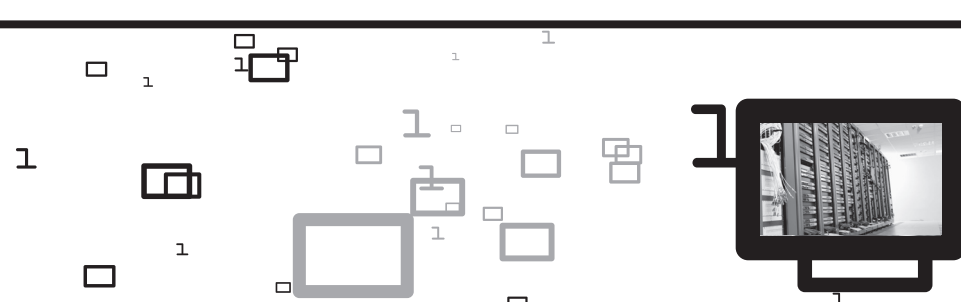


# SecureData

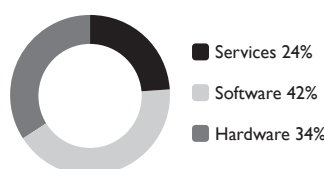
## Reviewed Provisional Financial Results for the year ended 31 July 2011



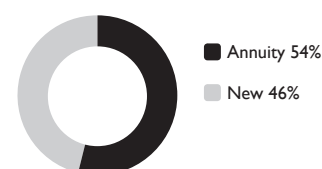
### Revenue by geography



### Revenue by business activity



### Annuity revenue vs New



### Condensed Consolidated Statement of Comprehensive Income [ for the twelve months ended 31 July 2011 ]

	Reviewed twelve months ended 31 July 2011 R'000	Audited twelve months ended 31 July 2010 R'000
<b>Revenue</b>	<b>406 558</b>	<b>458 953</b>
<b>Earnings before interest, taxation, depreciation and amortisation (EBITDA) and other financial items</b>	<b>17 563</b>	<b>57 170</b>
Depreciation and amortisation	(12 791)	(14 342)
– Depreciation	(3 139)	(4 044)
– Amortisation	(9 652)	(10 298)
<b>Profit from operations</b>	<b>4 772</b>	<b>42 828</b>
Finance income	548	400
Finance costs	(10 161)	(22 079)
– Interest paid	(7 197)	(11 588)
– Foreign exchange losses on loan to subsidiary	(2 964)	(10 491)
Other financial items	(90)	2 793
<b>(Loss)/Profit before taxation</b>	<b>(4 931)</b>	<b>23 942</b>
Taxation	912	(7 994)
– Normal taxation	2 144	(7 994)
– Secondary Taxation on Companies	(1 232)	–
<b>(Loss)/Profit for the year</b>	<b>(4 019)</b>	<b>15 948</b>
<b>Attributable to:</b>		
– owners of the parent	(3 923)	17 044
– minority interest	(96)	(1 096)
<b>(Loss)/Profit for the year</b>	<b>(4 019)</b>	<b>15 948</b>
<b>(Loss)/Profit for the year</b>	<b>(4 019)</b>	<b>15 948</b>
Foreign exchange conversion movements	(2 537)	(9 884)
<b>Total comprehensive (loss)/income for the year</b>	<b>(6 556)</b>	<b>6 064</b>
<b>Attributable to:</b>		
– owners of the parent	(6 053)	8 999
– minority interest	(503)	(2 935)
<b>Total comprehensive (loss)/income for the year</b>	<b>(6 556)</b>	<b>6 064</b>
Earnings per share (cents)	(1,7)	7,5
Diluted earnings per share (cents)	(1,7)	7,5
Weighted average numbers of shares on which – earnings per share is based ('000)	229 900	228 700
– diluted earnings per share is based ('000)	229 900	228 700
Number of ordinary shares in issue ('000)	246 320	246 320
<b>Reconciliation between earnings and headline earnings</b>		
(Loss)/Profit for the year attributable to ordinary shareholders	(3 923)	17 044
Loss on disposal of assets	11	26
<b>Headline earnings</b>	<b>(3 912)</b>	<b>17 070</b>
Headline earnings per share (cents)	(1,7)	7,5
<b>Reconciliation between earnings and adjusted earnings</b>		
– (Loss)/Profit for the year attributable to ordinary shareholders	(3 923)	17 044
– Amortisation (after taxation)	6 949	7 414
– Derivatives (after taxation)	65	(2 011)
– Foreign exchange losses on group loans (after taxation)	2 134	7 554
Adjusted earnings	5 225	30 001
Adjusted earnings per share (cents)	2,3	13,1

