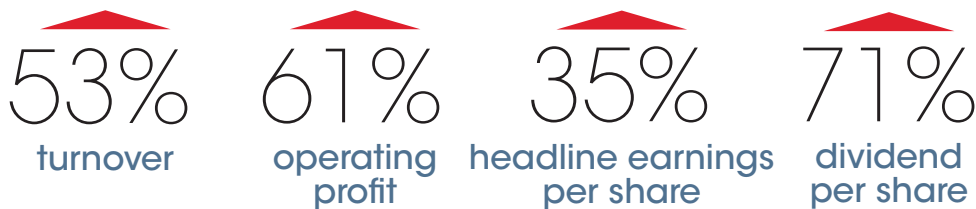





adaptIT
GROUP

UNAUDITED CONDENSED CONSOLIDATED
INTERIM GROUP RESULTS
for the six months ended 31 December 2012

delivering solutions for your environment



FINANCIAL REVIEW

Turnover for the six-month period to December 2012 increased 53% to R135,9 million (2011: R88,7 million) whilst profit from operations increased 61% to R11,7 million (2011: R7,2 million) representing a healthy operating profit margin of 9%.

The interim earnings per share ("EPS") and interim headline EPS ("HEPS") both improved by 35% to 8,36 cents per share (cps) and 8,35 cps respectively, from 6,19 cps.

Ordinary dividend number 10 of 4,84 cents per share was paid to shareholders on 17 September 2012.

STRATEGY

It is the Adapt IT Group ("the Group") strategy to continue delivering strong organic and acquisitive growth. Turnover grew 53% compared to the previous period with the acquisition of Swicon360 (Pty) Ltd ("Swicon360") now part of the manufacturing sector, contributing 11% to growth.

The Group acquired Swicon360 (Pty) Ltd ("Swicon360"), effective 1 October 2012, in line with the acquisitive growth strategy, which increases our presence in the manufacturing sector and provides additional depth and expertise in SAP technology and solutions.

The Group continues to realise synergies between its specialised software businesses to yield higher organic growth whilst pursuing further strategic, synergistic and earnings enhancing software business acquisitions.

OUTLOOK

The economic and trading environment is improving, both in South Africa and globally. Adapt IT is better positioned to take advantage of future software and services opportunities due to our increased service diversity and sector reach.

The Group will continue to drive organic and acquisitive growth in line with our strategy, which aims to deliver above ICT sector average growth and returns.

CHANGES IN BOARD

Dr Bernard Ravnö retired as the chairman of the board at the last annual general meeting and is succeeded by Craig Chambers who was appointed to the board in May 2011. Mandla Nhlapo resigned to pursue other business opportunities and is replaced by Oliver Fortuin effective 8 February 2013. We welcome Oliver and wish both him and Craig well in their new roles. We thank Dr Ravnö and Mandla for their distinguished service to the Group for over nine and four years respectively and wish them well in their future endeavours.

APPRECIATION

On behalf of the Group, we take this opportunity to thank our customers, partners and service providers for their continued support and members of the board and Adapt IT Group staff for their dedication.

