

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

**UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2006**

**Key Financial Indicators**

- Revenue increased 47%
- EBITDA increased 98% to R50 million
- Headline earnings per share (HEPS) increased 91% to 14.5 cents
- Earnings per share (EPS) increased 166% to 14.1 cents
- Cash generated from operations of R56m resulting in cash on hand of R145 million
- Interim dividend of 7 cents per share declared

**Abridged Consolidated Income Statement for the six months ended 31 August 2006**

	Unaudited 6 months ended 31 August 2006 R'000	Unaudited 6 months ended 31 August 2005 R'000 Restated	Audited 12 months ended 28 February 2006 R'000
<b>Revenue</b>	<b>604 262</b>	411 320	1 034 397
<b>Operating profit</b>	<b>44 112</b>	15 530	70 430
Net interest received	5 708	4 796	7 856
<b>Profit before taxation</b>	<b>49 820</b>	20 326	78 286
<b>Income tax expense</b>	<b>(22 150)</b>	(9 902)	(28 341)
- normal taxation	(14 452)	(7 593)	(26 032)
- secondary taxation on companies	(7 698)	(2 309)	(2 309)
<b>Profit for the period attributable to ordinary shareholders</b>	<b>27 670</b>	10 424	49 945
<b>Earnings before interest, taxation, depreciation and amortisation (EBITDA)</b>	<b>50 030</b>	25 244	88 661
<b>Basic earnings per ordinary share (cents)</b>	<b>14.1</b>	5.3	25.5
Diluted basic earnings per ordinary share (cents)	13.8	5.1	24.9
<b>Headline earnings per ordinary share (cents)</b>	<b>14.5</b>	7.6	28.7
Diluted headline earnings per ordinary share (cents)	14.1	7.3	27.9
<b>Dividend per share (cents)</b>	<b>7.0</b>	-	30.0
Weighted average number of shares in issue (000s)	195 647	195 945	195 647
Weighted average number of shares in issue for purposes of dilution (000s)	200 565	203 344	200 713
<b>Reconciliation between profit for the period attributable to ordinary shareholders and headline earnings</b>			
Profit attributable to ordinary shareholders	27 670	10 424	49 945
Goodwill impaired	662	4 502	7 857
Profit on sale of subsidiary	-	-	(74)
Profit on sale of investment property	-	-	(1 671)
<b>Headline earnings</b>	<b>28 332</b>	14 926	56 057

**Restatements**

	Previously stated 2005 R'000	Restatements R'000	Restated 2005 R'000
Net profit	12 349	(1 925)	10 424
- Operating profit	23 022	(2 696)	20 326
- Taxation	(10 673)	771	(9 902)

**Abridged Consolidated Balance Sheet at 31 August 2006**

	Unaudited 31 August 2006 R'000	Unaudited 31 August 2005 R'000 Restated	Audited 28 February 2006 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>74 547</b>	69 330	68 194
Property and equipment	30 322	29 893	31 217
Software	933	886	751
Goodwill	15 595	21 524	16 257
Investment in joint venture	290	-	-
Deferred tax assets	21 955	17 027	12 739
Long term receivables	5 452	-	7 230
<b>Current assets</b>	<b>328 429</b>	298 299	381 947
Inventories	33 429	7 544	4 836
Trade and other receivables	149 756	119 498	211 496
Assets classified as held for sale	-	2 289	-
Cash and cash equivalents	145 244	168 968	165 615
<b>TOTAL ASSETS</b>	<b>402 976</b>	<b>367 629</b>	<b>450 141</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>212 767</b>	207 626	244 347
Share capital	21	20	21
Share premium	40 735	39 074	40 311
Treasury shares	(22 983)	(14 682)	(20 203)
Equity settled share scheme	6 842	3 559	5 042
Retained earnings	188 152	179 655	219 176
<b>Non-current liability</b>	<b>26 207</b>	13 404	19 746
Obligations under finance leases	2 849	-	4 205
Deferred revenue (long-term portion)	23 358	13 404	15 541
<b>Current liabilities</b>	<b>164 002</b>	146 599	186 048
Trade and other payables	110 892	98 831	136 423
Provisions	16 974	23 346	26 611
Deferred revenue on contracts (short-term portion)	17 987	14 027	17 590
Lease liabilities	263	180	300
Current tax liabilities	17 885	10 215	5 124
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>402 976</b>	<b>367 629</b>	<b>450 141</b>
Net asset value per share (cents)	108.8	106.0	124.9
Tangible net asset value per share (cents)	100.3	94.5	116.2
Number of shares in issue (adjusted for treasury shares) (000s)	195 647	195 945	195 647