### Condensed Consolidated Statement of Financial Position [ at 31 July 2011 ]

	Reviewed 31 July 2011 R'000	Audited at 31 July 2010 R'000
<b>ASSETS</b>	<b>208 467</b>	<b>221 607</b>
<b>Non-current assets</b>	<b>6 016</b>	<b>7 895</b>
Property, plant and equipment	126 562	129 541
Goodwill	38 640	48 645
Intangible assets	37 249	35 526
Deferred taxation	–	–
<b>Current assets</b>	<b>172 147</b>	<b>202 037</b>
Inventories	6 088	3 592
Trade and other receivables	128 484	129 775
Taxation	736	634
Cash and cash equivalents	36 839	68 036
<b>Total assets</b>	<b>380 614</b>	<b>423 644</b>
<b>EQUITY AND LIABILITIES</b>	<b>168 773</b>	<b>191 157</b>
<b>Equity</b>	<b>246</b>	<b>246</b>
Share capital	118 900	118 900
Share premium	(23 336)	(19 699)
Treasury share reserve	3 322	3 957
Share-based payment equity	(24 561)	(22 431)
Foreign currency translation reserve	83 614	99 093
Retained earnings	158 185	180 066
Equity attributable to owners of the parent	10 588	11 091
Minority interest	–	–
<b>Non-current liabilities</b>	<b>13 202</b>	<b>59 806</b>
Long-term loans	2 691	46 664
Deferred taxation	10 511	13 142
<b>Current liabilities</b>	<b>198 639</b>	<b>172 681</b>
Trade and other payables	139 108	138 700
Taxation	1 264	10 828
Derivative financial instruments	4 372	4 282
Bank overdrafts	9 679	–
Short-term loans	44 216	18 871
<b>Total equity and liabilities</b>	<b>380 614</b>	<b>423 644</b>
Net asset value per share (cents)	64,2	73,1
Net asset value per share net of treasury (cents)	69,3	77,5

### Condensed Consolidated Statement of Changes in Equity [ for the twelve months ended 31 July 2011 ]

	Reviewed twelve months ended 31 July 2011 R'000	Audited twelve months ended 31 July 2010 R'000
<b>Share capital</b>	<b>246</b>	<b>246</b>
Balance at beginning of the year	246	242
Issued during the year	–	4
<b>Share premium</b>	<b>118 900</b>	<b>118 900</b>
Balance at beginning of the year	118 900	115 234
Issued during the year	–	3 666
<b>Treasury share reserve</b>	<b>(23 336)</b>	<b>(19 699)</b>
Balance at beginning of the year	(19 699)	(22 215)
Own shares acquired by subsidiary	(3 637)	–
Own shares sold by subsidiary	–	2 516
<b>Share-based payment equity</b>	<b>3 322</b>	<b>3 957</b>
Balance at beginning of the year	3 957	3 096
Share-based payment transactions during the year	(635)	861
<b>Foreign exchange conversion reserve</b>	<b>(24 561)</b>	<b>(22 431)</b>
Balance at beginning of the year	(22 431)	(14 386)
Foreign exchange movements during the year	(2 130)	(8 045)
<b>Retained earnings</b>	<b>83 614</b>	<b>99 093</b>
Balance at beginning of the year	99 093	82 049
(Loss)/Profit for the year	(3 923)	17 044
Dividends paid	(11 556)	–
<b>Equity attributable to owners of the parent</b>	<b>158 185</b>	<b>180 066</b>
<b>Minority interest</b>	<b>10 588</b>	<b>11 091</b>
Balance at beginning of the year	11 091	17 080
Recognised loss for the year	(96)	(1 096)
Reduction due to purchase by the parent	–	(3 054)
Foreign exchange movements	(407)	(1 839)
<b>Total capital and reserves</b>	<b>168 773</b>	<b>191 157</b>

