

UNAUDITED GROUP RESULTS
FOR THE SIX MONTHS ENDED 31 AUGUST 2008



Abridged consolidated income statement (unaudited)

	6 months ended 31 August 2008 R'000	6 months ended 31 August 2007 R'000	Audited Year ended 29 February 2008 R'000
Revenue	37 585	27 384	57 650
Profit from operations (before interest)	6 697	4 109	9 729
Net interest income	240	154	375
Preference dividends received	–	149	367
Loss on sale/revaluation of listed preference shares	–	(36)	(217)
Profit from associate	41	367	287
Profit before taxation	6 978	4 743	10 541
Taxation	(2 401)	(1 771)	(3 215)
Normal tax	(1 991)	(1 342)	(2 786)
Secondary taxation on companies	(410)	(429)	(429)
Profit for the period	4 577	2 972	7 326
Attributable to minorities	(361)	95	(224)
Attributable to ordinary shareholders	4 216	3 067	7 102
Headline profit			
Profit attributable to ordinary shareholders	4 216	3 067	7 102
Loss on sale of investment in listed preference shares			181
Headline profit	4 216	3 067	7 283
Number of ordinary shares in issue ('000)	95 644	86 501	97 458
Weighted average ordinary shares in issue ('000)	96 747	86 407	89 137
Headline earnings per ordinary share (cents)	4.36	3.55	8.17
Earnings per ordinary share (cents)	4.36	3.55	7.97
Fully diluted earnings per share (cents)	4.35	3.53	7.96
Return on equity (%)	20.21	21.26	32.00
Return on assets (%)	12.49	15.70	25.70

Abridged consolidated cash flow information (unaudited)

	6 months ended 31 August 2008 R'000	6 months ended 31 August 2007 R'000	Audited Year ended 29 February 2008 R'000
Cash flows from operating activities			
Profit from operations (before interest and dividends)	6 697	4 109	9 729
Adjustment for:			
Share-based payment expense	84	119	195
Depreciation and amortisation	759	596	1 530
Cash generated from operations, before working capital changes	7 540	4 824	11 454
Working capital changes (Increase)/decrease in receivables	(2 090)	936	(3 549)
(Decrease)/increase in payables	(667)	(235)	2 512
Cash generated from operations	4 783	5 525	10 417
Taxation paid	(2 137)	(1 312)	(2 923)
Net interest income	240	154	374
Preference dividend received	–	149	367
Dividend paid to shareholders	(4 317)	(3 746)	(3 711)
Net cash (outflow)/inflow from operating activities	(1 431)	770	4 524
Cash flow from investing activities			
Acquisition of equipment	(571)	(602)	(1 254)
Investment in intangible assets	–	–	(2)
Proceeds on sale of preference shares	–	–	3 443
Decrease/(increase) in investment in associated company	–	109	335
Acquisition of subsidiary	–	–	(4 315)
Net cash outflow from investing activities	(571)	(493)	(1 793)
Cash flow from financing activities			
Repurchase of company's shares	(1 110)	–	–
Proceeds from share issues	–	96	124
Net cash (outflow)/inflow from financing activities	(1 110)	96	124
Net (decrease)/increase in cash resources	(3 112)	373	2 855
Cash resources at beginning of period	7 920	3 872	3 872
Cash resources on acquisition of subsidiaries	–	–	1 193
Cash resources at end of period	4 808	4 245	7 920

Group statement of changes in equity (unaudited)

