

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

**AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2007**

**Key Financial Indicators**

- Revenue increased 16% to R1.2 billion
- EBITDA increased 40% to R124.6 million
- Headline earnings per share (HEPS) increased 41% to 40.4 cents
- Earnings per share (EPS) increased 57% to 40 cents
- Cash on hand of R174 million, with no interest-bearing debt
- Cash generated from operations of R129 million
- Final dividend declared of 13.2 cents per share, bringing annual dividend to 20.2 cents

**Condensed Consolidated Income Statement for the year ended 28 February 2007**

	Audited 2007 R'000	Audited 2006 R'000
<b>Revenue</b>	1 201 904	1 034 397
<b>Operating profit</b>	114 433	70 430
Net interest received	9 750	7 856
<b>Profit before taxation</b>	124 183	78 286
Income tax expense	(45 913)	(28 341)
<b>Earnings attributable to ordinary shareholders</b>	<b>78 270</b>	49 945
<b>Basic earnings per ordinary share (cents)</b>	<b>40.0</b>	25.5
<b>Diluted basic earnings per ordinary share (cents)</b>	<b>39.2</b>	24.9
<b>Dividend per share (cents)</b>	<b>20.2</b>	14.0
<b>Special dividend per share (cents)</b>	<b>-</b>	16.0
<b>Earnings before interest, taxation, depreciation and amortisation (EBITDA)</b>	<b>124 564</b>	88 661
<b>Headline earnings per ordinary share (cents)</b>	<b>40.4</b>	28.7
Diluted headline earnings per ordinary share (cents)	39.5	27.9
Weighted average number of shares in issue* (000's)	195 655	195 647
Weighted average number of shares in issue for the purpose of dilution* (000's)	199 635	200 713
*adjusted for treasury shares		
<b>Reconciliation between earnings attributable to ordinary shareholders and headline earnings</b>		
Earnings attributable to ordinary shareholders	78 270	49 945
Goodwill impaired	661	7 857
Profit on disposal of business	-	(74)
Loss (profit) on sale of property and equipment	21	(1 671)
<b>Headline earnings</b>	<b>78 952</b>	56 057

**Condensed Consolidated Balance Sheet as at 28 February 2007**

	Audited 2007 R'000	Audited 2006 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>65 297</b>	68 194
Property and equipment	30 074	31 217
Intangible assets	16 463	17 008
Long-term receivables	4 178	7 230
Deferred tax assets	14 582	12 739
<b>Current assets</b>	<b>392 048</b>	381 947
Inventories	9 401	4 836
Trade and other receivables	208 806	211 496
Cash and cash equivalents	173 841	165 615
<b>TOTAL ASSETS</b>	<b>457 345</b>	450 141
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>	<b>248 468</b>	244 347
Share capital	21	21
Share premium	40 709	40 311
Treasury shares	(25 958)	(20 203)
Equity-settled share scheme reserve	8 642	5 042
Retained earnings	225 054	219 176
<b>Non-current liabilities</b>	<b>20 334</b>	19 746
Obligations under finance leases	2 007	4 205
Deferred revenue	18 327	15 541
<b>Current liabilities</b>	<b>188 543</b>	186 048
Trade and other payables	133 643	136 423
Provisions	18 485	26 611
Deferred revenue	27 655	17 590
Lease liability	460	300
Current tax liabilities	8 300	5 124
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>457 345</b>	450 141
Net asset value (adjusted for treasury shares) per share (cents)	127.0	124.9
Tangible net asset value (adjusted for treasury shares) per share (cents)	118.6	116.2
Weighted average number of shares in issue (000's)	195 655	195 647

