

MICROmega Holdings Limited  
( Registration number 1998/003821/06)  
(Incorporated in the Republic of South Africa)  
ISIN code: ZAE000034435      Share code: MMG



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## Press Release:

### **MICROMEGA'S HEADLINE EARNINGS PER SHARE UP 87% FOR HALF YEAR**

26 July 2012

MICRO*mega* Holdings Limited half-year results to 30 June 2012 showed an 87% increase in headline earnings per share (HEPS) to 25.72 cents compared to the same period last year.

#### **FINANCIAL HIGHLIGHTS:**

- Headline earnings per share up 87% to 25.72 cents
- Attributable earnings per share up 106% to 30.32 cents per share
- Revenue up 7% to R385 million
- Net asset value per share up 9% to 337.82 cents

#### **OPERATIONAL HIGHLIGHTS:**

- Consolidation of our core businesses successfully achieved in 2011 and economic benefits now being realised
- NOSA remains demand driven
- Focus on information technology remains a priority
- Disposal of our last operating automotive business, Deltec Distributors

## **OVERVIEW**

MICRO*Omega* CEO Greg Morris today announced “a pleasing set of results and continued earnings growth for the six months to June 2012. Our balance sheet continues to strengthen with the net asset value per share having increased by 9% to 337.82 cents. Operating margins have improved significantly over the period from 5% to 10%. This is primarily attributed to our exit from the automotive sector and our renewed focus on our traditional service based businesses. We have invested significantly in recent years to ensure we have both the capacity and competence to deliver sustained earnings growth. We are now seeing the benefit of this investment strategy”.

## **PROSPECTS**

NOSA remains a demand driven business. Our ability to meet this demand is governed by our access to skills and resources. We have a continuous skills development and recruitment program in place but nevertheless, believe that it will take up to five years before we can fully deliver on even the current demand for our services. This is a direct reflection on the importance that the government and corporate South Africa are placing on occupational health and safety in the work place and bodes well for future earnings growth. South Africa is following a global trend towards best practice in this field and we see this as continuing due to the increasingly stringent application and enforcement of legislation both locally and abroad.

Our technology businesses are performing in line with our anticipated earnings forecast for this year. Our cloud computing service has received some promising traction in the first half of this year and we are optimistic that it will become an important contributor to earnings in the medium term.

Our inter-dealer broking business and our human resource solutions business are both expected to achieve their forecast

earnings for 2012. Both businesses have focused on expanding their services into the African continent and this should assist in achieving sustainable growth beyond this year.

The restructuring of the group to dispose of non-core businesses was completed with the sale of Deltec in the first half of this year. We now have a robust structure that incorporates a portfolio of businesses we can confidently build upon. Our strong cash position has been boosted by receipt of the proceeds from the sale of Deltec subsequent to the end of this reporting period.

## **BUSINESS REVIEWS**

MICRO*Omega* is as a holding company with interests in the following core businesses:

**NOSA** provides occupational health, safety and environmental risk management services and is the exclusive provider of both the NOSA Five Star Grading System and SAMTRAC. NOSA enjoyed a 102% growth in earnings for the six months under review. This growth was driven by increased market demand for occupational health, safety and environmental services and NOSA's ability to meet this demand with their broad range of innovative products and services.

**MECS *Africa*** is a service orientated business that alleviates the considerable burden of manpower management by offering an integrated human resource solution to a diverse client base. MECS *Africa*'s interim growth of 48% is attributed to additional contracts secured.

**MICRO*Omega* Securities** is an inter-dealer broker, providing a specialist intermediary broking service to commercial banks, investment banks, stock-brokers and other reputable trading entities in the wholesale financial markets. MICRO*Omega* Securities' earnings increased by 25%. Earnings growth is directly related to market volatility and liquidity.

**Sebata Municipal Solutions** provides integrated technology solutions, enterprise management systems and multi-disciplinary professional services to municipalities, public entities, provincial government and the private sector. Sebata enjoyed a 15% growth in earnings in the six months under review. Sebata's cloud computing division has converted 22 of their 190 municipality and metro clients over to their cloud computing technology solution in the first half of this year. It anticipated that we will continue to convert existing clients at the current conversion rate.

**Turrito Networks** is a converged communication provider delivering MPLS networks, hosting facilities, internet and cloud computing services to large corporates and the SMME market. Turrito is a leader in the field of application delivery through the cloud onto multiple devices. Our products are unique, and since the launch of our first product in January this year we have, through Sebata, secured twenty two public sector clients, and in addition a number of large multinational corporates. Furthermore we are currently performing proof of concept trials at a number of institutions and corporates in South Africa.

**Deltec Power Distributors** is a leading distributor of a wide variety of high quality imported maintenance-free batteries. In line with the group's strategy to fully divest from the automotive sector, MICR*Omega* disposed of its last operating automotive business, Deltec to the Hudaco Group effective 30 April 2012 for R41 500 000. The proceeds of the disposal will be reinvested into MICR*Omega*'s core businesses.

## **CONCLUSION**

"The group is robust in structure, clients are satisfied with service delivery and we have cohesion and a common strategy driving product development and underpinning market penetration" said Morris. "The second half of the year has traditionally delivered higher levels of growth than the first

half. We expect no difference this year. We are already gaining some visibility into the next financial year and we are cautiously optimistic about our prospects for 2013”.

**-Ends-**

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