On behalf of the board

Craig Chambers
Independent non-executive Chairman

11 February 2013

Sbu Shabalala
Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 Dec 2012 R'000	Unaudited 6 months ended 31 Dec 2011 R'000	Audited Year ended 30 June 2012 R'000	Year- on-year variance %
Revenue	140 123	92 265	224 769	52
Turnover	135 914	88 671	219 614	53
Cost of sales	(79 425)	(45 436)	(115 708)	75
Gross profit	56 489	43 235	103 906	31
Administrative, selling and other costs	(46 001)	(37 221)	(82 607)	24
Sundry revenue	1 190	1 220	908	(2)
Profit from operations	11 678	7 234	22 207	61
Finance income	3 018	2 373	4 247	27
Finance costs	(416)	(361)	(707)	15
Profit before taxation	14 280	9 246	25 747	54
Income tax expense	(5 224)	(3 160)	(7 604)	65
Profit for the period	9 056	6 086	18 143	49
Other comprehensive income	259	300	389	(14)
Exchange differences arising from translation of foreign operations	259	300	389	(14)
Total comprehensive income	9 315	6 386	18 532	46
Headline earnings:				
Profit attributable to ordinary shareholders	9 056	6 086	18 143	49
Profit on sale of property and equipment	(9)	(1)	(17)	
Headline earnings	9 047	6 085	18 126	49
Number of ordinary shares in issue (000)	108 226	98 354	108 440	10
Weighted average number of ordinary shares in issue (000)	108 346	98 354	103 904	10
Basic earnings per share (cents)	8,36	6,19	17,46	35
Headline earnings per share (cents)	8,35	6,19	17,45	35
Fully diluted basic earnings per share (cents)	8,35	6,19	17,46	35
Fully diluted headline earnings per share (cents)	8,34	6,19	17,45	35
Dividend per share (cents)	4,84	2,84	2,84	71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 2012 R'000	Unaudited 31 Dec 2011 R'000	Audited 30 June 2012 R'000
ASSETS			
Non-current assets	84 949	45 676	60 050
Property and equipment	23 881	20 796	20 475
Intangible assets	6 187	1 384	1 308
Goodwill	38 010	10 408	25 658
Deferred taxation asset	16 871	13 088	12 609
Current assets	135 725	121 215	86 828
Trade and other receivables	112 428	110 517	61 412
Current tax receivable	2 640	-	21
Cash and cash equivalents	20 657	10 698	25 395
Total assets	220 674	166 891	146 878
EQUITY AND LIABILITIES			
Equity	75 256	51 624	70 161
Share capital	11	10	11
Share premium	15 926	8 530	14 920
Foreign currency translation reserve	764	416	505
Retained earnings	58 555	42 668	54 725
Non-current liabilities	13 323	9 573	4 383
Interest-bearing borrowings	10 664	7 657	642
Deferred taxation liability	2 659	1 916	3 741
Current liabilities	132 095	105 694	72 334
Trade and other payables	28 852	19 472	15 226
Provisions	7 948	4 513	12 730
Deferred income	76 425	70 602	42 462
Current tax payable	529	4 504	-
Current portion of interest-bearing borrowings	12 854	6 603	1 171
Current portion of non-interest-bearing borrowings	1 770	-	-
Bank overdraft	3 717	-	745
Total equity and liabilities	220 674	166 891	146 878
Net asset value per share (cents)	69,46	52,49	67,52
Liquidity ratio (times)	1,03	1,15	1,20
Solvency ratio (times)	1,52	1,45	1,91
Market price per share			
Close (cents)	144	99	122
High (cents)	158	100	122
Low (cents)	102	60	60
Capital expenditure for the period (R'000)	9 707	769	2 009
Capital commitments (R'000)	2 887	3 725	7 266

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 30 June 2011	10	8 650	116	39 376	48 152
Total comprehensive income for the period	-	-	300	6 086	6 386
Profit for the period	-	-	-	6 086	6 086
Other comprehensive income for the period	-	-	300	-	300
Net repurchase of shares	-	(120)	-	-	(120)
Dividend paid	-	-	-	(2 794)	(2 794)
Balance at 31 December 2011	10	8 530	416	42 668	51 624
Balance at 30 June 2012	11	14 920	505	54 725	70 161
Total comprehensive income for the period	-	-	259	9 056	9 315
Profit for the period	-	-	-	9 056	9 056
Other comprehensive income for the period	-	-	259	-	259
Net repurchase of shares	-	(294)	-	-	(294)
Issue of shares for business combinations	-	1 300	-	-	1 300
Dividend paid	-	-	-	(5 226)	(5 226)
Balance at 31 December 2012	11	15 926	764	58 555	75 256

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 2012 R'000	Unaudited 31 Dec 2011 R'000	Audited 30 June 2012 R'000
OPERATING ACTIVITIES			
Cash generated from/(utilised in) operations	149	(13 935)	29 237
Finance income	3 018	2 373	4 247
Finance costs	(416)	(361)	(707)
Dividends paid	(5 226)	(2 794)	(2 794)
Taxation paid	(9 652)	(4 245)	(12 485)
Net cash flow (utilised in)/from operating activities	(12 127)	(18 962)	17 498
INVESTING ACTIVITIES			
Property and equipment acquired	(3 991)	(769)	(1 168)
Intangible assets acquired and developed	(5 716)	-	(841)
Proceeds on disposal of property and equipment	9	-	24
Net cash flow on acquisition of subsidiary	(7 165)	-	4 199
Net cash (outflow)/inflow from investment activities	(16 863)	(769)	2 214
FINANCING ACTIVITIES			
Proceeds from borrowings	23 917	12 462	9
Repayment of borrowings	(2 602)	(1 011)	(1 004)
Share repurchases	(294)	-	(2 378)
Net cash flow on disposal of investment properties	-	-	153
Repayment of vendor loans	-	-	(10 909)
Net cash inflow/(outflow) from financing activities	21 021	11 451	(14 129)
Net (decrease)/increase in cash resources	(7 969)	(8 280)	5 583
Exchange differences on translation	259	300	389
Cash and cash equivalents at beginning of period	24 650	18 678	18 678
Cash and cash equivalents at end of period	16 940	10 698	24 650

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2012 were prepared in accordance with IAS 34 Interim Financial Reporting, the Companies Act No 71 of 2008 of South Africa and the Listings Requirements of the JSE Limited. The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are in accordance with International Financial Reporting Standards and are consistent with those applied in the annual financial statements for the year ended 30 June 2012.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 30 June 2012.