**Condensed Consolidated Statement of Changes in Equity for the year ended 28 February 2007**

	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 2005</b>	<b>20</b>	<b>39 589</b>	<b>(14 060)</b>	<b>1 735</b>	<b>186 866</b>	<b>214 150</b>
Net profit for the year	-	-	-	-	49 945	49 945
Treasury shares movement	-	-	(6 143)	-	-	(6 143)
Share issue expenses	-	(10)	-	-	-	(10)
Raised on new acquisitions	1	912	-	-	-	913
Share-based payments	-	-	-	3 307	-	3 307
Dividend paid	-	-	-	-	(17 635)	(17 635)
Loss on sale of treasury shares in trust	-	(180)	-	-	-	(180)
<b>Balance at 28 February 2006</b>	<b>21</b>	<b>40 311</b>	<b>(20 203)</b>	<b>5 042</b>	<b>219 176</b>	<b>244 347</b>
Net profit for the year	-	-	-	-	78 270	78 270
Treasury shares movement	-	-	(5 755)	-	-	(5 755)
Share-based payments	-	-	-	3 600	-	3 600
Dividends paid	-	-	-	-	(72 392)	(72 392)
Profit on sale of treasury shares in trust	-	398	-	-	-	398
<b>Balance at 28 February 2007</b>	<b>21</b>	<b>40 709</b>	<b>(25 958)</b>	<b>8 642</b>	<b>225 054</b>	<b>248 468</b>

**Condensed Consolidated Cash Flow Statement for the year ended 28 February 2007**

	Audited 2007 R'000	Audited 2006 R'000
Profit before tax	124 183	78 286
Adjusted for non-cash items	4 825	11 894
Working capital changes	339	(37 678)
- Inventory	(4 565)	2 031
- Trade and other accounts receivable	3 167	(88 545)
- Trade, other accounts payable and liabilities	1 737	48 836
<b>Cash generated from operations</b>	<b>129 347</b>	<b>52 502</b>
Net interest received	9 750	7 856
Dividend paid	(72 392)	(17 635)
Taxation paid	(44 657)	(30 492)
<b>Net cash inflow from operating activities</b>	<b>22 048</b>	<b>12 231</b>
<b>Net cash outflow from investing activities</b>	<b>(6 077)</b>	<b>(13 797)</b>
<b>Net cash (outflow) inflow from financing activities</b>	<b>(7 745)</b>	<b>35</b>
Net increase (decrease) in cash and cash equivalents	8 226	(1 531)
Cash and cash equivalents at the beginning of the year	165 615	167 146
<b>Cash and cash equivalents at the end of the year</b>	<b>173 841</b>	<b>165 615</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 summarised annual financial statements conform to International Accounting Standard 34: Interim Financial Reporting, the Listing Requirements of the JSE Securities Exchange 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 period.

**Auditors' Opinion and Subsequent Events**

The group's auditors, Deloitte & Touche, have audited these results and a copy of their unmodified audit opinion as well as their accompanying unmodified audit report on this set of summarised financial information is available for inspection at the company's registered office. No material events have occurred between the financial year end and the date of the audit report.

## **Commentary**

The directors of Datacentrix Holdings Limited are proud to announce the annual financial results of the group for the year ended 28 February 2007. Growth has been achieved on all the indices as normally reported on. There has been strong operational performance across all group businesses.

Headline earnings per share (HEPS) increased by 41% to 40.4 cents and earnings per share (EPS) increased 57% to 40 cents. Operating performance (EBITDA) increased by 40% to R124.6 million. Cash generated from operations was R129 million, and the cash on hand increased despite the declaration and payment of normal and special dividends.

## **Infrastructure and Related Services**

The Infrastructure and Related Services division produced significant growth, resulting in the division concluding the financial year with healthy organic growth. This division contributed R1.1 billion (2006: R960 million) and R99 million (2006: R67 million) to the group's revenue and segment result for the year respectively. We continue 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 we had a number of significant wins including sizable transactions in the selective outsourcing and managed output solutions. We have retained all our major clients, renewed existing contracts and strengthened our technology partner accreditations. The division's strategic focus remains unchanged.

The division experienced strong performance from all segments of the market. Growth areas have included managed output solutions, enterprise systems, selective outsourcing and government infrastructure. We continue to ensure that the group is accredited by its vendors at the highest possible level both in the technical and sales arenas. This competency ensures Datacentrix is a cost effective partner for the supply, installation and maintenance of equipment over its entire life-cycle.

Client satisfaction remains extremely important. Datacentrix' full service focus on the supply and support of hardware ensures ease of engagement. Clients are assisted through various processes including the needs determination, the product evaluation and selection, the configuration and installation and the support of the infrastructure thereafter. Datacentrix has cemented its position in the selective outsourcing market with successful implementations, and we are confident that we will find a more receptive market for our innovative approach.

