

**Wednesday 12 May 2010 – Embargoed for 7.00 am (UK time)**

**Dimension Data Holdings plc  
Unaudited Interim Results  
Six months ended 31 March 2010**

Dimension Data Holdings plc ('Dimension Data' or the 'Group') today announced its results for the six months ended 31 March 2010. Although the financial information included in this preliminary announcement has been computed in accordance with IFRS as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRS.

**Financial Highlights**

- Revenue growth of 11.1% in reported currency and down 3.7%<sup>(2)</sup> in constant currency
- Continued growth in Managed Services revenue, up 10.1%<sup>(2)</sup> in constant currency
- Services growth drives gross margin expansion to 22.7% (H1 2009: 21.8%)
- Strong operating profit expansion in Systems Integration business
- Weak trading conditions in Plessey
- Operating profit up 21.0%<sup>(1)</sup> in reported currency and down 0.4%<sup>(1,2)</sup> in constant currency
- Operating margin<sup>(1)</sup> expansion to 5.0% (H1 2009: 4.6%)
- Earnings per share<sup>(1)</sup> increased from 3.5 cents (H1 2009) to 4.2 cents
- Closing gross cash balance of \$495 million

**Operational Highlights**

- The Group received numerous awards and recognition from our partners and industry analysts
- Employee satisfaction increased and industry recognition for our outstanding employee experience was achieved
- Within our Americas region the US performance improved significantly
- Significant Managed Services and IT Outsourcing wins
- Continued progress on the Group's journey to become more services-led through expansion of our Services portfolio and evolution in our Services systems and platforms

**Financial Summary**

\$'000	Six months ended 31 March 2010	Six months ended 31 March 2009
Revenue	2,165,621	1,950,108
Operating profit	107,469	87,464
<i>Operating margin</i>	<i>5.0%</i>	<i>4.5%</i>
Operating profit <i>(before exceptional items)</i>	107,469	88,798
<i>Operating margin (before exceptional items)</i>	<i>5.0%</i>	<i>4.6%</i>
Profit attributable to equity shareholders of the parent	71,710	65,997
Profit attributable to equity shareholders of the parent <i>(before exceptional items)</i>	71,710	58,739
Basic earnings per ordinary share (US cents)	4.2	3.9
Basic earnings per ordinary share (US cents) <i>(before exceptional items)</i>	4.2	3.5

Notes:

(1) *Before exceptional items. See reconciliation in Note 3 to the condensed financial statements.*

(2) *Adjusted for the impact of currency movements and, where relevant, before eliminating intercompany revenue.*

## **Chief Executive Officer's Review**

*In this review, growth rates are in relation to H1 2009 and are, unless otherwise indicated, calculated before eliminating intercompany revenue and adjusted for the impact of currency movements (i.e. are constant currency growth rates). Unless specifically indicated, exceptional items are excluded from the analysis.*

### **Strong performance; strong execution**

Reported revenues grew in double digits, up 11.1% in reported currency over the prior period. Strong growth in Managed Services and in Internet Solutions drove an improvement in the gross margin which, combined with tight cost management, resulted in operating profit growth in reported currency of 21.0% and operating margin of 5.0%. Earnings per share increased from 3.5 cents to 4.2 cents. Working capital management remained solid throughout the period.

The H1 2010 results need to be seen in the light of major fluctuations across many of the currencies in which the Group trades, as well as the very strong comparative H1 2009 performance prior to the global financial crisis. Revenues in constant currency declined by 3.7%. This decline was primarily driven by a sharp deterioration in Plessey revenues as well as by lower revenues in Express Data off a high comparative. Excluding Plessey and Express Data, a 0.4% increase in constant currency revenues was achieved.

Our SI business performed strongly, achieving in constant currency a 15.8% increase in operating profit on flat revenues. The revenue performance was characterised by a strong improvement in Q2 2010, on both a year on year and a sequential basis, following a decline in Q1 2010. Operating profit growth was driven by continued strength in Managed Services, which led to an expansion in gross margin from 21.8% to 23.0%. Supported by good cost management, this resulted in an increase in the SI operating margin from 3.8% to 4.5%.

By geography, SI operating margins showed a very pleasing improvement in four of the five regions. The Americas performed extremely well with increased revenues and a strong improvement in profitability. We saw a recovery in product spend and a continued improvement in revenue mix in favour of Services. In Europe, increased margins and efficiency gains drove a significant increase in profitability. Both regions reported operating margins in excess of 3%, a significant milestone. Trading in Asia improved throughout the period, and the region continued to invest in a strategic growth programme. In Australia and in Middle East and Africa, robust expansion in profitability and in operating margins was driven by Services revenue growth and cost control.

Network Integration saw improved conditions in Q2 2010 as clients increased spend on network refresh and upgrades required to support data centre and multimedia projects. Video solutions showed exceptional growth, increasing their contribution within the Converged Communications line of business. Growth in our Microsoft Solutions was driven by clients trying to extract more value from their existing investments. Increased demand for the integration between video, telephony and Microsoft systems, which together with upgrades to Windows 7, resulted in success with our licensing, consulting, deployment and managed services. Our Data Centre and Storage Solutions showed exceptional growth off increased demand for centralisation, consolidation and virtualisation of data centre infrastructure. All the above changes supported demand for security infrastructure enhancements, and drove growth in our multi-vendor security solutions and managed security services.

Services growth of 7.4% was the big driver of growth and improved profitability in the SI business. Managed Services continued to perform strongly, increasing by 10.1%, with solid demand for our industry leading maintenance service Uptime, as well as for our IT Outsourcing offerings. Professional Services increased by 3.1%, with growth in most regions. The proportion of Services in the SI business increased to 42.1% for the period.

Internet Solutions (IS) performed well, with growth driven by the Communications, Data Centre and Carrier business units. Growth in the Connectivity business was lower as volume growth in Internet access services was tempered by pricing pressures. Wins in the public sector, in cloud solutions and voice services were a feature of the period. Gross margins were maintained at similar levels to the prior period, and this combined with a focus on containing overhead growth led to a double digit increase in EBITDA.

IS continues to invest in growth opportunities and in reducing input costs. During the period we commenced an expansion of our data centre capacity in Johannesburg and Cape Town, as demand for hosting solutions continues to be strong. Significant increases in fibre optic cable capacity continue to come on line on the east coast of Africa. IS installed its first direct fibre optic connections to clients in Tanzania, Kenya, Mozambique and Uganda during the period. In addition IS has started to install direct fibre connections into its largest clients in the Johannesburg and Cape Town metropolitan areas, augmenting the earlier investments in Durban. These investments should improve IS's competitive position in relation to the incumbent telecommunications operators.

Trading conditions for Plessey continued to be very demanding and revenues for the half declined by 51.4%. Although Plessey's South African operations recorded single digit growth, the African operations saw sharp

declines in demand from mobile operators due to a reduction in capital expenditure flowing from the global financial crisis, as well as corporate acquisition activity affecting spend with some of our clients. Cost reduction initiatives, including retrenchments affecting mainly the African operations, were implemented to stabilise the business performance during the cyclical low. Whilst H2 2010 market conditions are expected to remain tough, we remain optimistic in respect of the medium term opportunity for Plessey's operations, in mobile infrastructure site build and in the deployment of fibre optic and wireless services across the African continent.

Express Data's revenues declined by 13.8% due to price reductions of approximately 20% across most product lines associated with strong currency appreciation of the Australian and New Zealand currencies. In addition, volumes were impacted by supply constraints experienced by some of our key vendors.

Express Data continued to invest in programmes and systems which will allow us to transition our software licencing business to support the Software as a Service licensing model. We continued to receive industry recognition, with various awards from our vendor partners including Cisco, Microsoft, Symantec and others. The award as 'best employer in ANZ' is a strong endorsement of our leadership and people practices as well as a good indicator of the alignment and commitment of our people. Express Data remains extremely well positioned in the market and should benefit from any overall return to growth in the second half.

### **Clients buying and spending trends**

Client spend displayed a positive trend across most of our geographies during the half. While product spend was still lower than in H1 2009, we have seen three quarters of sequential growth in orders. Across all client segments, and especially in the largest corporations, we see continued drive from clients to centralise procurement, standardise IT infrastructure, and consolidate vendors and purchasing channels with the goal of reducing operational costs.

Clients are focusing on sourcing through IT service providers who can offer a wide range of solutions and services on a multi-national basis. Dimension Data has benefitted with our multi-national footprint, our quality of services, our depth of solutions and our strong partnerships with leading technology manufacturers.

From a Services perspective, companies which have downsized their IT employee complement are exploring ways to outsource core functions or deploy staff augmentation solutions. Furthermore, clients are looking to move their purchasing from capex to opex based models. The Group expects to be a major beneficiary of these trends with its IT Outsourcing and Managed Services capabilities.

