

# SecureData HOLDINGS LIMITED

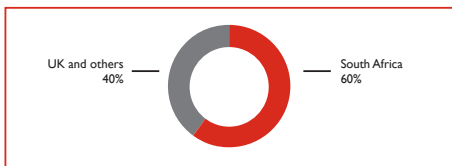
## REVIEWED PROVISIONAL FINANCIAL RESULTS

for the year ended 31 July 2009

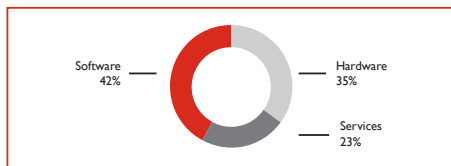
### Financial Highlights

- Group revenue up 71% to R464,6 million (2008: R271,3 million)
- EBITDA up 57% to R57,3 million (2008: R36,5 million)
- Adjusted EPS 11,7 cents per share (2008: 10,9 cents per share)
- Effective working capital management

REVENUE BY GEOGRAPHY



REVENUE BY BUSINESS ACTIVITY



ANNUITY REVENUE VS NEW BUSINESS



### CONDENSED CONSOLIDATED INCOME STATEMENT

[ for the year ended 31 July 2009 ]

	Reviewed 31 July 2009 R'000	Audited 31 July 2008 R'000
<b>Revenue</b>	<b>464 632</b>	<b>271 347</b>
<b>Earnings before interest, taxation, depreciation and amortisation ("EBITDA")</b>	<b>57 280</b>	<b>36 456</b>
Depreciation and amortisation	(14 879)	(8 732)
– Depreciation	(3 391)	(2 651)
– Amortisation	(11 488)	(6 081)
<b>Profit from operations</b>	<b>42 401</b>	<b>27 724</b>
Finance income	1 282	1 289
Finance costs	(27 741)	(13 420)
– Interest paid	(17 938)	(5 376)
– Foreign exchange losses on loan to subsidiary	(9 803)	(8 044)
Other financial items	(7 075)	–
<b>Profit before taxation</b>	<b>8 867</b>	<b>15 593</b>
Taxation	(3 172)	(6 654)
<b>Profit for the year</b>	<b>5 695</b>	<b>8 939</b>
<b>Attributable to:</b>		
Equity holders of the company	6 630	8 699
Minority shareholders	(935)	240
Earnings per share (cents)	2,9	5,0
Diluted earnings per share (cents)	2,9	4,7
Weighted average number of shares on which – Earnings per share is based ('000)	227 076	173 219
– Diluted earnings per share is based ('000)	227 076	183 409
Number of ordinary shares in issue ('000)	242 102	242 102
<b>Reconciliation between earnings and headline earnings</b>		
Profit for the year attributable to ordinary shareholders	6 630	8 699
Profit on disposal of assets	(30)	–
<b>Headline earnings</b>	<b>6 600</b>	<b>8 699</b>
Headline earnings per share (cents)	2,9	5,0
Diluted headline earnings per share (cents)	2,9	4,7
<b>Reconciliation between earnings and adjusted earnings</b>		
– Profit for the year attributable to ordinary shareholders	6 630	8 699
– Amortisation (after taxation)	7 806	4 354
– Unrealised losses on derivatives (after taxation)	5 094	–
– Foreign exchange losses on group loans (after taxation)	7 058	5 791
<b>Adjusted earnings</b>	<b>26 588</b>	<b>18 844</b>
Adjusted earnings per share	11,7	10,9
Net asset value per share in issue (cents)	67,7	66,7
Net asset value per share net of treasury (cents)	72,3	71,1

### CONDENSED CONSOLIDATED BALANCE SHEET

[ at 31 July 2009 ]