The condensed consolidated interim Group results have not been audited or reviewed by the Group auditors, and have been prepared under the supervision of Siboniso Shabalala, CA (SA), Financial Director of Adapt IT Holdings Limited.

2. SUBSEQUENT EVENTS

No matters have occurred between the reporting date and the date of approval of the interim financial statements which would have a material effect on these financial statements.

3. DIVIDENDS

Ordinary dividend number 10 of 4,84 cents per share was paid to shareholders on 17 September 2012. It is Group policy to consider declaration of dividends at the end of the financial year and not at the interim reporting date.

	Unaudited 31 Dec 2012 R'000	Unaudited 31 Dec 2011 R'000	Audited 30 June 2012 R'000
4. GOODWILL			
Carrying amount at beginning of period	25 658	10 408	10 408
Acquisition of BI Planning Services (Pty) Ltd	–	–	15 250
Acquisition of Swicon360 (Pty) Ltd	12 352	–	–
Carrying amount at end of period	38 010	10 408	25 658
Comprising:			
Cost	38 010	10 408	25 658
Goodwill is allocated as follows:			
– Adapt IT (Pty) Ltd	10 349	10 349	10 349
– ApplyIT (Pty) Ltd	59	59	59
– BI Planning Services (Pty) Ltd	15 250	–	15 250
– Swicon360 (Pty) Ltd	12 352	–	–
Total	38 010	10 408	25 658

The Group tests goodwill for impairment. As at 31 December 2012, the carrying amount of goodwill was considered not to require impairment.

The recoverable amount of goodwill has been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering a five-year period. Cash flow projections take into account past experience and external sources of information. The valuation method used is consistent with the prior year. There have been no accumulated impairment losses recognised to date.

The key assumptions used in the testing of goodwill are:

- Discount rate of 12% (2012: 12%) (weighted average cost of capital); and
- Projected cash flows for the five years based on a 5% (2012: 5%) growth rate.

NOTES TO THE FINANCIAL STATEMENTS continued

	Unaudited 31 Dec 2012 R'000	Unaudited 31 Dec 2011 R'000	Audited 30 June 2012 R'000
5. INTEREST-BEARING BORROWINGS			
Non-current borrowings	10 664	7 657	642
– Investec Private Bank Limited	10 664	6 416	–
– IBM Global Finance	–	1 241	642
Current borrowings	12 854	6 603	1 171
– Investec Private Bank Limited	11 612	5 525	15
– IBM Global Finance	1 241	1 078	1 156
Total	23 518	14 260	1 813

A further R13 million loan from Investec Private Bank Limited was obtained for working capital subsequent to the acquisition of Swicon360 (Pty) Ltd. The loan is secured by 100% of ITS Holdings (Pty) Ltd, cession of book debts held by Adapt IT Holdings Limited and its subsidiaries. The interest rate is fixed at 8,5% per annum.

Excess cash resources are used from time to time to reduce the facilities.

6. BUSINESS COMBINATIONS**Acquisition of subsidiary**

On 1 October 2012, the Group acquired the entire issued share capital of Swicon360 (Pty) Ltd (Swicon360), a South African registered company.

Swicon360 is an unlisted company and a SAP service partner that specialises in providing business outsourcing (BPO) services for the SAP ERP Human Capital Management (SAP ERP HCM) solution to clients across diverse sectors, deployed in a cloud environment.

The acquisition was concluded for a purchase consideration of R11,7 million. The purchase consideration consists of R9,35 million cash paid on 31 October 2012 and R1,05 million payable on the 1 October 2013, disclosed under non-interest-bearing liabilities. The balance of R1,30 million of the purchase consideration, will be funded from the issue of 1 000 000 Adapt IT shares valued at R1,30 per share on 1 October 2013. The R1,30 million new shares have been disclosed under share capital and share premium.