By vertical market segment, we are seeing strong demand from the public sector, and in particular healthcare, education, energy and utilities. The public sector continues to assess ways to improve service delivery via technologies like video, and government is drawn to investments that can offer economic stimulus such as digital cities. Manufacturing also increased strongly on the back of anticipated recovery in demand for consumer goods. Financial services revenue decreased, with global banks curtailing capex in general whilst investing in efficiency oriented projects such as server and data centre consolidation. Regional banks continued to invest. Revenue from service providers decreased in aggregate as Tier 1 providers slowed spend, whilst Tier 2 providers continue to invest.

### **Accelerating our services journey**

Significant progress was made in accelerating our services journey, with Group Services revenue increasing to 44% of revenues compared to 42% in H1 2009. Marketplace success with our clients was also strong and a number of enhancements to our Services portfolio occurred.

The global deployment of our next generation GSOA platform, including IT Service Management (ITSM) and Remote Infrastructure Management (RIM), is proceeding according to plan. During the half, the ITSM platform was rolled out across all regions. Both the ITSM and RIM platforms are key enablers to the evolution of an enhanced and comprehensive Managed Services portfolio.

In addition, we made progress in extending our maintenance offering, Uptime, to all of our lines of business.

During the period, the Group also started building a more consistent global IT Consulting practice. While IT Consulting capabilities have been offered by the Group for many years, the establishment of a consistent practice across the world will enhance our ability to engage at a more strategic level with our clients. By taking a vendor neutral, assessment led approach, Dimension Data improves its credibility and relevance with clients and enhances its position as a trusted advisor.

Our IT Outsourcing capabilities across our regions are at various stages of maturity. However, we continue to invest in these capabilities and have put dedicated teams in place in all regions. A recent example of success was the Group's appointment as Integration Services Manager for Woolworths, a leading retailer in Australia where we will be responsible for Woolworths' enterprise telecommunication requirements. The five year contract covers the management of data services, telephony, security and related infrastructure. This and many other wins during the period provide evidence that clients endorse the Group's value proposition and delivery capabilities in the IT Outsourcing market.

Throughout the period Dimension Data invested in its international business execution and project delivery capabilities with global clients. Improvements on this front will ensure regional consistency and world class delivery on global service contracts.

### **Differentiation through our committed employees**

Dimension Data's employees are our differentiation in the market. Their competencies and skills are what set us apart from the competition. During the period, we continued to invest in our employees' growth, development, and recognition. We introduced the Technical Hall of Fame and also Group Technical Excellence Awards to recognise and reward our most esteemed technical talent. In support of our Services strategy and to provide continued career growth paths amongst our technical talent, we continued to progress the implementation of the Dimension Data technical job framework.

An ongoing process of gaining employee feedback and implementing improvements in our employee experience is a trait of the Group culture. During the period, we completed our 2010 Employee Survey, with the Group showing improvement in scores across all key categories. The overall Group Satisfaction Index and Employee Engagement Score both improved. These scores and other feedback we have received through the survey, indicate strong satisfaction and commitment within our employee base.

Increasingly, the Group is being recognised in the industry for its superior employee experience. During the period Dimension Data and Express Data were named the 2009 Hewitt Best Employer in Australia and New Zealand across all industry sectors, which recognises companies' commitment to the development of their employees and culture. This follows other accolades the Group has recently received including 'top 10 IT employers within India' and 'top ICT company' in Africa.

### **Industry recognition and awards**

Recognition was also achieved in the Group's positioning by leading industry analyst firm Gartner<sup>1</sup> in their Magic Quadrant for Communications Outsourcing and Professional Services, Worldwide, Eric Goodness, 3 March 2010<sup>2</sup> which examined 17 vendors of IT services for business communications systems worldwide. Dimension Data was positioned as a Challenger in this Magic Quadrant ([www.dimensiondata.com/gartnermagicquadrant](http://www.dimensiondata.com/gartnermagicquadrant)).

We received recognition from our vendors as a leading global systems integrator, receiving multiple awards during the period. These included multiple partner of the year and other regional partner awards from vendors including Cisco, EMC, Tandberg, VMWare, and McAfee. We were also recognised by Cisco with 30 awards at its annual partner conference, the most of any partner, and as the Global Enterprise Partner of the Year. These awards recognise our success at partnering with the leading IT manufacturers in the world and, thereby, providing our clients with a superior client experience when it comes to solution design, implementation and support.

1. The Gartner Report(s) described herein, (the 'Gartner Report(s)'), represent data, research opinion or viewpoints published, as part of a syndicated subscription service by Gartner, Inc. ('Gartner') and are not representations of fact. Each Gartner Report speaks as of its original publication date (and not as of the date of this Offering Memorandum) and the opinions expressed in the Gartner Report(s) are subject to change without notice.
2. The Gartner Magic Quadrant is copyrighted 3 March 2010 by Gartner, Inc and is reused with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the 'Leaders' quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims all warranties express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

## **Expanding our footprint through acquisition**

The Group continues to focus on organic growth as its primary growth strategy, supplemented by targeted acquisitions to improve our footprint in selected geographies or expand our skills and expertise.

During the period, we acquired Telcom Morocco and Always on Broadband in South Africa. After the close of the reporting period, we acquired a 51% interest in Magenta, a Chilean systems integrator, expanding the Americas footprint to five countries - the US, Canada, Mexico, Brazil and Chile. Further, the acquisition allowed Dimension Data to achieve Global Certification status with Cisco.

These acquisitions expanded the Group's global footprint to 49 countries.

## **Looking forward**

We are optimistic about our market positioning and relevance and believe that the market has turned in terms of clients' willingness to spend on IT and IT services in particular. In response, we continue to invest in resources to meet market demand and to accelerate our Services strategy. We anticipate that the second half of 2010 will see further recovery in client spend and are confident that our revenue targets of single digit constant currency growth in revenue for the full year are achievable.

Growth and operating leverage remain key objectives. Looking towards the next three to five years, we have set an objective of growing constant currency revenues by at least 10% on a compound basis, with Services growing ahead of Product revenues, and are targeting a 7% operating margin by 2015. This margin improvement will be driven by a greater contribution from Services and a focus on efficiencies of scale. We are investing to reach these growth targets and to ensure our transition to a 'services-led' company continues to track to plan.

We are optimistic about the Group's short and medium term prospects and continue to see evidence that our value proposition provides competitive differentiation in the marketplace. Successful progression of our Services strategy will only serve to differentiate us further.

## Chief Financial Officer's Review

In this review, growth rates are in relation to H1 2009 and are, unless otherwise indicated, calculated before eliminating intercompany revenue and adjusted for the impact of currency movements (i.e. are constant currency growth rates).

### Income Statement Summary

\$'000	Total	Systems Integration	Internet Solutions	Plessey	Express Data *	Property	Group Holdings
<b>2010</b>							
Revenue	2,165,621	1,771,995	156,366	54,920	182,129	-	211
Growth	(3.7%)	(0.4%)	10.0%	(51.4%)	(13.8%)	-	-
Operating profit/(loss)	107,469	80,577	18,774	(601)	7,758	8,728	(7,767)
Share of results of associates	5,714	-	-	-	-	-	5,714
Interest, investment income and finance costs	(10,620)	-	-	-	-	(11,663)	1,043
Property revaluation and other gains and losses	1,804	(1,254)	-	-	-	2,996	62
<b>Profit/(loss) before tax</b>	<b>104,367</b>	<b>79,323</b>	<b>18,774</b>	<b>(601)</b>	<b>7,758</b>	<b>61</b>	<b>(948)</b>
<b>2009</b>							
Revenue	1,950,108	1,593,415	112,541	87,902	156,108	-	142
Operating profit/(loss)	87,464	60,242	12,573	6,732	6,967	4,971	(4,021)
Share of results of associates	3,656	-	-	-	-	-	3,656
Interest, investment income and finance costs	(6,564)	-	-	-	-	(10,409)	3,845
Property revaluation and other gains and losses	2,681	-	-	-	-	2,181	500
<b>Profit/(loss) before tax</b>	<b>87,237</b>	<b>60,242</b>	<b>12,573</b>	<b>6,732</b>	<b>6,967</b>	<b>(3,257)</b>	<b>3,980</b>

\* Express Data's gross revenues before intercompany eliminations were \$256.1 million (H1 2009: \$221.8 million)

Revenue for the six months was \$2,165.6 million, up 11.1% in reported currency over the prior period. These reported results were supported by the appreciation in the average exchange rates for the period of the Group's main trading currencies against the US dollar. In constant currency, Group revenues declined by 3.7%. This decline reflected the comparison to a very strong Q1 2009, with the Group's Q1 2010 revenues down on the comparative period by some 9%, while Q2 2010 reflected a return to growth of around 5%.