	Reviewed 31 July 2009 R'000	Audited 31 July 2008 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>248 261</b>	<b>291 630</b>
Property, plant and equipment	6 859	7 495
Goodwill	140 394	120 975
Intangible assets	64 418	125 587
Deferred taxation	36 590	37 573
<b>Current assets</b>	<b>143 384</b>	<b>131 586</b>
Inventories	4 040	6 117
Trade and other receivables	81 739	83 236
Taxation	–	723
Cash and cash equivalents	57 605	41 510
<b>Total assets</b>	<b>391 645</b>	<b>423 216</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>181 100</b>	<b>183 387</b>
Share capital	242	242
Share premium	115 234	115 234
Treasury share reserve	(22 215)	(23 586)
Share-based payment equity	3 096	2 482
Foreign exchange conversion reserve	(14 386)	(8 174)
Retained earnings	82 049	75 419
Minority interest	17 080	21 770
<b>Non-current liabilities</b>	<b>89 785</b>	<b>127 328</b>
Long-term loans	72 602	92 167
Deferred taxation	17 183	35 161
<b>Current liabilities</b>	<b>120 760</b>	<b>112 501</b>
Trade and other payables	90 605	97 401
Taxation	5 015	1 907
Derivative financial instruments	7 075	–
Short-term loans	18 065	13 193
<b>Total equity and liabilities</b>	<b>391 645</b>	<b>423 216</b>

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

[ for the year ended 31 July 2009 ]

	Reviewed 31 July 2009 R'000	Audited 31 July 2008 R'000
<b>Share capital</b>	<b>242</b>	<b>242</b>
Balance at beginning of the period	242	180
Issued during the period	–	62
<b>Share premium</b>	<b>115 234</b>	<b>115 234</b>
Balance at beginning of the period	115 234	12 039
Issued during the period	–	105 344
Share issue expenses	–	(2 149)
<b>Treasury share reserve</b>	<b>(22 215)</b>	<b>(23 586)</b>
Balance at beginning of the period	(23 586)	(30 187)
Own shares acquired by subsidiary	(838)	(379)
Own shares sold by subsidiary	2 209	6 980
<b>Share-based payment equity</b>	<b>3 096</b>	<b>2 482</b>
Balance at beginning of the period	2 482	615
Share-based payment transactions during the period	614	1 867
<b>Foreign exchange conversion reserve</b>	<b>(14 386)</b>	<b>(8 174)</b>
Balance at beginning of the period	(8 174)	–
Foreign exchange movements during the period	(6 212)	(8 174)
<b>Retained earnings</b>	<b>82 049</b>	<b>75 419</b>
Balance at beginning of the period	75 419	66 720
Profit for the period	6 630	8 699
<b>Minority interest</b>	<b>17 080</b>	<b>21 770</b>
Balance at beginning of the period	21 770	–
Acquisition of subsidiary company	–	21 530
Recognised income for the year	(935)	240
Foreign exchange movements	(3 755)	–
<b>Total capital reserves</b>	<b>181 100</b>	<b>183 387</b>

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

[ for the year ended 31 July 2009 ]

	Reviewed 31 July 2009 R'000	Audited 31 July 2008 R'000
<b>Cash flow from operating activities</b>	<b>34 132</b>	<b>37 735</b>
Profit before taxation	8 867	15 593
Adjustments not affecting the flow of funds	42 942	15 406
<b>Operating income before working capital changes</b>	<b>50 909</b>	<b>30 999</b>
(Decrease)/increase in working capital	(3 222)	24 181
<b>Cash generated from operations</b>	<b>47 687</b>	<b>55 180</b>
Finance income	(13 555)	(17 445)
Finance costs	1 282	1 289
Taxation (paid)/received	(17 938)	(5 376)
	3 101	(13 358)
<b>Cash flow from investing activities</b>	<b>(4 715)</b>	<b>(202 555)</b>
<b>Cash flow from financing activities</b>	<b>(13 322)</b>	<b>183 789</b>
Proceeds from issue of shares	–	105 406
Share issue expenses	–	(2 149)
Own shares acquired by subsidiary	(838)	(379)
Own shares sold by subsidiary	2 209	6 980
Loans (repaid)/raised	(14 693)	73 931
<b>Increase in cash equivalents</b>	<b>16 095</b>	<b>18 969</b>
Cash and cash equivalents at beginning of the year	41 510	22 541
<b>Cash and cash equivalents at end of the year</b>	<b>57 605</b>	<b>41 510</b>

Dean Brazier, SecureData CEO said, "I believe this is a solid performance after a poor first half. Although the economic operating environment remains volatile, the company has historically proven to be resilient to the economic cycle. SecureData is firmly positioned to exploit its advantages in its selected markets."