### Condensed Consolidated Statement of Cash Flow [ for the twelve months ended 31 July 2011 ]

	Reviewed twelve months ended 31 July 2011 R'000	Audited twelve months ended 31 July 2010 R'000
<b>Cash flow from operating activities</b>	<b>(3 641)</b>	<b>40 834</b>
(Loss)/Profit before taxation	(4 931)	23 942
Adjustments not affecting the flow of funds	21 977	33 962
<b>Operating income before working capital changes</b>	<b>17 046</b>	<b>57 904</b>
(Decrease)/Increase in working capital	(443)	1 650
<b>Cash generated from operations</b>	<b>16 603</b>	<b>59 554</b>
Finance income	548	400
Finance costs	(7 197)	(11 588)
Taxation paid	(13 595)	(7 532)
<b>Cash flow from investing activities</b>	<b>(2 380)</b>	<b>(8 512)</b>
<b>Cash flow from financing activities</b>	<b>(33 724)</b>	<b>(18 537)</b>
Proceeds from issue of shares	–	3 670
Dividends paid	(11 556)	–
Own shares acquired by subsidiary	(3 637)	–
Own shares sold by subsidiary	–	2 516
Loans repaid	(18 531)	(24 723)
<b>(Decrease)/Increase in cash equivalents</b>	<b>(39 745)</b>	<b>13 785</b>
Foreign exchange movements in cash balances	(1 131)	(3 354)
Cash and cash equivalents at beginning of the year	68 036	57 605
<b>Cash and cash equivalents at end of the year</b>	<b>27 160</b>	<b>68 036</b>

### Commentary

#### General Review

The group had a disappointing year as a result of a weak performance from SecureData Africa which posted a loss in the second six months of the financial year. SensePost performed according to expectation, and SecureData Europe performed better than expected despite the continued uncertainty in the markets in which both entities operate.

Group EBITDA reduced to R17,6 million (2010: R57,2 million) on revenues that dipped to R406,6 million (2010: R459,0 million) reflecting an EBITDA margin of 4,3% (2010: 12,5%). The reduction in revenue and EBITDA was due to a poor sales performance in SecureData Africa. Rand strength negatively impacted the group's revenues and earnings, affecting not only the rand translation of the group's sterling-based income but also by reducing the selling unit cost of products sold in South Africa which are foreign-currency denominated.

Services revenues, the bulk of which are managed services, accounted for a greater share of revenue (24%) than any other technology or product. Revenue generated outside of South Africa increased to 53%, and annuity revenue increased to 54%.

The calculation of earnings per share ("EPS") and headline earnings per share ("HEPS") incorporates the following items:

- a R9,6 million (2010: R10,3 million) charge for amortisation of intangible assets created by the group's prior acquisitions. This charge has no effect on group cash flow;
- a R3,0 million (2010: R10,5 million) foreign exchange loss on intra-group loans reflecting the difference in rand to sterling exchange rate between the previous and current reporting closing dates. This expense is unrealised and has no effect on group cash flow; and
- the net movement in derivative financial instruments of a R0,09 million loss (2010: R2,8 million profit). This includes unrealised foreign exchange forward contracts, entered into to settle outstanding creditor payments by the group at a time of great rand volatility.

Together, these non-operational and non-cash items affected EPS and HEPS by 4,0 cents. Adjusted EPS, which ignores these items but includes cash expenses such as interest, reflects 2,3 cents per share (2010: 13,1 cents per share).

As reported in the 2010 annual report the company paid a dividend of 5 cents per share on 22 November 2010 for a total cash outlay including STC of R12,8 million. The STC payable affected the EPS, HEPS and adjusted EPS by 0,5 cents.

During the year the group repurchased 3 820 277 shares in the market at a cost of R3,6 million. This brings the total number of shares held in treasury to 17 925 000.

The combination of lower profits and problems with debtor collections in SecureData Africa caused the group to breach one of the financial covenants implemented by the long-term financier at 31 July 2011. The group paid all its instalments on the loan when they became due. Through correspondence with the financier they indicated it is unlikely that they will recall the total loan while the group is up to date with instalments, however it is possible that they may charge a penalty interest of up to 2% above the normal interest rate payable on the loan, for the period during which the loan covenant is in breach. The directors are confident the group will continue to meet all payments when they become due over the remainder of the term of the loan.

At the end of July 2011 the group ended with R27 million in net cash and cash equivalents, after the dividend payment and share buy-back and total borrowing of R46,9 million. In comparison with the six months ended 31 January 2011 inventory increased to R6,1 million on the back of a project in SecureData Europe and debtors' days remained flat around 82 days. Management continues to place particular emphasis on effective working capital management especially debtors' collections in SecureData Africa.

No dividends have been declared for the year ended 31 July 2011.

#### Operational Review

SDH conducts operations through: SecureData Africa, SecureData Europe (previously MIS-CDS) and SensePost. Previously the results of operations were reported after a head office allocation but the results included herewith are before any head office cost allocation. The comparative results have also been similarly restated, the effect of which is insignificant.