The outstanding feature of the period was the performance of the Systems Integration business, which grew operating profit by 15.8%, to \$80.6 million at an operating margin of 4.5%. On the other hand, trading conditions for Plessey were extremely demanding, and the business recorded an operating loss of \$0.6 million (H1 2009: operating profit \$6.7 million).

Product revenues were \$1,206.0 million (H1 2009: \$1,134.0 million), down by 7.5% in constant currency, while Services were \$959.6 million (H1 2009: \$816.1 million) up by 1.4%. As a result, the proportion of Services in

relation to total revenue increased from 41.8% to 44.3%. For the purpose of this calculation, SI's revenues are as outlined in the table below, IS and Plessey are included in Services, and Express Data's revenues are included in Product. Product revenue was down by some 17% in the first quarter of the period, growing by around 5% in Q2 2010. Good Services growth in both Systems Integration and Internet Solutions was offset by a sharp decline in Plessey.

Overheads of \$383.5 million were flat, reflecting an ongoing focus on cost containment, as well as the benefit of cost reduction measures undertaken in some parts of the Group in FY 2009.

As a result, operating margin expanded to 5.0% (H1 2009: 4.6%) and operating profit was \$107.5 million (down 0.4%).

The share of results from associates increased to \$5.7 million for the period (H1 2009: \$3.7 million), supported by improved contributions from two of the Group's associates, as well as the stronger Rand for the period. Interest and investment income was \$6.1 million (H1 2009: \$7.9 million) reflecting reduced interest rates. Total finance costs were \$16.7 million (H1 2009: \$14.4 million).

Property revaluation and other gains and losses were \$1.8 million for the period (H1 2009: \$2.7 million). This was largely the result of a small upward revaluation of the Campus land and buildings in Johannesburg, despite subdued conditions in the commercial rental market in South Africa.

The effective tax rate before exceptional items was 28.2% (H1 2009: 28.9%), with the improvement relating mainly to a stronger contribution from the US which has a lower effective tax rate than other geographies in which we operate.

Earnings per share were 4.2 cents compared to 3.5 cents in H1 2009.

## Trading and Operations

*The revenue in the table below is as reported, whereas the growth rates are calculated before eliminating intercompany revenue and adjusted for the impact of currency movements.*

### Systems Integration (SI)

\$'000

2010	Total	Americas	Asia	Australia	Europe	Middle East and Africa	SI Central
<b>Product</b>	1,025,905	201,666	212,060	149,279	296,681	146,122	20,097
<b>Growth</b>	(5.7%)	7.2%	7.2%	(21.8%)	(12.1%)	(11.8%)	172.7%
<b>Total Services</b>	746,090	86,053	132,385	132,840	198,031	169,347	27,434
<b>Growth</b>	7.4%	16.3%	(0.7%)	11.8%	0.0%	14.3%	12.9%
<b>Managed Services (MS)</b>	474,218	44,850	97,973	73,839	143,149	104,223	10,184
<b>Growth</b>	10.1%	26.3%	(7.5%)	17.2%	3.5%	26.1%	22.8%
<b>Professional Services (PS)</b>	271,872	41,203	34,412	59,001	54,882	65,124	17,250
<b>Growth</b>	3.1%	6.9%	25.3%	6.6%	(8.0%)	0.0%	0.5%
<b>Total</b>	1,771,995	287,719	344,445	282,119	494,712	315,469	47,531
<b>Growth</b>	(0.4%)	9.8%	4.0%	(8.2%)	(7.6%)	0.9%	34.2%
<b>Gross margin</b>	23.0%	19.1%	20.2%	24.0%	21.3%	28.2%	42.8%
<b>Operating profit(loss)</b>	80,577	8,983	24,364	16,599	17,137	23,103	(9,609)
<b>Operating margin</b>	4.5%	3.1%	7.1%	5.9%	3.5%	7.3%	(20.2%)

\$'000

2009	Total	Americas	Asia	Australia	Europe	Middle East and Africa	SI Central
<b>Product</b>	978,664	187,326	188,865	140,366	314,908	140,238	6,961
<b>Total Services</b>	614,751	73,604	125,324	90,448	182,697	116,895	25,783
<b>MS</b>	387,708	35,598	100,311	47,011	129,338	66,520	8,930
<b>PS</b>	227,043	38,006	25,013	43,437	53,359	50,375	16,853
<b>Total</b>	1,593,415	260,930	314,189	230,814	497,605	257,133	32,744
<b>Gross margin</b>	21.8%	17.2%	22.0%	21.7%	20.0%	26.4%	50.6%
<b>Operating profit/(loss)</b>	60,242	2,299	25,928	11,006	13,257	16,258	(8,506)
<b>Operating margin</b>	3.8%	0.9%	8.3%	4.8%	2.7%	6.3%	(26.0%)

The Systems Integration business delivered a strong performance for the period, with solid services growth, expanding gross margin, and operating profit up 15.8% to \$80.6 million. Continued growth in Managed Services was a feature, as was the fact that most regions showed significant improvement in profitability. The operating profit growth in the Americas was particularly pleasing, and Asia's slight decline in operating profit to \$24.4 million was consistent with the region's plan to make a range of strategic investments, while retaining operating margin in that region in excess of 7%. System Integration's operating margin expanded from 3.8% to 4.5%, evidence of the leverage potential inherent in the operating model.

Product revenues reduced by 5.7%, reflecting an H1 2009 comparative which included a strong first, with the impact of the global economic crisis being felt most sharply by the Group from Q2 2009. By region, the Americas and Asia were the first to experience the economic downturn last year, and were the first to show growth in H1 2010 (each up 7.2%). Product margins were slightly firmer for the period.

Managed Services grew by 10.1%. This reflects the momentum of our maintenance and support services, and our strategic focus on developing annuity, valued added management services. Managed Services gross margins were slightly lower than H1 2009, partly due to exchange rate fluctuations in Europe in the prior period, but also reflecting more comprehensive investment in vendor support, particularly in Asia.

Professional Services revenues grew by 3.1%. Gross margins improved over the prior period, supported by strong performances in the Americas and in Teksys, a Microsoft solutions provider which was acquired in the prior period.

Across the lines of business, Network Integration revenues declined by 4.8%. This decline conceals a robust performance in Network Integration Managed Services, ensuring a good gross profit performance for this line of business.

The Converged Communications line of business ended flat on H1 2009, with good growth in the Visual Communications market and continued strong performance in Managed Services offset by declining revenues in the traditional telephony market.

The Microsoft Solutions line of business grew revenues by 20.6%. Growth was supported by good software licensing revenues in South Africa and solid demand for our consulting and deployment offerings in all regions as clients sought to exploit their existing investments in Microsoft technologies, particularly to enable Unified Communications.

Data Centre and Storage Solutions increased by 13.7% with strong performances in most regions. Product and Services were both strong, driven by ongoing demand for server virtualisation and for Cisco's UCS product set.

We experienced a 7.6% decline in our Customer Interactive Solutions line of business, with growth in Services revenues offset by Product declines. A cautious approach among our clients to large capital expenditure projects impacted demand for call centre solutions. Merchants' revenues, however, continued to benefit from a move to outsourcing and hosted contact centre solutions in the UK, South Africa and the Middle East.

Security Solutions revenues increased by 11.0%. We reported good growth in Network security and Advanced security revenues. The Group's efforts to deliver a full-service, security capability to our clients, combined with

our continued focus on building a multi-vendor capability, has positioned us well to support organisations looking to consolidate complex vendor relationships in their security environment.

Gross margin in the Systems Integration business improved by 1.2% to 23.0%, largely the result of the improved revenue mix in favour of higher margin Managed Services, and gross profit grew by 3.7%. Overhead growth was restricted to 1.1%, benefitting from a focus on cost containment, and from the cost reduction measures undertaken in the prior period.

#### Americas

The Americas delivered a pleasing increase in operating profit, up to \$9.0 million for the period, driven by an excellent recovery in the US. Operating margin was up from 0.9% to 3.1% for the period. Revenue was up 9.8%, led in particular by Managed Services growth of 26.3%. Gross margin improved by 1.9%, with improved Product and Services margins. Managed Services recorded some good multi-year contract wins, and Professional Services were significantly more profitable than in the prior period, reflecting the region's emphasis on effective project management during the period.

Within the lines of business, Network Integration improved slightly while Security, Data Centre and Storage Solutions, Customer Interactive Solutions, and Converged Communications all recorded good trading performances.

Outside the US, Mexico delivered very good revenue and operating profit growth, while Brazil had a disappointing first half.