### COMMENTARY

#### GENERAL REVIEW

During the year under review, SecureData continued its progress towards achieving its vision of becoming a significant provider of Information Risk Management ("IRM") solutions and services in the geographies in which it operates. Despite a weak first half performance, the group achieved very strong results in the second half to achieve a solid improvement over the comparative period of the previous financial year.

Group revenue increased 71% to R464,6 million and EBITDA grew 57% to R57,3 million. Although revenue was evenly split between the first and second halves of the financial year, 67% of EBITDA was achieved during the second half. This was primarily attributable to the restructuring of the South African operations undertaken in January 2009 and its subsequent stabilisation, as well as to the improved execution of MIS-CDS in a turbulent economic environment. Services revenues, the bulk of which are monthly billed managed services, were in excess of R100 million, accounting for a greater share, 23% of revenue, than any specific technology or product. Revenue generated outside of South Africa climbed to 40% and annuity revenue was a healthy 43%.

The calculations required to reflect earnings per share ("EPS") and headline earnings ("HEPS") per share include the following items:

- R10,9 million charge for amortisation of intangible assets created by the group's acquisitions. This charge is unrealised and has no effect on group cash flow;
- R9,8 million foreign exchange loss on inter-group loans, which reflects the difference in Rand to Sterling exchange rate, between when the loan was made, in order to acquire MIS-CDS, and the present exchange rate. This expense is unrealised and has no effect on group cash flow;
- R5,5 million loss on foreign exchange forward contracts, entered into to settle outstanding creditor payments by the group, at a time of great Rand volatility. As at 31 July 2009 these losses were unrealised. These contracts which relate to future periods, will be crystallised during the course of the next financial year; and
- R1,6 million loss on interest rate swaps relating to future periods, utilised to limit the effect of interest rate volatility on the long-term debt of the group.

Together these non-operational and primarily, unrealised non-cash items, reduced EPS and HEPS by 8,8 cents per share, making both EPS and HEPS poor indicators of the group's operational performance. Adjusted EPS, which ignores these items but includes cash expenses such as interest, would result in 11,7 cents per share.

Net borrowings at the end of the period reduced to R33 million compared to R63 million as at 31 July 2008. Working capital management continued to improve with inventories decreasing from R6,1 million to R4,0 million and debtors days reduced to 50 days from 73 days at the end of the previous financial year. Management continues to place particular emphasis on effective working capital management.

#### OPERATIONAL REVIEW

SecureData operates subsidiaries in three major groupings: SecureData Africa, MIS-CDS and SensePost.

##### SecureData Africa

	12 months to 31 July 2009 R'000	12 months to 31 July 2008 R'000	% growth
Revenue	265 910	221 941	20
EBITDA	36 842	24 320	51
EBITDA margin (%)	13,9	11,0	27

SecureData Africa markets and distributes best of class IRM products in South Africa and across the rest of the continent.

After a period of operational decline the company launched a number of key initiatives in January 2009 with the view to improving performance at SecureData Africa. Key amongst these were a senior management restructuring process, which included the appointment of Tony Nutter as Managing Director, a detailed analysis of operating expenses and a complete product portfolio review.

It is evident from the full analysis of available data and subsequent results that these initiatives were both necessary and implemented at the appropriate time. Of the full twelve month EBITDA of R37 million only R10 million was recorded for the first six months ended 31 January 2009 with R27 million (or 73%) occurring in the second six month period. The strong second half segment result is testament to the tenacity of the staff of the company, the successful restructuring and the robustness of the business model. A special mention should also be made of New Generation Solutions (NGS), a subsidiary of SecureData Africa, for achieving in excess of 200% EBITDA growth in the period under review.

Management is confident that with the restructure significantly advanced and having consequently achieved good earnings growth, SecureData Africa has the staff and management required to sustain its solid performance into the future.

