

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

("Datacentrix" or "the Group" or "the Company")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2012, DIVIDEND DECLARATION AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Key Financial Indicators

- Revenue increased by 7%
- EBITDA decreased to R57.4 million
- Earnings per share and headline earnings per share decreased by 28%
- Cash generated from operations of R52.7 million resulted in cash on hand of R288 million
- Interim gross cash dividend declared of 11.25 cents per share

Condensed Consolidated Statements of Comprehensive Income for the six months ended 31 August 2012

	Unaudited six months ended 31 August 2012 R'000	Unaudited six months ended 31 August 2011 R'000	Audited 12 months ended 29 February 2012 R'000
Revenue	976 726	912 652	1 757 762
Operating profit	48 559	69 634	123 447
Net interest received	6 094	7 100	11 964
Profit before taxation	54 653	76 734	135 411
Income taxation expense	(17 194)	(24 581)	(44 567)
- normal and deferred taxation	(16 917)	(22 697)	(39 932)
- secondary taxation on companies	(277)	(1 884)	(4 635)
Total comprehensive income attributable to ordinary shareholders	37 459	52 153	90 844
Basic earnings per ordinary share (cents)	19.1	26.6	46.4
Diluted basic earnings per ordinary share (cents)	18.8	26.1	45.6
Dividend per share (cents)	11.25	13.4	30.0
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	57 374	80 914	145 226
Headline earnings per ordinary share (cents)	19.2	26.8	46.9
Diluted headline earnings per ordinary share (cents)	18.9	26.2	46.1
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)	198 827	199 790	199 016
*adjusted for treasury shares			
Reconciliation between earnings for the period attributable to ordinary shareholders and headline earnings			
Earnings attributable to ordinary shareholders	37 459	52 153	90 844
Loss on disposal of assets	29	274	906
Earnings for the purpose of basic and diluted headline earnings per share	37 488	52 427	91 750

Condensed Consolidated Statements of Financial Position as at 31 August 2012

	Unaudited 31 August 2012 R'000	Unaudited 31 August 2011 Restated R'000	Audited 29 February 2012 R'000
ASSETS			
Non-current assets	131 117	91 322	104 122
Property and equipment	56 815	34 680	38 845
Goodwill	15 596	15 596	15 596
Other intangible assets – software	9 485	6 221	7 098
Investment in joint venture	2 190	-	1 022
Finance lease receivable – long-term	19 435	6 010	17 503
Long-term receivables	116	-	284
Deferred taxation assets	27 480	28 815	23 774
Current assets	678 918	700 485	653 211
Current taxation asset	4 511	-	4 025
Finance lease receivable – short-term	16 896	4 376	11 202
Inventories	30 194	27 885	34 764
Trade and other receivables	339 603	338 280	289 843
Cash and cash equivalents	287 714	329 944	313 377
TOTAL ASSETS	810 035	791 807	757 333
EQUITY AND LIABILITIES			
Capital and reserves	470 512	457 463	471 053
Share capital	21	21	21
Share premium	36 187	37 473	37 522
Treasury shares	(42 249)	(38 889)	(39 720)
Equity-settled share scheme reserve	34 201	28 181	30 101
Retained earnings	442 352	430 677	443 129
Non-current liabilities	41 821	30 437	40 363
Deferred revenue – long-term	24 013	24 427	25 241
Finance lease payables – long-term	17 808	6 010	15 122
Current liabilities	297 702	303 907	245 917
Trade and other payables	225 051	232 199	184 530
Finance lease payables – short-term	14 880	4 376	8 958
Provisions	2 539	1 904	1 640
Deferred revenue – short-term	52 111	45 866	48 005
Lease smoothing liability	3 110	2 513	2 784
Current taxation liabilities	11	17 049	-
TOTAL EQUITY AND LIABILITIES	810 035	791 807	757 333
Net asset value (adjusted for treasury shares) per share (cents)	240.3	233.6	240.6
Tangible net asset value (adjusted for treasury shares) per share (cents)	227.5	222.5	229.0
Weighted average number of shares in issue (000s)	195 798	195 798	195 798

Condensed Consolidated Statement of Changes in Equity for the six months ended 31 August 2012

	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 2011	21	37 544	(38 799)	24 761	396 500	420 027
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)
Balance at 31 August 2011	21	37 473	(38 889)	28 181	430 677	457 463
Profit for the period	-	-	-	-	38 691	38 691
Treasury shares movement	-	-	(831)	-	-	(831)
Share-based payments	-	-	-	1 920	-	1 920
Dividend paid	-	-	-	-	(26 239)	(26 239)
Profit on sale of treasury shares	-	49	-	-	-	49
Balance at 29 February 2012	21	37 522	(39 720)	30 101	443 129	471 053
Profit for the period	-	-	-	-	37 459	37 459
Treasury shares movement	-	-	(2 529)	-	-	(2 529)
Share-based payments	-	-	-	4 100	-	4 100
Dividend paid	-	-	-	-	(38 236)	(38 236)
Loss on sale of treasury shares	-	(1 335)	-	-	-	(1 335)
Balance at 31 August 2012	21	36 187	(42 249)	34 201	442 352	470 512