#### SecureData Africa

	12 months to 31 July 2011 R'000	Growth %	12 months to 31 July 2010 R'000
Revenue	210 309	(21,6)	268 350
EBITDA	(1 087)	(102,5)	43 676
EBITDA margin (%)	(0,5)	(103,1)	16,3

SecureData Africa markets and distributes best-of-class information risk management products in South Africa and across the rest of the continent.

As mentioned previously, SecureData Africa had a very tough year. Revenue declined almost 22% with the concomitant decline in EBITDA and EBITDA margin. In particular the Public Sector and Financial Services business units underperformed as Government departments delayed the award of tenders and financial institutions cut back on expenditure for new security projects. The board took corrective measures including a full strategic and operational review and instituting management changes at both the group and subsidiary level to return the unit back to profitability. There is current evidence that demand is improving in Financial Services, but the timing of Public Sector recovery remains uncertain.

#### SecureData Europe

	12 months to 31 July 2011 R'000	Growth %	12 months to 31 July 2010 R'000
Revenue	179 611	6,4	168 780
EBITDA	21 141	28,1	16 508
EBITDA margin (%)	11,8	20,3	9,8

SecureData Europe remains one of the largest and independently-managed information security solution providers in the United Kingdom.

In sterling SecureData Europe posted a credible 15,5% increase in revenue with a strong 39,1% improvement in EBITDA with the EBITDA margin getting back into double figures at 11,8%. This strong performance is not all reflected in the rand results of the company due to the strengthening of the rand in relation to sterling.

Management is confident that the company will continue to show sustainable margin and earnings performance in the coming period.

#### SensePost

	12 months to 31 July 2011 R'000	Growth %	12 months to 31 July 2010 R'000
Revenue	26 136	12,3	23 281
EBITDA	7 707	5,4	7 312
EBITDA margin (%)	29,5	(6,1)	31,4

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 internationally.

SensePost boosted revenue to R26,1 million and EBITDA to R7,7 million with a slightly reduced EBITDA margin of 29,5% reflecting the specialist, high-value nature of the company's service offering. Almost a third of SensePost revenues were generated outside of South Africa. The company continue to invest in the UK operations.

The table below reconciles the divisional results back to the consolidated group results:

	12 months to 31 July 2011		12 months to 31 July 2010	
	Revenue R'000	EBITDA R'000	Revenue R'000	EBITDA R'000
SecureData Africa	210 309	(1 087)	268 350	43 676
SecureData Europe	179 611	21 141	168 780	16 508
SensePost	26 136	7 707	23 281	7 312
Head office costs	–	(10 198)	–	(8 819)
Consolidation entries	(9 498)	–	(1 458)	(1 507)
<b>Group results</b>	<b>406 558</b>	<b>17 563</b>	<b>458 953</b>	<b>57 170</b>

#### Strategic Review

The Board has commenced with a strategic review of the group which should be completed prior to the announcement of the next interim results. There is early evidence that the management changes and corrective measures taken to restore SecureData Africa to profitability will bear fruit.

#### 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, 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. The results have been prepared on the going concern basis.

#### Independent Review

Grant Thornton, SecureData's independent auditor, has reviewed the condensed consolidated financial statements contained in this provisional report and have expressed an unmodified opinion 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

Dean Brazier resigned as Chief Executive Officer of the group on 9 June 2011 and Thabiso Moerane resigned as an independent non-executive director on 13 June 2011. Johan du Toit will fulfil the post of interim chief executive officer until a permanent appointment is made.

For and on behalf of the Board

P R Pretorius

Chairman

J G du Toit

Financial Director and Interim Chief Executive Officer

12 October 2011

#### SecureData Holdings Limited

Incorporated in the Republic of South Africa

(Registration number 1998/010017/06)

Share code: SDH ISIN: ZAE00096368

("SecureData" or "the group")

#### Directors

P R Pretorius<sup>1</sup> (Chairman), J G du Toit (Financial Director and Interim CEO), A Aitken<sup>1</sup>, N Mthembu<sup>1</sup>, P Sneddon<sup>\*</sup>

<sup>\*</sup>Independent non-executive <sup>1</sup>Non-executive

#### Company secretary

Merchantec (Proprietary) Limited

#### Registered office

Nicol Main Office Park, 4 Bruton Road, Bryanston, 2021

(PO Box 4673, Rivonia, 2128)

#### Transfer secretaries

Computershare Investor Services (Proprietary) Limited