

chairman's review



Dr Bernard Ravnö

It gives me pleasure to report on another successful year for the Adapt IT Group, both in terms of financial performance and business sustainability.

The group has continued to deliver a sound financial performance by focusing on its strategic objectives in the face of challenging economic conditions. Pleasingly the share price improved significantly by 42% year on year to 30 June 2011, as we begin to attract institutional shareholders. The board nonetheless believes that the share is trading below its fair value and is actively addressing this through improvements to the investor relations programme and preparing for accelerated growth.

A number of major internally focused projects addressing governance, efficiency improvement and strategic alignment are now complete and operating successfully, allowing significantly greater external focus.

Business sustainability

A highlight of the financial year was the group's rating as the most empowered listed ICT company, in the annual Financial Mail and Empowerdex BEE survey. The group has been consistently committed for over a decade in driving sustainable transformation and it will continue to do so. Likewise we continue to make progress on our environmental sustainability.

Another significant milestone was the appointment of a group HR Executive to enhance our capability and capacity to deliver on our intent to be an employer of choice, retaining and attracting the best talent and ensuring their wellbeing. This ensures long-term success for our customers and ourselves.

Corporate governance

The board has reviewed and evaluated the corporate governance within the group and continues to implement the principles as recommended by the King Report on Governance for 2009 (King III). The summary report of compliance with the King III code is on pages 20 to 21 and we continue to establish systems to apply the principles where the board deems it applicable.

The board monitors compliance with the South African legislative environment and ensures compliance to the South African Companies Act 2008; the Listings Requirements of JSE Limited; amongst other key legislation.

Directorate

It is with great sadness that on 22 May 2011 we received the news of the passing away of Mr Patrick September, who joined the board in the 2010 financial year. Prior to his death, Patrick served as an integral part of the board, both in the role chairman of the Risk Committee as well as providing entrepreneurial leadership and good governance in the areas of strategy, performance and people management. On behalf of the board, I pass our condolences to the September family and to the Adapt IT colleagues.

It had been planned that Patrick would succeed me as Chairman of the board in November this year as I have reached the recommended retirement age of 70, as per King III. However, due to his untimely death in May, the Nominations Committee has begun a process of finding a suitable successor.

Wanda Shuenyane resigned as a non-executive director after six years with Adapt IT to concentrate on growing his business. I thank him for his contribution as a valued member of the board.

Robust and resilient, requirements for success

The board appointed Thembisa Dinga and Craig Chambers as additional independent non-executive directors on 3 May 2011. The board looks forward to their contribution during the coming years. These appointments form an integral part of the group's ongoing commitment to improving corporate governance and enhancing the strategic leadership of the group. They are both well experienced in their respective areas of expertise and their insight and contributions will undoubtedly improve the composite skills of the board.

Dividends

The board declared ordinary dividend number 9 of 2,84 cents per share. This represents a four times dividend cover.

The company has a policy of declaring a dividend at the end of the financial year and not at the interim reporting date.

Annual general meeting

Our Annual General Meeting will be held on 25 November 2011. Notice of the meeting appears on page 76.

Prospects

In the coming year, we foresee continued challenges to the economy, yet remain confident of Adapt IT's ability to meet such challenges, given the strong base already created.

We achieved modest growth during the past year and we will remain prudent in our approach in the short-term, while remaining committed to strong growth in the medium term.

Appreciation

My sincere thanks are due to my colleagues on the board of directors for the strategic value they bring to advance Adapt IT.

In particular, I must thank the Adapt IT Executive for leading the group in achieving the current results in a challenging economic environment. The board continues to support them as they lead the company into the future.

I extend my sincere thanks to our long-standing and new customers, suppliers, partners, shareholders, service providers and employees for their ongoing support of Adapt IT.

Dr Bernard Ravnö

Independent non-executive Chairman