	Share capital R'000	Share premium R'000	Retained earnings R'000	Share-based payment reserve R'000	Attributable to equity holders of AdaptIT R'000	Minority interest R'000	Total R'000
Balance at 28 February 2007	9	262	15 194	478	15 943	440	16 383
Profit for the year	–	–	7 102	–	7 102	224	7 326
Total recognised income and expense	9	262	22 296	478	23 045	664	23 709
Shares issued during the year	1	7 850	–	–	7 851	–	7 851
Shares repurchased	–	–	–	–	–	(1)	(1)
Recognition of share-based payment	–	–	–	195	195	–	195
Dividend paid	–	–	(3 711)	–	(3 711)	–	(3 711)
Balance at 29 February 2008	10	8 112	18 585	673	27 380	663	28 043
Profit for the period	–	–	4 216	–	4 216	361	4 577
Total recognised income and expense	10	8 112	22 801	673	31 596	1 024	32 620
Shares repurchased	(1)	(1 109)	–	–	(1 110)	–	(1 110)
Recognition of share-based payment	–	–	–	84	84	–	84
Dividend paid	–	–	(4 317)	–	(4 317)	–	(4 317)
Balance at 31 August 2008	9	7 003	18 484	757	26 253	1 024	27 277

Abridged consolidated balance sheet (unaudited)

	31 August 2008 R'000	31 August 2007 R'000	Audited 29 February 2008 R'000
Assets			
Non-current assets			
Property and equipment	2 379	1 644	2 333
Intangible assets	353	797	586
Goodwill	10 408	59	10 408
Investment in associated company	41	1 051	–
Deferred taxation asset	255	830	825
	13 436	4 381	14 152
Current assets			
Trade and other receivables	15 523	7 280	13 433
Listed preference shares	–	3 624	–
Cash resources	4 808	4 245	7 920
	20 331	15 149	21 353
Total assets	33 767	19 530	35 505
Equity and liabilities			
Capital reserves			
Issued capital	9	9	10
Share premium	7 003	358	8 112
Share-based payment reserve	757	597	673
Retained earnings	18 484	14 515	18 585
Equity attributable to ordinary shareholders	26 253	15 479	27 380
Minority interest	1 024	345	664
Total equity	27 277	15 824	28 044
Current liabilities			
Trade and other payables	6 490	3 706	7 461
Total equity and liabilities	33 767	19 530	35 505
Net asset value (R'000)	26 253	15 479	27 380
Net asset value per ordinary share (cents)	27.45	17.89	28.09
Liquidity ratio (times)	3.13	4.09	2.86
Solvency ratio (times)	5.20	5.27	4.76
Market price per share			
Close (cents)	54	69	55
High (cents)	71	89	86
Low (cents)	41	62	55
Capital expenditure for the period	573	602	1 255
Capital expenditure authorised	818	822	1 490

Directors' comment

These results have been prepared in terms of IAS 34 Interim Financial Reporting and are in accordance with the Group's accounting policies which fully comply with International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous year.

The directors endorse the aims of the King Report on Corporate Governance in conducting the affairs of the Group with integrity and in accordance with the highest standards of corporate practice. The Group is committed to the principles of openness, integrity and accountability in its dealings with all its stakeholders.

Interim report to stakeholders for six months ended 31 August 2008

Results of operations

Revenue grew 37% over the comparative period in the prior year to R37,5 million. Profit from operations grew 63% to R6,7 million. Profit attributable to ordinary shareholders grew 37% to R4,2 million (R3,1 million) while earnings per share grew by 23% to 4.36 cents per share (3.55) on the comparative period in the prior year. ApplyIT contributed a profit of R1,2 million to the group. Adapt-IT (Pty) Limited contributed a profit of R0,5 million to the group. Isizinda Consulting (Pty) Limited, a subsidiary acquired as part of the merger contributed a profit of R0,3 million. The results of the acquisitive strategy implemented over the past three years are pleasing. The integration of our businesses is progressing well.

Dividend

Ordinary dividend number 6 of 4.43 cents per share was paid to shareholders on 17 June 2008. This represented a dividend cover of 1.8 times. The Group has a policy to declare dividends at the end of the financial year and not at the interim reporting date.

Share Repurchase

During the period the group repurchased 2 096 111 shares at an average price of 51.72 cents. 1 813 911 treasury shares are held by a subsidiary and the remainder were issued to staff in terms of the share option scheme.