#### Asia

Asia recorded a slight decline in operating profit to \$24.4 million, consistent with the region's plan to invest in a range of strategic investments. Operating margin was maintained at a very solid 7.1%.

Revenues were up by 4.0%, with Product up by 7.2% and Services down by 0.7%. Trading improved noticeably during the course of the period. Gross margin declined by 1.8%, reflecting the slight shift in revenue mix in favour of Product, as well as reduced Managed Services margins due to increased vendor support fees. Gross profit reduced by 4.1% for the period.

Within the lines of business, Network Integration was broadly flat, while Converged Communications, Data Centre and Storage and Microsoft Solutions all reported good growth.

The business benefitted from cost savings initiatives undertaken in the prior period, although these were offset to some extent by the investment programme into new growth areas across the region.

Within the region, Japan's trading results were disappointing while India, China and Malaysia delivered strong performances.

#### Australia

Revenues in Australia declined by 8.2%, with Product down by 21.8%. Product volumes were impacted by exchange rate fluctuations – a relatively weak Australian dollar in H1 2009 encouraging forward purchases in anticipation of price rises, and conversely a strong Australian dollar in H1 2010 depressing unit selling prices.

Services on the other hand grew by 11.8%, with an excellent 17.2% expansion in Managed Services and growth of 6.6% in Professional Services, reflecting continued investment in Managed Services capabilities and systems, as well as in consulting capacity. Several significant multi-year contract wins were achieved during the period.

The change in revenue mix in favour of Services meant that gross margin expanded by 2.3% for the period, and operating profit grew to \$16.6 million from \$11.0 million in the prior period with operating margin improving to 5.9% from 4.8% in H1 2009.

## Europe

Europe's revenue declined by 7.6%. This followed a 12.1% reduction in Product volumes, reflecting the fact that Q1 2009 was a strong comparative period, with the effects of the global economic downturn only being felt from Q2 2009. Services revenues were flat with Managed Services performing well, growing by 3.5%, and several good contract wins were recorded during the period.

Overall gross margin improved by 1.3%, supported by firmer Product margins and the change in revenue mix in favour of Services. The business continued to invest in productivity improvements, including the standardisation of Managed Services pricing methodologies, and the extension of Managed Services coverage across a wider range of technologies. Overheads were contained through an ongoing focus on delivery efficiencies, and as a result operating profit improved from \$13.3 million to \$17.1 million for the period, at an operating margin of 3.5% (H1 2009: 2.7%).

By line of business, Security, Microsoft Solutions and Data Centre and Storage all reported strong growth, while Network Integration, Converged Communications and Customer Interactive Services were lower than the prior period.

Within the region, Germany and the UK reported strong performances. Spain was weak, and Switzerland recorded some improvement off a low base in the previous period.

## Middle East and Africa (MEA)

Revenue in the MEA business grew by 0.9%, with Services delivering strong growth of 14.3% and Product down by 11.8%. Managed Services growth of 26.1% was particularly pleasing. Gross margin improved by 1.8%, mainly as a result of the improved mix. Operating profit grew by 18.0% with operating margin improving to 7.3% from 6.3% in H1 2009.

In the South African business, performance was supported by excellent growth in Managed Services, with some important contracts wins during the period. Good growth was recorded by the Microsoft Solutions, Data Centre and Storage and Security lines of business, as well as by Dimension Data Advanced Infrastructure. Growth was supported by good demand from service providers.

The Group's Emerging Africa operations reported a good increase in operating profit, despite political instability in some of its key territories, as well as heightened caution in IT project decision making for the period. This good result reflects increasing traction in the region for the Group's services offerings. The Group remains well positioned to benefit from pan-African opportunities flowing from an anticipated return to growth across the continent. During the period, we acquired a 51% stake in Telcom Morocco, a company providing services to the telecommunications infrastructure industry.

The Middle East operations experienced a very difficult period, as volumes declined in response to the global financial crisis. We expect a return to more stable trading conditions in the second half.

The Group's South African operation maintained its Level 3 broad based black economic empowerment contributor status, being awarded the distinction of 'Top Empowered ICT Company'. The MEA business also received the 'Top ICT Company in Africa' award at the December 2009 African ICT Achievers Awards.

## SI Central

Net costs in SI Central increased from \$8.5 million to \$9.6 million, mainly as a result of the stronger Rand against the US dollar for the period. The Group provides a number of functions centrally in support of the SI business.

This segment also includes certain SI businesses which are managed centrally rather than within the regional theatres. Merchants grew revenue by 23.1%, reflecting good demand for its outsourced contact centre solutions in South Africa (despite the strength of the Rand), as well as for its consulting services in the UK. Furthermore, the business has seen solid growth in IT managed services, leveraging its hosted technology platform in the UK.

Dimension Data Advanced Infrastructure (UK) reported a weak trading performance, reflecting difficult conditions in the UK construction industry, and Teksys (the Microsoft reseller business) delivered results ahead of expectations.

## **Internet Solutions (IS)**

IS grew revenue by 10.0%, with good growth in the Communications, Data Centre and Carrier business units being offset by slower growth in Connectivity.

Overall, gross margins were maintained at similar levels to the prior period. EBITDA grew by 10.4% to \$34.2 million and operating profit by 11.7% to \$18.8 million. Operating margin expanded to 12.0% (H1 2009: 11.2%). The business' return on net operating assets\* reduced to 26.6% (H1 2009: 31.2%) partly as a result of the investment in undersea cable capacity during the period, which is only due to come on-stream in 2011.

IS continues to experience strong demand for its data centre and hosting solutions and has committed to invest approximately \$35 million to increase the capacity of its data centres in Johannesburg and Cape Town, of which some \$4 million was spent in H1 2010.

Taking advantage of its investment last year in undersea fibre optic cable on the east coast of Africa (Seacom), IS installed its first direct fibre optic connections to clients in Tanzania, Kenya, Mozambique and Uganda. The business also invested \$10.9 million in the West Africa Cable System, although this undersea cable capacity is only scheduled to come on-stream in 2011. In addition to the undersea systems, IS has started to put direct fibre connections into customers in the Johannesburg and Cape Town metropolitan areas, augmenting the earlier moves in Durban.

## **Plessey**

Trading conditions for Plessey continued to be very demanding, and revenues for the half declined by 51.4%. Plessey's South African operations (mainly fibre deployment services) recorded single digit growth, but the African operations saw sharp declines in demand, especially in respect of site build opportunities for mobile service providers.

Despite cost reduction initiatives, including retrenchments mainly in the African operations, Plessey recorded an operating loss of \$0.6 million compared to an operating profit of \$6.7 million the previous period.

Looking forward, there remain significant opportunities for Plessey in the deployment of fibre optic and wireless services, both in South Africa and throughout the continent, with the expanding undersea cable capacity fuelling opportunities in the fibre and wireless markets. This development will be supported by legislative changes designed to increase connectivity in support of economic growth targets.

While the long term trends for mobile service provision on the African continent remain robust, particularly in view of increasing demand for data services, the site build market remains constrained. Furthermore, capital investment decisions were delayed as a result of corporate acquisition activity affecting some of our key clients during the period.

## **Express Data**

Express Data's revenue declined by 13.8%, mainly due to product pricing pressures caused by the strong Australian and New Zealand currencies during the period, which resulted in selling price declines across most vendor lines. Further difficulties were experienced as a result of supply constraints experienced by some of our vendors during the period.

Gross margin improved to 14.4% from 13.3% in H1 2009 due to an improved mix of higher margin product lines and a continuing focus on higher complexity, value oriented solution sales. This combined with a focus on cost containment resulted in operating profit of \$7.8 million at an operating margin of 3.0% (on gross revenue) for the period (H1 2009: 3.1%), down 17.1% on the prior period.

The business remains well positioned in the Australian and New Zealand markets, and should benefit from any overall return to growth in the second half.

\* *Return on net operating assets is calculated by dividing operating profit by operating assets less operating liabilities, as reported in local currency*

## **Property**

The Campus property in Johannesburg recorded net rental income of \$8.7 million, a 7.7% increase over the prior period. Occupancy ratios were good, although the rental market remains under pressure, with rental rates broadly flat for the period.

## **Group Holdings**

Group Holdings costs increased from \$4.0 million to \$7.8 million. This was partly the result of the stronger Rand during the period, but also reflected some volatility arising from the revaluation of expenses associated with the Group's share incentive scheme.

## **Share of results of associates**

The share of results of associates was \$5.7 million (H1 2009: \$3.7 million). The biggest contributions came from Britehouse, a portfolio of business automation companies offering process, application and data solutions (\$1.9 million), Marpless, which provides application solutions to the South African public sector (\$1.2 million), and Tsys, a contact centre joint venture in the UK (\$1.7 million).