The fair value of the net liabilities acquired amounted to R0,65 million, resulting in goodwill of R12,35 million at acquisition. The consideration paid for the combination effectively included amounts in relation to the benefit of the expected synergies, revenue growth, new market penetration and future market development.

The acquisition provides Adapt IT additional depth and expertise in SAP technology and solutions required to extend value-added services to existing customers in mining and manufacturing.

The fair values of the identifiable net assets and liabilities of Swicon360 as at the date of acquisition were:

	Fair value recognised on acquisition R'000
Assets	
Property and equipment	728
Intangible assets	29
Deferred taxation	3 005
Trade and other receivable	9 555
Cash and cash equivalents	2 185
Total assets	15 502
Liabilities	
Non-interest-bearing borrowings	1 110
Trade and other payables	13 672
Provisions	1 372
Total liabilities	16 154
Total identifiable net liability	(652)
Goodwill arising on acquisition	12 352
Fair value of consideration transferred	11 700
Share issue 1 October 2013	1 300
Non-interest-bearing liability	1 050
Settled in cash	9 350
Cash outflow on acquisition:	
Net cash acquired with the subsidiary	2 185
Cash paid	(9 350)
Net cash outflow on acquisition	(7 165)

Fair value of the assets acquired approximates their carrying value at the acquisition date.

From the date of acquisition, Swicon360 has contributed R0,82 million to the profit after tax and R10 million to the turnover of the Group.

Acquired receivables represent the gross contractual amounts which approximates fair value and which is further estimated to be fully recoverable.

Goodwill recognised is not deductible for tax purposes.

Acquisition related costs of R0,8 million have been expensed and are included in administrative, selling and other costs in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS continued**7. SEGMENT ANALYSIS**

For management purposes, the Group is organised into the following segments:

- Education;
- Manufacturing ;
- Financial Services; and
- Other – includes Group head office activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Monthly management meetings are held to evaluate segment performance against budget and forecast.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 31 December 2012 and 31 December 2011, respectively:

	Edu- cation R'000	Manu- facturing R'000	Financial Services R'000	Other R'000	Adjust ments and elim- inations R'000	Total R'000
Six months ended 31 December 2012						
Revenue*	56 610	60 101	23 535	-	(123)	140 123
– Third party	56 610	60 101	23 535	-	(123)	140 123
– Inter-segment	-	-	-	-	-	-
Segment profit/(loss) before tax	7 240	6 693	2 575	143	(2 371)	14 280
Six months ended 31 December 2011						
Revenue*	48 946	43 436	-	2 580	(2 697)	92 265
– Third party	48 946	43 319	-	-	-	92 265
– Inter-segment	-	117	-	2 580	(2 697)	-
Segment profit/(loss) before tax	6 905	2 631	-	(186)	(104)	9 246

* Revenue includes sales and services rendered to customers, interest income and dividends received.

The following table presents segment assets and liabilities of the Group's operating segments as at 31 December 2012 and 31 December 2011, respectively:

	Edu- cation R'000	Manu- facturing R'000	Financial Services R'000	Other R'000	Adjust ments and elim- inations R'000	Total R'000
Six months ended 31 December 2012						
Total assets	149 033	121 642	11 136	57 491	(118 628)	220 674
Total liabilities	83 428	81 365	4 780	42 619	(65 473)	146 718
Six months ended 31 December 2011						
Total assets	144 642	83 771	-	44 000	(105 522)	166 891
Total liabilities	89 745	53 648	-	30 796	(58 922)	115 267

CORPORATE INFORMATION

ADAPT IT HOLDINGS LIMITED

Registration number 1998/017276/06

Share code: ADI

ISIN: ZAE000113163

("Adapt IT" or "the Group")

Directors

Craig Chambers* (*Chairman*)

Sbu Shabalala (*Chief Executive Officer*)

T Dunsdon (*Commercial Director*)

Siboniso Shabalala (*Financial Director*)

B Ntuli*

T Dingaan*

O D Fortuin*

**Independent non-executive director*

Registered office

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PO Box 5207, Rydall Vale Office Park, La Lucia Ridge, 4019

Transfer secretary

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PO Box 61051, Marshalltown, 2107

Sponsor

Merchantec Capital (Pty) Ltd

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PO Box 41480, Craighall, 2024

Auditors

Ernst & Young Inc.

1 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge, Durban North, 4051

PO Box 859, Durban, 4000

Company Secretary

Statucor (Pty) Ltd

22 Wellington Road, Parktown, 2193



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