Strategy

The Group's strategic objectives are to increase operational efficiency, defend current markets, pursue organic growth, and pursue acquisitive growth into new markets.

The Board

P Aposporis resigned as a non-executive director in May 2008. The board expresses its thanks to him for his contribution to the group over the past ten years. B Tembe was appointed as a non-executive director in May 2008. There have been no other changes to the board in the period.

BEE

The AdaptIT Group is rated by Empowerdex as a Level 4 contributor to broad based BEE, which gives our customers 100% recognition of their procurement spend recognition for their BEE scorecard purposes. Two subsidiaries of the AdaptIT Group namely, InfoWave (Pty) Limited and ApplyIT (Pty) Limited were rated as Level 3 contributors which gives customers 110% procurement spend recognition. AdaptIT remains committed to genuine and sustainable broad based transformation.

Prospects

We are quite bullish about the prospects of the group going forward as we have re-defined our service offerings to position us for growth both within current markets, and into new markets, whilst pursuing acquisitive growth opportunities in line with our strategy.

Appreciation

We express our thanks to our customers for the success of our longstanding relationships with them. We also recognise all employees of the group for their dedication and hard work in serving our customers.

R P Collis

Non-executive chairman

S Shabalala

Chief executive officer

General Share Repurchases by AdaptIT

1 Introduction

InfoWave (Pty) Limited has acquired a total of 2 096 111 of its holding company, AdaptIT Holdings Limited's shares between 12 May and 1 August 2008 and, representing 2.2% of its issued share capital ("the share repurchases"), at the time of the Annual General Meeting ("AGM").

The share repurchases were effected on the open market in terms of the special resolution relating to a general authority to repurchase shares ("the general authority") passed at the AGM of the company held on 30 May 2008 and registered by the Registrar of Companies.

2 Details of the share repurchases

In respect of the share repurchases:

- the highest price paid was 56 cents per share and the lowest was 45 cents per share;
- the total consideration paid was R1 084 035;
- and 17 395 582 ordinary shares (representing 17.8% of the issued share capital) may still be repurchased in terms of the general authority.

All of the share repurchases were effected in accordance with paragraph 5.72(a) of the JSE Limited (JSE) Listings Requirements.

3 Source of funds

The share repurchases have been and will continue to be funded from available cash resources.

4 Directors' statement

Having considered the effect of the share repurchases the board of directors of AdaptIT ("the board") are of the opinion that the:

- company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of this announcement;
- assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of this announcement measured in accordance with the accounting policies used in the latest audited annual financial statements;
- share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of this announcement and
- working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of this announcement.

5 Financial effects

The pro forma financial effects on the share repurchases on AdaptIT are the responsibility of the board. The unaudited pro forma financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of AdaptIT's results, financial position and changes in equity before the repurchases.

	Interim results ¹	Before the share re-purchases ²	% Change
Earnings per share	4.36	4.34 ^{3&4}	0.46
Headline earnings per share	4.36	4.34 ^{3&4}	0.46
Net asset value per share	28.52	29.02 ³	(1.72)
Net tangible asset value per share	17.00	17.75	(4.23)
Number of shares in issue	95 644 555	97 740 666 ⁴	(2.14)

Notes

- The figures in the "After" column have been extracted from AdaptIT's unaudited interim results for the period ended 31 August 2008.
- The figures in the "Before" column reflect the pro forma effects on the assumption that the share repurchases were not effected between 12 May and 1 August 2008 for earnings purposes and on 31 August 2008 for net asset value purposes.
- Based on an assumed after tax interest income of 8,41% earned on surplus cash prior to the share repurchases.
- Assumed that no STC is payable as the shares repurchased are held as treasury shares.

6 JSE listing

In terms of the share repurchases, 282 200 of the shares have been issued to staff in terms of the share option scheme and the remainder will remain in issue and be held as treasury shares.

7 Conclusion

The board will continue to repurchase securities as and when deemed appropriate.