## **Interest, investment income and finance costs**

Interest and investment income was \$6.1 million (H1 2009: \$7.9 million) reflecting low average yields on cash balances for the period.

Total finance costs were \$16.7 million (H1 2009: \$14.4 million), of which \$11.7 million (H1 2009: \$10.4 million) related to loans in respect of the Campus property in Johannesburg.

## **Property revaluation and other gains and losses**

Property revaluation and other gains and losses include a \$3.0 million (H1 2009: \$2.2 million) gain on revaluation of the investment portion of the Campus property in Johannesburg, based on the Directors' assessment of fair value at 31 March 2010.

Also included is a loss of \$1.3 million relating to the impairment of goodwill in respect of the Group's subsidiary in the United Arab Emirates.

## **Income tax**

The Group's tax charge for the period was \$29.5 million, an effective tax rate on profit before tax of 28.2%. The tax rate before exceptional items was lower than the prior period's 28.9% mainly as a result of the improved contribution from the US, where the Group has substantial accumulated assessed losses.

## **Minority interests**

The minority interest in the result for the period was \$3.2 million (H1 2009: \$5.6 million) relating mainly to minority participations in the Middle East and Africa business, the most significant of which is the Black Economic Empowerment consortium in South Africa.

## **Acquisitions**

The Group concluded two acquisitions during the period, neither of which was material: a 51% interest in a Moroccan systems integrator and a 51% interest in Always on Broadband, South Africa's leading wi-fi provider with over 700 internet access hotspots across South Africa and Africa. The Group acquired a 51% interest in Magenta, a Chilean systems integrator, after period end.

## **Balance Sheet and Cash Flow**

The Group's balance sheet remained strong throughout the period, with equity attributable to equity shareholders of \$858.8 million at 31 March 2010.

Cash (net of overdrafts) was \$493.2 million compared to total interest bearing liabilities (bank loans, finance leases and other) of \$212.3 million and non interest bearing liabilities of \$47.7 million, reflecting a healthy net cash position at period end.

Of the interest bearing liabilities, \$141.1 million is secured against the Campus property in Johannesburg, and most of the remaining non interest bearing liabilities are in respect of assets acquired in support of multi-year managed services contracts.

Cash generated from operations was \$54.0 million (H1 2009: \$24.4 million), net of \$85.2 million net investment in working capital (H1 2009 \$106.9 million). The investment in working capital is a normal seasonal pattern. Overall, working capital metrics were satisfactory: trade receivables days were stable in relation to those reported at 30 September 2009 of 51 days, despite some pressure on terms in Middle East and Africa and in Asia. Inventory days picked up slightly from 25 to 27 days, offset by an improvement in trade payables from 77 to 78 days.

#### **Additions to Property, Plant and Equipment and Intangibles (Capex)**

<b>\$ million</b>	<b>Total</b>	<b>Systems Integration</b>	<b>Internet Solutions</b>	<b>Other</b>
<b>31 March 2010</b>				
<b>Capex *</b>	42.6	8.7	29.3	4.6
<b>Depreciation/Amortisation</b>	29.0	11.4	15.4	2.2
<b>31 March 2009</b>				
<b>Capex *</b>	28.4	11.7	14.2	2.5
<b>Depreciation/Amortisation</b>	25.3	12.6	11.1	1.6

\* Actual cash flows net of proceeds on disposal amounted to \$40.4 million (H1 2009: \$26.6 million)

Capex was \$42.6 million for the period (H1 2009; \$28.4 million). The SI business invested \$8.7 million, while IS capex increased from \$14.2 million to \$29.3 million.

IS spent \$4.0 million on the commencement of a \$35 million upgrade of its data centres in Johannesburg and Cape Town, which project is due for completion during the current financial year.

In addition, IS invested \$10.9 million in the West African Cable System (WACS) consortium, extending the business' access to international undersea cable capacity. WACS is due to come on-stream in FY 2011.

#### **Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Group have not changed from those set out in detail in the Group's 2009 Annual Report on pages 36 and 37, and include: macroeconomic risk; exposure to country risk; vendor risk; deal complexity risk; regulatory risk; employee retention risk; business continuity risk and balance sheet risk.

A copy of the Group's 2009 Annual Report is available on our website at [www.dimensiondata.com](http://www.dimensiondata.com). The Directors' decision to continue to adopt the going concern basis of preparation in the interim financial statements is explained in Note 1 to the condensed financial statements.

## **CAUTIONARY STATEMENT**

**This Interim Management Report ('IMR') has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.**

**The IMR contains certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements which has been prepared in accordance with IAS 34, gives a true and fair view of the assets, liabilities, financial position and profit of Dimension Data Holdings plc, as required by DTR 4.2.4R;
- b) the interim management report includes a fair review of important events during the first six months and a description of the principal risks and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R; and
- c) the interim management report includes a fair review of the disclosure of related parties' transactions and changes therein, as required by DTR 4.2.8R.

By order of the Board

**Brett Dawson**

Chief Executive Officer

11 May 2010

**Dave Sherriffs**

Chief Financial Officer

## **INDEPENDENT REVIEW REPORT TO DIMENSION DATA HOLDINGS PLC**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2010 which comprises the condensed consolidated income statement, the condensed consolidated statement of other comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standards on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRS's as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standards on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

**Deloitte LLP**

*Chartered Accountants and Statutory Auditors*  
London, United Kingdom

11 May 2010

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**For the six months ended 31 March 2010**

	Notes	Six months ended 31 March 2010 \$'000	Six months ended 31 March 2009 \$'000	Year ended 30 September 2009 \$'000
<b>Revenue</b>	2	2,165,621	1,950,108	3,973,078
Cost of sales		(1,674,618)	(1,525,589)	(3,080,257)
<b>Gross profit</b>		491,003	424,519	892,821
Administrative, selling and distribution expenses		(383,534)	(337,055)	(699,928)
<b>Operating profit</b>		107,469	87,464	192,893
Share of results of associates		5,714	3,656	7,814
Interest and investment income		6,080	7,856	8,105
Finance costs		(16,700)	(14,420)	(29,915)
Property revaluation and other gains and losses	4	1,804	2,681	4,895
<b>Profit before tax</b>		104,367	87,237	183,792
Tax	5	(29,454)	(15,630)	(38,422)
<b>Profit for the period</b>		74,913	71,607	145,370
Attributable to:				
- Equity shareholders of the parent		71,710	65,997	135,175
- Minority shareholders		3,203	5,610	10,195
		74,913	71,607	145,370
Earnings per ordinary share:				
- Basic	7	US cents 4.2	US cents 3.9	US cents 8.0
- Diluted	7	4.0	3.8	7.7

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**For the six months ended 31 March 2010**

	Six months ended 31 March 2010 \$'000	Six months ended 31 March 2009 \$'000	Year ended 30 September 2009 \$'000
<b>Profit for the period</b>	<u>74,913</u>	<u>71,607</u>	<u>145,370</u>
Losses in cash flow hedges deferred in equity	-	(783)	(5,378)
Hedging losses capitalised to intangible assets	-	-	2,856
Transfers from/(to) the income statement: cash flow hedges	2,938	(263)	(289)
Other transfers (to)/from the income statement	(177)	1,261	-
Exchange differences on translation of foreign operations	(10,463)	(55,930)	31,691
Other	6	1,517	982
<b>Other comprehensive (loss)/income for the period</b>	<u>(7,696)</u>	<u>(54,198)</u>	<u>29,862</u>
<b>Total comprehensive income for the period</b>	<u><u>67,217</u></u>	<u><u>17,409</u></u>	<u><u>175,232</u></u>
Attributable to:			
- Equity shareholders of the parent	64,002	13,587	166,361
- Minority shareholders	3,215	3,822	8,871
	<u><u>67,217</u></u>	<u><u>17,409</u></u>	<u><u>175,232</u></u>