**Restatements**

	Previously stated R'000	Restatements R'000	Restated 2005 R'000
- Property, plant and equipment	26 532	3 361	29 893
- Deferred tax assets	12 752	4 275	17 027
- Inventories	10 544	(3 000)	7 544
- Retained earnings	190 109	(10 454)	179 655
- Current tax liabilities	10 110	105	10 215
- Provisions	8 524	14 822	23 346
- Lease liability	17	163	180

**Abridged Consolidated Statement of Changes in Equity for the six months ended 31 August 2006**

	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 restated</b>	20	39 589	(14 060)	1 735	186 866	214 150
Profit for the period	-	-	-	-	10 424	10 424
Treasury shares movement	-	-	(622)	-	-	(622)
Share issue expenses	-	(10)	-	-	-	(10)
Share based payments	-	-	-	1 824	-	1 824
Dividend paid	-	-	-	-	(17 635)	(17 635)
Loss on sale of treasury shares in trust	-	(505)	-	-	-	(505)
<b>Balance at 31 August 2005 restated</b>	<b>20</b>	<b>39 074</b>	<b>(14 682)</b>	<b>3 559</b>	<b>179 655</b>	<b>207 626</b>
Profit for the period	-	-	-	-	39 521	39 521
Raised on new acquisitions	1	912	-	-	-	913
Treasury shares movement	-	-	(5 521)	-	-	(5 521)
Share based payments	-	-	-	1 483	-	1 483
Profit on sale of treasury shares in trust	-	325	-	-	-	325
<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>
Profit for the period	-	-	-	-	27 670	27 670
Treasury shares movement	-	-	(2 780)	-	-	(2 780)
Share based payments	-	-	-	1 800	-	1 800
Dividends paid	-	-	-	-	(58 694)	(58 694)
Profit on sale of treasury shares in trust	-	424	-	-	-	424
<b>Balance at 31 August 2006</b>	<b>21</b>	<b>40 735</b>	<b>(22 983)</b>	<b>6 842</b>	<b>188 152</b>	<b>212 767</b>

**Abridged Consolidated Cash Flow Statement for the six months ended 31 August 2006**

	Unaudited 6 months ended 31 August 2006 R'000	Restated 6 months ended 31 August 2005 R'000	Audited 12 months ended 28 February 2006 R'000
Income before taxation	49 820	20 326	78 286
Adjusted for non-cash items	2 632	9 518	11 894
Working capital changes	3 604	3 094	(37 678)
- Inventory	(28 593)	(779)	2 031
- Receivables	60 134	(3 382)	(88 545)
- Payables	(27 937)	7 255	48 836
<b>Cash generated from operations</b>	<b>56 056</b>	<b>32 938</b>	<b>52 502</b>
Net interest received	5 708	4 796	7 856
Dividend paid	(58 694)	(17 635)	(17 635)
Taxation paid	(18 605)	(11 250)	(30 492)
<b>Net cash (outflow) inflow from operating activities</b>	<b>(15 535)</b>	<b>8 849</b>	<b>12 231</b>
<b>Net cash outflow from investing activities</b>	<b>(847)</b>	<b>(5 474)</b>	<b>(13 797)</b>
<b>Net cash (outflow) inflow from financing activities</b>	<b>(3 989)</b>	<b>(1 552)</b>	<b>35</b>
Net (decrease) increase in cash and cash equivalents	(20 371)	1 822	(1 531)
Cash and cash equivalents at the beginning of the period	165 615	167 146	167 146
<b>Cash and cash equivalents at the end of the period</b>	<b>145 244</b>	<b>168 968</b>	<b>165 615</b>

## Commentary

The directors of Datacentrix Holdings Limited present the unaudited interim financial results of the group for the six months ended 31 August 2006.

The board is pleased to announce that the company produced exceptional interim results which included a revenue increase of 47% to R604 million. This was attained during a period of price deflation and a marginally positive effect of the depreciation of the rand against the major currencies. Operating margins have been maintained, costs have been contained and EBITDA increased by 98% to R50 million. Profit for the first half was R27,7 million (after accounting for an additional STC charge of R7,7 million) compared to R49,9 million earned for the full previous financial year. The company's ability to convert profit to cash remains a highlight with cash generated of R56 million for the period. The resultant cash on hand is R145 million after the payment of R66 million final and special dividend relating to the previous financial year. Basic earnings per share increased by 166% and headline earnings per share by 91%.