##### MIS-CDS

	12 months to 31 July 2009 R'000	2 months to 31 July 2008 R'000	% growth
Revenue	176 754	28 857	7
EBITDA	13 925	5 335	18,5
EBITDA margin (%)	7,9	18,5	–

MIS-CDS is one of the largest and longest established independent information security solution providers in the United Kingdom.

As a result of the significant deterioration of the economic environment in the United Kingdom in 2008 and, partly as a result of events at SecureData Africa, MIS-CDS underperformed in the first six months of the financial year. With relatively minor adjustments to the company's business model and a reinvigorated 'go-to-market' strategy, the company achieved a significantly stronger performance in the second half of the financial year with EBITDA margins improving from 5,9% to 9,9% in first and second half comparison.

Last year's results included only two months of MIS-CDS performance compared with the full year in 2009. Although the stronger Rand prevented MIS-CDS from contributing to the group's results in the anticipated manner in the period under review, management is confident that the company will continue to show improving margin and earnings performance in the coming period despite ongoing economic uncertainty in the United Kingdom.

##### SensePost

	12 months to 31 July 2009 R'000	12 months to 31 July 2008 R'000	% growth
Revenue	21 968	20 549	7
EBITDA	6 513	6 801	(4)
EBITDA margin (%)	29,6	33,1	(11)

SensePost provides independent information security assessment services. Based in South Africa, the company is a recognised leader in this niche market and boasts a blue-chip client base spanning five continents.

SensePost posted revenue of R22 million with a pleasing 29,6% EBITDA margin reflecting the specialist, high value nature of the company's service offering. The year-on-year EBITDA margin was slightly down due to the strength of the Rand. Approximately a quarter of SensePost revenues were generated outside of South Africa. The company has invested significant resources in its R&D arm SensePost Laboratories and it has continued to invest in its offshore expansion programme.

#### STRATEGIC REVIEW

The group continues to gain market share in the markets in which it trades, and has become a significant IRM presence in the Europe/Africa region. Debt levels have decreased to more comfortable levels and operating margins are improving. Cash and working capital management continue to be focus areas and the group remains cash generative.

Although the economic and competitive landscape remains challenging the IRM market has historically proved to be resilient in the face of market turbulence. The board believes the group is well positioned to take advantage of attractive opportunities within the IRM sector well into the future.

#### BASIS OF PREPARATION

These provisional condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards and the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting, the Companies Act, 1973 (Act 61 of 1973, as amended), and with the Listings Requirements of the JSE Limited. The accounting policies applied in the preparation of these condensed financial statements conform with the requirements of International Financial Reporting Standards, and are consistent with those applied in the prior year.

#### INDEPENDENT REVIEW

Grant Thornton, SecureData's independent auditor, have reviewed the condensed financial statements contained in this provisional report and have expressed an unmodified conclusion on the provisional statements. Their review report is available for inspection at the company's registered office.

#### POST BALANCE SHEET EVENTS

The directors are not aware of any material matter or circumstance arising since the end of the financial year end up to the date of this report.

#### DIRECTORATE

Dr TN Mali resigned as a non-executive director with effect from 31 March 2009. Mr A Aitken and Mr N Mthembu have been appointed as non-executive directors with effect from 2 April 2009.

For and on behalf of the board.

#### PR Pretorius

Chairman

#### DTK Brazier

Chief Executive Officer

7 October 2009

#### SecureData Holdings Limited

Incorporated in the Republic of South Africa

(Registration number 1998/010017/06)

Share code: SDH ISBN: ZAE000096368

("SecureData" or "the group")

#### Directors:

PR Pretorius (Chairman), DTK Brazier (Chief Executive Officer)

JG du Toit (Financial Director), A Aitken, N Mthembu

YT Moerane, S Murray, P Sneddon\*

\*Independent non-executive director \*Non-executive director

#### Company secretary:

Merchantec (Proprietary) Limited

#### Registered office:

Merchantec Building South

10 Muswell Road South

Bryanston, 2021

(PO Box 467/3, Rivonia, 2128)

#### Transfer secretaries:

Computershare Investor Services (Proprietary) Limited

Registration number 2004/003647/07

70 Marshall Street, Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

#### Sponsors:

Merchantec (Proprietary) Limited