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**As at 31 March 2010**

		31 March 2010 \$'000	31 March 2009 \$'000	30 September 2009 \$'000
	Notes			
<b>Non-current assets</b>				
Property, plant and equipment		190,944	147,728	190,231
Investment property		99,591	71,232	95,911
Goodwill		318,428	273,907	291,500
Other intangible assets		62,163	18,516	48,102
Investments in associates		45,998	31,303	42,509
Other investments		4,180	4,055	4,133
Deferred tax assets		38,925	37,340	47,730
Trade and other receivables	8	49,283	34,359	47,571
		<u>809,512</u>	<u>618,440</u>	<u>767,687</u>
<b>Current assets</b>				
Inventories		192,400	160,572	169,013
Trade and other receivables	8	1,076,301	924,572	1,024,434
Cash and cash equivalents		495,086	345,397	601,129
		<u>1,763,787</u>	<u>1,430,541</u>	<u>1,794,576</u>
<b>TOTAL ASSETS</b>		<u>2,573,299</u>	<u>2,048,981</u>	<u>2,562,263</u>
<b>Equity</b>				
Equity attributable to equity shareholders of the parent		858,803	693,165	849,594
Minority interest		61,274	38,704	56,653
<b>Total equity</b>		<u>920,077</u>	<u>731,869</u>	<u>906,247</u>
<b>Non-current liabilities</b>				
Bank loans		145,631	120,525	140,553
Other long term liabilities		57,215	37,124	45,571
Obligations under finance leases		15,708	12,624	14,099
Deferred tax liabilities		787	3,717	1,021
Provisions		5,710	5,944	6,678
		<u>225,051</u>	<u>179,934</u>	<u>207,922</u>
<b>Current liabilities</b>				
Trade and other payables	9	1,415,955	1,106,170	1,417,224
Bank loans		5,100	20,640	23,321
Bank overdrafts		1,891	1,104	1,313
Provisions		5,225	9,264	6,236
		<u>1,428,171</u>	<u>1,137,178</u>	<u>1,448,094</u>
<b>Total liabilities</b>		<u>1,653,222</u>	<u>1,317,112</u>	<u>1,656,016</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,573,299</u>	<u>2,048,981</u>	<u>2,562,263</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium \$'000	Total other reserves* \$'000	Retained earnings \$'000	Attributable to equity holders of parent \$'000	Minority interests \$'000	Total equity \$'000
Balance at 1 October 2008	304,790	222,884	182,527	710,201	138,211	848,412
Profit for the period	-	-	65,997	65,997	5,610	71,607
Other comprehensive (loss)/income for the period	-	(54,565)	2,155	(52,410)	(1,788)	(54,198)
<b>Total comprehensive (loss)/income for the period</b>	-	(54,565)	68,152	13,587	3,822	17,409
Issue of share capital	268	-	-	268	-	268
Dividends	-	-	(27,953)	(27,953)	(93)	(28,046)
Shares held in Employee Trust	34,221	-	-	34,221	-	34,221
Share incentive schemes	-	11,164	-	11,164	-	11,164
Deferred tax on share incentive schemes	-	(2,695)	-	(2,695)	-	(2,695)
Share option reserve utilised	-	(14,421)	(31,207)	(45,628)	-	(45,628)
Changes in holdings of subsidiaries	-	-	-	-	(103,236)	(103,236)
<b>Balance at 31 March 2009</b>	<b>339,279</b>	<b>162,367</b>	<b>191,519</b>	<b>693,165</b>	<b>38,704</b>	<b>731,869</b>

  

	Share capital and premium \$'000	Total other reserves* \$'000	Retained earnings \$'000	Attributable to equity holders of parent \$'000	Minority interests \$'000	Total equity \$'000
Balance at 1 October 2008	304,790	222,884	182,527	710,201	138,211	848,412
Profit for the period	-	-	135,175	135,175	10,195	145,370
Other comprehensive income/(loss) for the period	-	29,519	1,667	31,186	(1,324)	29,862
<b>Total comprehensive income for the period</b>	-	29,519	136,842	166,361	8,871	175,232
Issue of share capital	2,040	-	-	2,040	-	2,040
Dividends	-	-	(28,505)	(28,505)	(159)	(28,664)
Shares held in Employee Trust	30,112	-	-	30,112	-	30,112
Share incentive schemes	-	17,451	-	17,451	-	17,451
Deferred tax on share incentive schemes	-	5,646	3,195	8,841	-	8,841
Share option reserve utilised	-	(16,034)	(32,865)	(48,899)	-	(48,899)
Changes in holdings of subsidiaries	-	(8,008)	-	(8,008)	(90,270)	(98,278)
<b>Balance at 30 September 2009</b>	<b>336,942</b>	<b>251,458</b>	<b>261,194</b>	<b>849,594</b>	<b>56,653</b>	<b>906,247</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued**

	Share capital and premium \$'000	Total other reserves* \$'000	Retained earnings \$'000	Attributable to equity holders of parent \$'000	Minority interests \$'000	Total equity \$'000
Balance at 1 October 2009	336,942	251,458	261,194	849,594	56,653	906,247
Profit for the period	-	-	71,710	71,710	3,203	74,913
Other comprehensive (loss)/ for the period	-	(5,304)	(2,404)	(7,708)	12	(7,696)
<b>Total comprehensive (loss)/income for the period</b>	-	(5,304)	69,306	64,002	3,215	67,217
Issue of share capital	5,309	-	-	5,309	-	5,309
Dividends	-	-	(32,209)	(32,209)	(300)	(32,509)
Shares held in Employee Trust	7,167	-	-	7,167	-	7,167
Share incentive schemes	-	17,560	-	17,560	-	17,560
Deferred tax on share incentive schemes	-	(4,310)	-	(4,310)	-	(4,310)
Share option reserve utilised	-	(16,215)	(30,378)	(46,593)	-	(46,593)
Changes in holdings of subsidiaries	-	(1,792)	75	(1,717)	1,706	(11)
<b>Balance at 31 March 2010</b>	<b>349,418</b>	<b>241,397</b>	<b>267,988</b>	<b>858,803</b>	<b>61,274</b>	<b>920,077</b>

\* Other reserves principally comprise consolidation reserves arising prior to the unbundling of the underlying assets into the Company at the time of its LSE listing in 2000.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**For the six months ended 31 March 2010**

	Six months ended 31 March 2010 \$'000	Six months ended 31 March 2009 \$'000	Year ended 30 September 2009 \$'000
<b>Cash flows from operating activities</b>			
Operating profit	107,469	87,464	192,893
Adjustments for:			
Depreciation and amortisation	29,002	26,645	52,927
Movement in provisions	(126)	1,404	536
Share-based payment expensed	10,967	8,348	20,052
Other non-cash items	(8,165)	7,438	7,179
Operating cash flows before movements in working capital	139,147	131,299	273,587
(Increase)/decrease in inventories	(23,928)	6,028	18,875
(Increase)/decrease in trade and other receivables	(57,863)	50,809	46,915
Decrease in trade and other payables	(3,396)	(163,777)	(20,328)
<b>Cash generated from operations</b>	53,960	24,359	319,049
Income taxes paid	(22,842)	(17,111)	(47,957)
Interest paid	(15,405)	(13,157)	(28,977)
<b>Net cash from/(used in) operating activities</b>	15,713	(5,909)	242,115
<b>Cash flows from investing activities</b>			
Interest received	6,080	7,856	8,105
Net investment in business interests and other investments	(3,885)	(287,539)	(278,994)
Acquisition of property, plant and equipment, net of proceeds on disposal	(24,362)	(22,973)	(49,269)
Acquisition of intangibles, net of proceeds on disposal	(16,005)	(3,657)	(23,677)
Deferred consideration paid	-	(1,176)	(1,488)
<b>Net cash used in investing activities</b>	(38,172)	(307,489)	(345,323)
<b>Cash flows from financing activities</b>			
Shares purchased by Employee Share Trust, net of proceeds of sale of shares	(39,859)	(12,576)	(14,850)
Repayment of borrowings	(38,028)	(9,492)	(21,564)
New bank loans and finance leases	25,099	41,940	60,943
Dividends paid to ordinary shareholders	(32,209)	(27,953)	(28,505)
Dividends paid to minorities	(300)	(93)	(159)
Proceeds on issue of new shares net of expenses	5,309	268	2,040
Share options exercised by employees of a subsidiary company	(2,933)	-	(2,961)
<b>Net cash used in financing activities</b>	(82,921)	(7,906)	(5,056)
<b>Net movement in cash and cash equivalents</b>	(105,380)	(321,304)	(108,264)
Cash and cash equivalents at beginning of period	599,816	682,353	682,353
Exchange differences on cash and cash equivalents	(1,241)	(16,756)	25,727
<b>Cash and cash equivalents at end of period</b>	493,195	344,293	599,816
<b>Cash and cash equivalents is made up as follows:</b>			
Cash and cash equivalents	495,086	345,397	601,129
Bank overdrafts	(1,891)	(1,104)	(1,313)
	493,195	344,293	599,816

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2010

### 1. BASIS OF PREPARATION

The unaudited interim results have been prepared in accordance with accounting policies and methods of computation based on International Financial Reporting Standards (IFRS's) as adopted by the European Union, including IAS 34 'Interim Financial Reporting' and the requirements of the Disclosure and Transparency Rules (DTR) of the Financial Services Authority (FSA) in the United Kingdom as applicable to interim financial reporting.