Condensed Consolidated Statement of Cash Flow for the six months ended 31 August 2012

	Unaudited six months ended 31 August 2012 R'000	Unaudited six months ended 31 August 2011 Restated R'000	Audited 12 months ended 29 February 2012 R'000
Profit before taxation	54 653	76 734	135 411
Adjusted for non-cash items	6 407	8 429	14 285
Working capital changes	(8 350)	(48 563)	(70 587)
- Inventory	4 570	(17 008)	(23 887)
- Trade and other receivables	(49 592)	(85 037)	(36 884)
- Increase in finance lease receivable	(7 626)	(10 386)	(28 705)
- Trade and other payables	44 298	63 868	18 889
Cash generated from operations	52 710	36 600	79 109
Net interest received	6 094	7 100	14 615
Dividend paid	(38 236)	(17 976)	(44 215)
Taxation paid	(21 375)	(14 682)	(50 701)
Net cash (outflow)/inflow from operating activities	(807)	11 042	(1 192)
Net cash outflow from investing activities	(30 935)	(12 564)	(29 760)
Net cash inflow from financing activities	6 079	10 296	23 159
Net (decrease)/increase in cash and cash equivalents	(25 663)	8 774	(7 793)
Cash and cash equivalents at the beginning of the period	313 377	321 170	321 170
Cash and cash equivalents at the end of the period	287 714	329 944	313 377

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, the Listings Requirements of the JSE Limited ("the Listings Requirements"), 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.

The condensed financial statements of the Group have not been reviewed or audited by the Group's auditors. The condensed financial statements of the Group were prepared under the supervision of Elizabeth Naidoo, the Financial Director of the Group.

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, empowered company that provides Information and Technology ("IT") solutions to the country's corporate and public sectors. It delivers 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 announce interim financial results for the six months ended 31 August 2012. The Group showed organic revenue growth of 7.0%, from R913 million to R977 million. Earnings declined from R52.2 to R37.5 million. Operating margins deteriorated from 7.6% to 5.0%. Headline earnings per share ("HEPS") decreased from 26.8 cents to 19.2 cents.

The Group maintained sound financial and operational disciplines, with cash generated from operating activities amounting to R52.7 million, reflecting a closing cash balance of R288 million with no interest-bearing debt. It continues to invest in growing capability organically. Datacentrix has invested substantially in both capital expenditure and skills.

The Managed Print Services business unit, within Managed Services had entered into printing solution transactions in the previous financial year where the hardware components forming part of the contract are leased to the client. In most instances these assets have been financed by Datacentrix based on back-to-back agreements between the supplier and the client, which has resulted in the finance lease payables to suppliers and finance lease receivables from clients being reflected on the statement of financial position. The position as at 31 August 2011 has been restated to reflect this situation. The effect of the restatement has been to increase finance lease receivables and finance lease payables by R10.4 million on the statement of financial position. On the cash flow statement, working capital has decreased with R10.4 million, and investment in financing activities has increased by R10.4 million. The net effect of this reclassification has had no impact on earnings per share, headline earnings per share, net asset value per share or tangible net asset value per share for the six months ended 31 August 2011.

Operational Review

The Group has seen a significant improvement in trading conditions in the second quarter of the fiscal year after a particularly constrained first quarter. Revenue was stronger in the commercial sector, whilst performance in the public sector deteriorated further. Datacentrix has made considerable investments in growing competencies and capabilities organically, therefore bearing a significant portion of the investment costs during the reporting period. The Infrastructure division contributed 35% of Group profit before tax ("PBT"), while the Managed Services and Business Solutions divisions added 38% and 14% respectively.

Infrastructure generated an operating margin of 2.7% whilst Managed Services generated a margin of 11.1%, and the Business Solutions division generated 12.3%.