## **Solutions**

The Enterprise Resource Planning business unit has overcome the challenges encountered during the previous year and returned to stronger financial performance. Improved contract and project management and implementation methodologies have been employed successfully. Client relationships have been strengthened and service delivery enhanced. Management is confident that these turnaround activities have improved the efficiencies of the business and look forward to future contributions by the business unit to the growth in earnings. Datacentrix remains a Microsoft Gold Partner.

The Workflow and Development business unit has won major projects in the areas of workflow, business intelligence and data-mining during the year. The Optimisation business unit serving the electronic content management and archiving areas has also performed creditably.

Overall the Solutions business has improved its profitability (segment result) to R16 million (2006: R2 million) and contributed R68 million (2006: R75 million) to the group's revenue.

## **Black Economic Empowerment (BEE)**

Datacentrix has maintained its Empowerdex "A" Rating. With the Department of Trade and Industry Codes of Practice largely in place, clarity has been provided for companies to begin to purposefully address their empowerment credentials. Datacentrix will be taking this opportunity to further enhance its credentials in each of the various aspects of the codes. The intention of the group is that this would include focus on equity participation for senior black staff and management whose contribution to the current and future success of the business is essential. Datacentrix is busy evaluating a number of options to address this issue.

## **Board and Management changes**

Klaas Lammers, a co-founder of the business and a key executive announced his retirement in November 2006, effective end of February 2007. The board of Datacentrix wishes to express its thanks and appreciation for the value Klaas has added to the business over the years, and also to convey its best wishes. The company took this opportunity to streamline its management structure and to do succession planning. Ahmed Mahomed has been appointed group Chief Operations Officer. At the same time as the aforementioned changes, Charl Joubert, an Executive Director of the company and Managing Director of the Solutions Division, stepped down from the Datacentrix board to focus on rebuilding a division that had experienced significant operational and profitability set-backs. The board is pleased to note that this intensified focus has paid off and that the division has been restored to profitability and operational issues have been substantially addressed.

Israel Skosana was appointed in November 2006 as an independent, non-executive director. This brings the profile of the board to 67% black and 33% female. The board now comprises nine directors, the majority of whom are non-executive. Four of these are also independent.

## **Prospects**

Based on current economic outlook and the company's market positioning, the board is positive about the prospects of the company. Datacentrix continues to be a well-placed partner to government, specifically on the existing SITA contracts. Government spending on IT has increased markedly and we expect to see ongoing activity from this sector.

These indicators are also true for the commercial sector of the market with increased demand for mobile security and storage solutions. The release of Microsoft's latest products will give further impetus to IT infrastructure investment.

The anticipated large infrastructure roll-outs including rail and ports, electricity and the hosting of the 2010 World Cup will contribute to a positive economic climate with encouraging spin-offs for the IT sector. The pressure to make broadband more accessible and affordable to stimulate economic growth and to make South Africa viable as a call centre destination also adds to an optimistic outlook for the IT industry. The demand for Infrastructure and related services continues to generate growth to the group's earnings. The Solutions Division is being put on a sound footing and there are expectations that it will return to being a significant contributor to the bottom line.

Datacentrix is well positioned to capitalise on the opportunities outlined above.

**Dividend**

A final dividend of 13.2 cents has been declared in line with our dividend policy of two times cover on HEPS. This brings the dividend declared for the financial year ended 28 February 2007 to a total of 20.2 cents.

Declaration date:	Monday, 16 April 2007
Last day to trade:	Friday, 4 May 2007
Share trade ex dividend:	Monday, 7 May 2007
Record date:	Friday, 11 May 2007
Payment date:	Monday, 14 May 2007

Share certificates may not be dematerialised or rematerialised between 7 May 2007 and 11 May 2007, both days inclusive.

**Annual General Meeting**

It is expected that the Annual Report will be dispatched to shareholders no later than 16 May 2007. Notice is hereby given that the annual general meeting of the company will be held at the company's registered office on 8 June 2007 at 10h00.

For and on behalf of the Board:

**Gary Morolo**

Chairman  
17 April 2007

Directors: Gary Morolo (Chairman), Gerhard Uys (CEO), Ahmed Mahomed (COO), Alwyn Martin\*, Elizabeth Naidoo, Imogen Mkhize\*, Israel Skosana\*, Joan Joffe\*, Stewart Barker  
\*non-executive and independent

Company Secretary: Johan Landsberg

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