The unaudited interim condensed consolidated financial statements for the six months ended 31 March 2010, which were approved by the Board of Directors on 11 May 2010 and which include certain comparative information with respect to the year ended 30 September 2009, do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006 ('the Act'). Full accounts for the year ended 30 September 2009, prepared in accordance with International Financial Reporting Standards, incorporating an unqualified independent auditors' report, which did not include a reference to any matters to which the auditors draw attention by way of emphasis of matter, have been filed with the Registrar of Companies and did not contain a statement under section 498(2) or (3) of the Act.

#### Key accounting estimates and judgements

The preparation of the interim financial statements in conformity with the Group's accounting policies requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reported period. Whilst these estimates and assumptions are based on the Directors' best knowledge of the amount, events or actions, actual results may differ from those estimates.

The tax charge on underlying business performance is calculated by reference to the estimated effective tax rate for each jurisdiction for the full year 2010. Tax on disposals and exceptional items is based on the expected tax impact of each item.

#### Accounting policies

The unaudited interim results have been prepared on a basis consistent with the accounting policies set out in the Dimension Data Holdings plc Annual Report for the year ended 30 September 2009, with the exception of the adoption of the following significant amendments and standards with effect from 1 October 2009:

- IAS 1 'Presentation of financial statements'
- IFRS 3 'Business combinations'
- IAS 27 'Consolidated and Separate Financial Statements'
- IFRS 8 'Operating segments'

IAS 1 (revised) 'Presentation of financial statements' requires non-owner changes in equity (income and expenses) to be presented separately from owner changes in equity within a performance statement. The Group has chosen to present two performance statements, the consolidated income statement and the consolidated statement of other comprehensive income. The statement of changes in equity has been included as a primary statement and presents all owner changes in equity.

The most significant changes in the revised IFRS 3 'Business Combinations' include the requirement that costs incurred to effect a business combination are expensed in the period incurred. Previously these costs were capitalised as part of the transaction. In addition, consideration for an acquisition, including contingent consideration, is measured at fair value at the acquisition date. Changes resulting from events after the acquisition date, such as the acquiree meeting an earnings target or reaching a specified share price, are recognised in profit or loss. As a result all costs associated with acquisitions made by the Group in the period have been expensed and the fair value of the consideration including deferred consideration for those acquisitions was determined at the acquisition date.

Changes in the revised IAS 27 'Consolidated and Separate Financial Statements' include the express requirement that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. This was previously unspecified. In addition the minority share of comprehensive income should now be attributed to minority interests even if this results

in the minority interests having a deficit balance. As a result, the Group now accounts for changes in ownership in subsidiaries as equity transactions and all losses will be attributed to minorities if applicable.

IFRS 8 'Operating segments' replaces IAS 14 'Segmental reporting' and requires operating segments to be identified on the basis of internal management information that is regularly reviewed by the chief operating decision maker to allocate resources to the segments and assess their performance. As a result of the application of IFRS 8, the Group's segmental information has been presented as discussed in Note 2 and comparative information has been restated accordingly.

Pages 76 and 77 of the annual report for the year ended 30 September 2009 detailed a number of other amendments to Accounting Standards and Interpretations. These were adopted in the current period but had no impact on the results or balance sheets for the periods presented.

### Trading cycles

The Group has a balance of businesses globally. Historically, the Northern hemisphere operations have, ignoring underlying growth trends, reflected a bias of trading towards the first half of the financial year, and our Southern hemisphere businesses towards the second half. In recent periods, at a Group level, on balance there has been a slight bias in trading towards the second half of the year, although there is no guarantee that in an uncertain economic environment this trend will continue.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive Officer's and Chief Financial Officer's reviews. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's review and in the financial statements and notes. The Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate for the foreseeable future, despite the current uncertain economic environment. Accordingly, they continue to adopt the going concern basis of accounting in preparing the interim financial statements.

### Exchange rates

The following table reflects the average and period end exchange rates against the US dollar for Australian dollar, Euro, South African rand and Sterling:

	Six months ended 31 March 2010		Six months ended 31 March 2009		Year ended 30 September 2009	
	Average	Period end	Average	Period end	Average	Period end
Australian dollar	1.112	1.092	1.489	1.456	1.382	1.136
Euro	0.705	0.744	0.760	0.750	0.735	0.682
South African rand	7.580	7.343	9.743	9.526	8.828	7.388
Sterling	0.633	0.662	0.677	0.697	0.647	0.621

## 2. SEGMENTAL ANALYSIS

The Group has adopted IFRS 8 'Operating segments' with effect from 1 October 2009. IFRS 8 requires operating segments to be identified on the basis of how the internal management system reports information to the chief operating decision maker. The Group is focused on various businesses, including Systems Integration and various non Systems Integration businesses, including Telecommunications (Plessey and Internet Solutions), Distribution (Express Data), Property (the Campus property in South Africa) and Group Holdings. These businesses form the basis for the Group's reportable segments. These reportable segments are designed to allocate resources internally and assess performance.

## Segment revenue and results

	Six months ended 31 March 2010		Six months ended 31 March 2009		Year ended 30 September 2009	
	Revenue \$'000	Operating profit/(loss) \$'000	Revenue \$'000	Operating profit/(loss) \$'000	Revenue \$'000	Operating profit/(loss) \$'000
<b>Systems Integration</b>						
- Americas	287,719	8,983	260,930	2,299	528,177	5,473
- Asia	344,445	24,364	314,189	25,928	605,630	52,984
- Australia	282,119	16,599	230,814	11,006	499,667	23,139
- Europe	494,712	17,137	497,605	13,257	956,238	29,764
- Middle East and Africa	315,469	23,103	257,133	16,258	527,836	33,348
- SI Central	47,531	(9,609)	32,744	(8,506)	85,029	(20,601)
<b>Total Systems Integration</b>	<b>1,771,995</b>	<b>80,577</b>	<b>1,593,415</b>	<b>60,242</b>	<b>3,202,577</b>	<b>124,107</b>
Internet Solutions	156,366	18,774	112,541	12,573	255,015	32,923
Plessey	54,920	(601)	87,902	6,732	168,396	14,039
Express Data	182,129	7,758	156,108	6,967	346,391	16,345
Property	-	8,728	-	4,971	-	13,764
Group Holdings	211	(7,767)	142	(4,021)	699	(8,285)
<b>Segment revenue and results</b>	<b>2,165,621</b>	<b>107,469</b>	<b>1,950,108</b>	<b>87,464</b>	<b>3,973,078</b>	<b>192,893</b>
Share of results of associates		5,714		3,656		7,814
Interest and investment income		6,080		7,856		8,105
Finance costs		(16,700)		(14,420)		(29,915)
Property revaluation and other gains and losses		1,804		2,681		4,895
<b>Profit before tax</b>		<b>104,367</b>		<b>87,237</b>		<b>183,792</b>
Tax		(29,454)		(15,630)		(38,422)
<b>Profit for the period</b>		<b>74,913</b>		<b>71,607</b>		<b>145,370</b>

## Revenue streams

	Six months ended 31 March 2010 \$'000	Six months ended 31 March 2009 \$'000	Year ended 30 September 2009 \$'000
<b>Product</b>	1,205,998	1,134,041	2,239,372
<b>Services</b>	959,623	816,067	1,733,706
<b>Revenue</b>	<b>2,165,621</b>	<b>1,950,108</b>	<b>3,973,078</b>

**Segment operating assets**

	31 March 2010 \$'000	31 March 2009 \$'000	30 September 2009 \$'000
<b>Systems Integration</b>			
- Americas	176,335	127,176	159,778
- Asia	240,892	189,116	189,817
- Australia	126,739	85,810	118,488
- Europe	295,804	323,635	318,616
- Middle East and Africa	194,480	133,242	167,123
- SI Central	42,346	32,776	42,688
<b>Total Systems Integration</b>	<b>1,076,596</b>	<b>891,755</b>	<b>996,510</b>
Internet Solutions	183,927	108,276	166,901
Plessey	41,584	70,372	60,212
Express Data	108,580	89,442	89,483
Property	167,410	126,217	169,396
Group Holdings	48,395	35,807	58,793
<b>Segment operating assets</b>	<b>1,626,492</b>	<b>1,321,869</b>	<b>1,541,295</b>
<b>Other unallocated assets</b>			
Goodwill	318,428	273,907	291,500
Investments in associates	45,998	31,303	42,509
Deferred tax assets	38,925	37,340	47,730
Income tax assets	36,822	28,898	26,617
Finance lease receivables	11,548	10,267	11,483
Cash and cash equivalents	495,086	345,397	601,129
<b>Total Assets</b>	<b>2,573,299</b>	<b>2,048,981</b>	<b>2,562,263</b>

Segment operating assets include property, plant and equipment, investment property, other intangible assets, other investments, inventories and trade and other receivables (excluding finance lease receivables).