Segmental Analysis

Unaudited six months ended	Infrastructure		Managed Services		Business Solutions		Corporate		Total Group	
	31 Aug '12 R'000	31 Aug '11 R'000	31 Aug '12 R'000	31 Aug '11 R'000	31 Aug '12 R'000	31 Aug '11 R'000	31 Aug '12 R'000	31 Aug '11 R'000	31 Aug '12 R'000	31 Aug '11 R'000
Revenue	719 194	703 748	193 809	163 384	63 723	45 520	-	-	976 726	912 652
Operating profit	19 159	37 596	21 540	20 415	7 860	11 625	-	-	48 559	69 634
Net interest received	-	-	(648)	-	-	-	6 742	7 100	6 094	7 100
Profit before taxation	19 159	37 596	20 892	20 415	7 860	11 625	6 742	7 100	54 653	76 734
Income tax expense	(5 363)	(10 596)	(5 850)	(5 777)	(2 200)	(3 247)	(3 781)	(4 961)	(17 194)	(24 581)
- normal and deferred taxation	(5 363)	(10 596)	(5 850)	(5 777)	(2 200)	(3 247)	(3 504)	(3 077)	(16 917)	(22 697)
- secondary taxation on companies	-	-	-	-	-	-	(277)	(1 884)	(277)	(1 884)
Earnings for the period attributable to ordinary shareholders	13 796	27 000	15 042	14 638	5 660	8 377	2 961	2 139	37 459	52 153

Infrastructure

Revenue in the Infrastructure division showed marginal growth, and earnings was impacted by competitive market forces.

Revenue in the commercial segment of the market showed growth, albeit with tighter margins. The Group is experiencing continued decline in public sector revenue with little prospect for an upturn in the fiscal year. Sizeable tenders have been submitted in the public sector. The revenue and profitability in this division is primarily from the private sector.

Significant investment in the technical capabilities of the division has been made to take the Infrastructure division up the value curve, away from the commoditised end of the market. The revenues expected from this investment currently lag the significant costs associated with the investment. This increased cost base which is ahead of expected revenue generation, together with significantly tightened margins, especially in the commoditised end of the market, are the key contributors to decreased profitability of the Group.

Managed Services

Datacentrix' Managed Services division achieved a 19% revenue growth for the six months. The Managed Services division, which encompasses the Managed Print Services ("MPS"), Outsourcing, Resourcing and Projects business units, contributed 40% to group earnings.

Our areas of investment in this division over the last few months have begun to contribute to profitability and operational effectiveness.

Business Solutions

The Business Solutions division, which comprises the Enterprise Resource Planning ("ERP"), Business Intelligence ("BI") and Enterprise Content Management ("ECM") business units, achieved revenue growth of 8%. Earnings in the ECM segment are coming under margin pressure as new entrants entered this market. The ECM business is making inroads into the local government healthcare industry.

Prospects

The Group believes its current organic growth strategy and consequent investments have positioned it well to compete effectively in these selected areas of growth, particularly in the private sector. The Group believes there could be benefits derived from targeted acquisitions.

Black Economic Empowerment

Datacentrix has secured a Level 2 (AAA) B-BBEE Contributor status, with 125% procurement recognition.

Directorate

In compliance with paragraph 3.59 of the Listings Requirements, the board of directors of Datacentrix ("the Board") is pleased to announce the immediate appointment of two new independent, non-executive directors, Messers Antony Ball and Peter Backwell. Both individuals bring a wealth of experience and their appointment is expected to complement the skills and the experience base of the Board.

Dividend

In respect of the current period, the Board declared a gross cash dividend of 11.25 cents. The proposed dividend for August 2012 is payable to all shareholders on the Register of members on 29 October 2012. In terms of the dividends tax, effective 1 April 2012, the following additional information is disclosed:

- the local dividend tax rate is 15%;
- the dividends will be payable from income reserves;
- no STC credits have been utilised. Accordingly, the dividend to utilise in determining the dividends tax is 11.25 cents per share;
- the dividend tax to be withheld by the Company amounts to 1.68750 cents per share;
- therefore the net dividend payable to shareholders who are not exempt from dividends tax amounts to 9.56250 cents per share, while the gross dividend payable to shareholders who are exempt from dividends tax amounts to 11.25 cents per share;
- the issued share capital of the Company at the declaration date comprises of 205 265 683 ordinary shares; and
- the Company's income tax reference number is 9739/002/71/6.

Declaration date:	Monday, 1 October 2012
Last day to trade:	Friday, 19 October 2012
Share trade ex-dividend:	Monday, 22 October 2012
Record date:	Friday, 26 October 2012
Payment date:	Monday, 29 October 2012

Share certificates may not be dematerialised or rematerialised between Monday, 22 October 2012 and Friday, 26 October 2012, both days inclusive.

For and on behalf of the Board:

Gary Morolo

Chairman
2 October 2012

Ahmed Mahomed

Chief Executive Officer

Gary Morolo (Non-executive Chairman), Ahmed Mahomed (Chief Executive Officer), Alwyn Martin*, Dudu Nyamane*, Elizabeth Naidoo (Financial Director), Joan Joffe*, Thenjiwe Chikane* (*independent, non-executive)

Company Secretary: Ithemba Governance and Statutory Solutions (Proprietary) Limited
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Transfer Secretaries: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg
Sponsor: Merchantec Capital