## Basis of Preparation

These results have been prepared in accordance with International Accounting Standard IAS 34: Interim Financial Reporting, applicable to financial reporting, the Listing Requirements of the JSE Limited and schedule 4 of the Companies Act of South Africa. The accounting policies of the group which comply with International Financial Reporting Standards (IFRS) have been consistently applied to these results and are the same as applied to the results at 28 February 2006.

## Restatements in terms of IFRS

As previously communicated in our annual financial statements for the year ending 28 February 2006:

The depreciation on spare parts recognised in prior periods was found to be overstated and was adjusted accordingly. The impact related to the opening retained income for the February 2005 financial year as opposed to the six months to August 2005.

An amount of R14,850 million was provided for in lieu of share options, which were cancelled. The effect on the profit of the group for the six months to August 2005 was nil. The effect on opening retained income for the year was R10 million.

## Infrastructure and Related Services

We continue to be a dominant player in the supply, deployment, maintenance and support of IT infrastructure solutions. In the period under review we showed exceptional growth, had significant wins, and retained all our major customers. We received six of the eight categories of HP's partner-of-the-year awards and were runner-up in the remaining two categories.

We experienced strong performance from all market segments, most notably from the government sector, enterprise systems and selective outsourcing business. The division's strategic focus remains unchanged, with expected growth areas in all parts of the business. Datacentrix continues to ensure that the group is accredited by its vendors at the highest possible procurement and technical level. This competency provides customers with peace of mind that Datacentrix is a cost effective partner for the supply, installation and maintenance of equipment over its entire lifecycle.

Datacentrix' customer centric approach and continued high service levels to customers have ensured that all our major customers have been retained and we have attracted a number of additional blue chip customers. Our continued expansion of our service offering has also enabled us to provide more services to existing customers, further enhancing our strategic value to them as a single source service provider. Datacentrix' innovative approach to selective outsourcing has enabled the company to win and implement a number of multi-year contracts.

## Solutions

The ERP business unit overcame the challenges encountered during the previous year. We remain focused on Microsoft's Business Solutions as a gold certified partner. Improved contract and project management and implementation methodologies have been employed successfully. Client relationships have been strengthened and service delivery enhanced. Management remains 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.

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

## Black Economic Empowerment (BEE)

Datacentrix continues to rank very satisfactorily in independent BEE surveys (Empowerdex 2006: "A" rating). The company continues to focus strongly on internal transformation imperatives and also participates actively in the ICT forums to promote transformation.

The board's objective remains to facilitate the required transformation in terms of the DTI equity ownership guidelines. The board is eager to finalise the shareholding and capital structure changes, but to achieve best compliance with the codes, the board will conclude its activities once the codes of broad based practice are finalised.

## Prospects

The board remains positive about the prospects of the company for the balance of the year. Datacentrix continues to be a strong and vibrant company and will continue to maintain its strong balance sheet and will pursue all possibilities to achieve a more efficient capital structure. Our tight operational and financial controls, strong customer and partner focus and performance-driven culture continue to make it an ideal choice for vendors and customers looking for a long-term strategic partner.

## Dividend

The directors announce an enhancement of the current dividend policy of two times cover on HEPS by the introduction of an interim dividend. The board has approved an interim dividend of 7 cents per share.

Last day to trade:	Friday, 20 October 2006
Share trade ex dividend:	Monday, 23 October 2006
Record date:	Friday, 27 October 2006
Payment date:	Monday, 30 October 2006

Share certificates may not be dematerialised or rematerialised between Monday, 23 October 2006 and Friday, 27 October 2006, both days inclusive.

## Board composition

Christoff Botha, who has been a non-executive director since 1998, has resigned with effect from 2 October 2006 in order to focus on his interest in the firm Treacle Private Equity. The board thanks Christoff for his invaluable contribution.

For and on behalf of the Board:

**Gary Morolo**  
**Chairman**  
**3 October 2006**

Gary Morolo (Chairman)\*, Gerhard Uys (CEO), Ahmed Mahomed, Alwyn Martin\*, Charl Joubert, Elizabeth Naidoo, Imogen Mkhize\*, Joan Joffe\*, Klaas Lammers, Stewart Barker, (\*non-executive)

**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