### 3. EXCEPTIONAL ITEMS

	Note	Six months ended 31 March 2010 \$'000	Six months ended 31 March 2009 \$'000	Year ended 30 September 2009 \$'000
<b>Exceptional operating costs</b>				
Campus finance restructure	(a)	-	(1,334)	(1,472)
<b>Total exceptional operating costs</b>		-	(1,334)	(1,472)
<b>Exceptional tax</b>				
Deferred tax credit	(a)	-	9,946	10,976
<b>Total exceptional tax</b>		-	9,946	10,976
<b>Exceptional items after tax</b>		-	8,612	9,504
Minorities' share		-	(1,354)	(1,647)
<b>Net exceptional income</b>		-	7,258	7,857

(a) Campus restructuring costs and related once off tax deduction.

<b>Reconciliation of reported amounts to adjusted amounts</b>	Six months ended 31 March 2010 \$'000	Six months ended 31 March 2009 \$'000	Year ended 30 September 2009 \$'000
Statutory operating profit	107,469	87,464	192,893
- Exceptional operating costs	-	1,334	1,472
Adjusted operating profit	107,469	88,798	194,365
Statutory attributable profit after tax	71,710	65,997	135,175
- Exceptional operating costs	-	1,334	1,472
- Exceptional tax credits	-	(9,946)	(10,976)
- Minorities' share	-	1,354	1,647
Adjusted attributable profit after tax	71,710	58,739	127,318

### 4. PROPERTY REVALUATION AND OTHER GAINS AND LOSSES

		Six months ended 31 March 2010 \$'000	Six months ended 31 March 2009 \$'000	Year ended 30 September 2009 \$'000
Revaluation of investment property		2,996	2,181	4,535
Goodwill impairment	(a)	(1,254)	-	-
Profit on sale of subsidiaries and investments		-	-	174
Other		62	500	186
		1,804	2,681	4,895

(a) The goodwill impairment of \$1.3 million relates to the Middle East Systems Integration business.

## 5. TAX

	Six months ended 31 March 2010 \$'000	Six months ended 31 March 2009 \$'000	Year ended 30 September 2009 \$'000
Current tax	22,385	24,234	41,207
Deferred tax – current period	7,051	(8,597)	(614)
Deferred tax – prior periods	18	(7)	(2,171)
Total tax expense	<u>29,454</u>	<u>15,630</u>	<u>38,422</u>

This expense relates predominantly to tax jurisdictions outside of the United Kingdom.

## 6. DIVIDENDS PER SHARE

A final dividend of 1.9 US cents per share was paid on 19 March 2010. No interim dividend is proposed.

## 7. EARNINGS PER SHARE

	Six months ended 31 March 2010 '000	Six months ended 31 March 2009 '000	Year ended 30 September 2009 '000
Weighted average number of ordinary shares:			
- for basic earnings per share	1,694,127	1,679,316	1,683,829
- for diluted earnings per share	1,803,936	1,725,566	1,758,284
	\$'000	\$'000	\$'000
Earnings for basic and diluted earnings per share	71,710	65,997	135,175
Exceptional items	-	(7,258)	(7,857)
Adjusted earnings	<u>71,710</u>	<u>58,739</u>	<u>127,318</u>
	US cents	US cents	US cents
Basic earnings per share	4.2	3.9	8.0
Diluted earnings per share	4.0	3.8	7.7
Adjusted basic earnings per share	4.2	3.5	7.6
Adjusted diluted earnings per share	4.0	3.4	7.2

## JSE LIMITED REQUIREMENTS

Disclosure of headline earnings per share is a requirement for entities listed on the JSE Limited in South Africa and as a result, the Group has calculated and presented a headline earnings reconciliation below. Headline earnings are arrived at in terms of the guidance in Circular 3/2009 issued by the South African Institute of Chartered Accountants.

	Six months ended 31 March 2010 '000	Six months ended 31 March 2009 '000	Year ended 30 September 2009 '000
Weighted average number of ordinary shares:			
- for headline earnings per share	1,694,127	1,679,316	1,683,829
- for diluted headline earnings per share	1,803,936	1,725,566	1,758,284
	\$'000	\$'000	\$'000
Earnings for basic and diluted earnings per share	71,710	65,997	135,175
Net (profit)/loss on disposal of property, plant and equipment	(18)	1,308	416
Impairments and losses on disposal of subsidiaries	974	14	323
Revaluation of investment property	(2,996)	(2,181)	(4,535)
Tax and minority interests	1,228	857	1,793
Headline earnings	<u>70,898</u>	<u>65,995</u>	<u>133,172</u>
	US cents	US cents	US cents
Headline earnings per share	4.2	3.9	7.9
Diluted headline earnings per share	3.9	3.8	7.6

### 8. TRADE AND OTHER RECEIVABLES

	31 March 2010 \$'000	31 March 2009 \$'000	30 September 2009 \$'000
Trade receivables	784,607	675,019	760,827
Other receivables	80,155	60,735	70,318
Prepayments and accrued income	224,000	194,279	214,243
Taxation authorities	36,822	28,898	26,617
	<u>1,125,584</u>	<u>958,931</u>	<u>1,072,005</u>
Analysed as follows:			
Long term portion	49,283	34,359	47,571
Short term portion	1,076,301	924,572	1,024,434
	<u>1,125,584</u>	<u>958,931</u>	<u>1,072,005</u>

### 9. TRADE AND OTHER PAYABLES

	31 March 2010 \$'000	31 March 2009 \$'000	30 September 2009 \$'000
Trade payables	514,307	368,908	483,196
Other payables	192,380	131,476	191,561
Accruals	286,973	227,823	319,561
Deferred income	301,501	257,675	299,833
Taxation authorities	120,794	120,288	123,073
	<u>1,415,955</u>	<u>1,106,170</u>	<u>1,417,224</u>

## **10. ACQUISITIONS, CHANGES IN HOLDINGS AND DISPOSALS**

In the six months ended 31 March 2010 the Group purchased 51% in Morocco Telecom and 51% in Always on Broadband for a total combined consideration of \$5.4 million. The combined contribution to revenue and profit for the six months was \$10.2 million and \$1.0 million respectively.

The book value of the net assets of \$0.9 million approximated fair value at acquisition date, and the difference between the purchase price and the net asset value of the entities acquired of \$4.5 million has been provisionally allocated to goodwill, until the Group has completed its review of potential intangible assets.

In the six months ended 31 March 2010, the Group purchased a further interest in two Australian subsidiaries, Bluefire and Viiew. The Group holds an effective interest of 75% and 85% respectively after the acquisitions.

In the six months ended 31 March 2010 there were no disposals of subsidiaries and businesses.

## **11. POST BALANCE SHEET EVENTS**

In April 2010, the Group acquired a 51% interest in Magenta Computacion S.A., a Systems Integration business in Santiago, Chile.

## **12. CONTINGENT ASSETS AND LIABILITIES**

The Group is subject to claims which arise in the ordinary course of business. Each claim is evaluated by management, together with their legal advisers, and a decision made on whether financial settlement is probable, in which case appropriate provisions are made. There have been no material changes in contingent assets or liabilities since the year end.

## **13. RELATED PARTY TRANSACTIONS**

There were no changes during the period in the related party transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group.

**Enquiries:**

Dimension Data Holdings plc  
Jeremy Ord, Chairman  
Brett Dawson, Chief Executive Officer  
David Sherriffs, Chief Financial Officer

Karen Cramer, Investor Relations (UK)  
Mobile: +(44) 793 202 0296  
Office: +(44) 20 7651 7017  
[karen.cramer@uk.didata.com](mailto:karen.cramer@uk.didata.com)

Kevin Handelsman, Investor Relations (SA)  
Office: +(27) 11 575 3632  
Mobile: +(27) 82 453 9945  
[kevin.handelsman@za.didata.com](mailto:kevin.handelsman@za.didata.com)

**Press enquiries:**

Hilary King  
Global PR and Analyst Relations Manager  
Dimension Data Holdings plc  
Mobile: +(27) 82 414 9623  
Office: +(27) 11 575 6728  
[hilary.king@za.didata.com](mailto:hilary.king@za.didata.com)

Internet address: [www.dimensiondata.com](http://www.dimensiondata.com)

This interim report is available on the website: [www.dimensiondata.com](http://www.dimensiondata.com)

Copies of this report are being sent to shareholders, and are available to the public at the Company's registered office, Dimension Data House, Building 2, Waterfront Business Park, Fleet Road, Fleet, Hampshire GU51 3QT, United Kingdom.