes in Accounting Policies, the comparative figures have been restated.

The group also adopted AC133 Financial Instruments: Recognition and Measurement during the last financial year. As a result of adopting AC133 and in accordance with transition requirements of AC133, comparative figures have not been adjusted except for the restatement of previous year opening retained earnings. The implementation of AC133 had a negative impact on the group's previous interim results of a net R1,209 million owing to the fair valuing of acquisition consideration due to vendors.

Infrastructure and Related Services

The Infrastructure division has shown steady growth for the six months to August 2004. The division has had healthy growth from the public sector as a result of long outstanding tenders being awarded and also continues to win substantial multi-year product and services deals with large blue-chip organisations.

The division has maintained the highest level of accreditations and continues to have direct relationships with technology partners, enabling Datacentrix to continue providing the resultant benefits to customers. Growth areas include server consolidation, as well as managed print services. The focus on the Microsoft space in the period under review has also resulted in the division gaining market share in this sector.

Services range from warranty hardware maintenance services on behalf of vendors for equipment sold, through to advanced network and mail systems design and implementation. The project-based business has grown during the period under review and the outsourcing business unit is particularly well positioned with a number of blue-chip customer contracts concluded and implemented within the reporting period. Datacentrix continues to believe that the supply of products through Infrastructure and the technical and outsourcing capabilities of Services provide real cost effective and capable solutions to its customers.

Solutions

The growth within Datacentrix Solutions has been fuelled by the market's need for ERP solutions. Other growth areas have included archiving of data and documents, integration of dissimilar applications, document management and workflow; business intelligence; the move towards outsourcing of business applications; and Microsoft's entry into the CRM market.

Due to a number of successes in the retail, health, education and manufacturing industries, Datacentrix Solutions was named Microsoft Business Solutions Partner of the Year for 2004 - the only Microsoft Business Solutions partner locally to garner this award for two consecutive years. The division has also 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.

Black Economic Empowerment (BEE)

Datacentrix' continued BEE transformation and its hands-on approach to empowerment has earned the group fifth place of all JSE Securities Exchange-listed companies and highest ranked IT company on the empowerment ladder. Datacentrix is one of only three IT companies to boast an A-rating for its achievements by independent rating agency EmpowerDex. The company continues to focus strongly on internal transformation imperatives and also participates actively in the ICT forums to promote transformation.

Future Prospects

Datacentrix' solid business model, focus on business basics and its prudent and conservative management and steadily improving empowerment profile have resulted in its continued profitability. The group's strategic focus remains unchanged, with expected growth areas encompassing ERP, selective outsourcing in both the desktop and the server environment, output management and infrastructure refresh projects. The directors are very optimistic about the company's prospects for the full year and beyond.

The directors wish to thank our staff, customers and business partners for their dedicated and constructive support over the past six months and look forward to further positive results for the balance of the financial year.

Dividend Policy

No interim dividend has been declared. The company expects to pay a final dividend at year end, in line with the declared dividend policy.

For and on behalf of the Board:

Gary Morolo
Executive Chairman

28 September 2004
Pretoria

Directors:

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

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