



Compu-Clearing Outsourcing LIMITED

"Compu-Clearing", "The Company" or "The Group"

Reviewed preliminary condensed results for the year ended 30 June 2010 and cash dividend declaration

Highlights

- Operating profit
- Profit before income tax
- Headline earnings per share

38% ↑
13% ↑
14% ↑

CONDENSED STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June

	2010 [reviewed] R'000	2009 [audited] R'000	% Increase
Rental and other revenue	48,898	45,037	9
Operating costs	(38,775)	(37,684)	
- Distribution	(29,372)	(26,976)	
- Administration	(9,108)	(10,112)	
- Other	(295)	(596)	
Operating profit	10,123	7,353	38
Net financial income	1,420	2,639	
- Financial income	1,420	2,644	
- Financial expense	-	(5)	
Share of losses of equity accounted investee	(221)	-	
Profit before income tax	11,322	9,992	13
Income tax - Normal and deferred	(2,809)	(2,461)	
Income tax - STC (Secondary Tax on Companies)	(1,032)	(1,022)	
Profit for the year	7,481	6,509	
Other comprehensive income for the year	(652)	3,583	
Revaluation of property, plant and equipment	(906)	4,501	
Income tax on other comprehensive income	254	(918)	
Total comprehensive income for the year	6,829	10,092	
Basic earnings per share [cents]	18.1	15.8	14
Diluted earnings per share [cents]	17.9	15.6	15

RECONCILIATION OF HEADLINE EARNINGS for the year ended 30 June

	2010 [reviewed] R'000	2009 [audited] R'000	% Increase
Profit for the year attributable to ordinary shareholders	7,481	6,509	
Adjusted for:			
Loss on disposal of intangible assets	-	20	
Taxation effect	-	(6)	
Loss (profit) on disposal of property, plant and equipment	3	(6)	
Taxation effect	(1)	2	
Headline earnings	7,483	6,519	
Headline earnings per share [cents]	18.1	15.9	
Diluted headline earnings per share [cents]	17.9	15.7	
Actual number of shares in issue ['000]	41,369	41,208	
Weighted average number of shares in issue ['000]	41,295	41,070	
Diluted weighted average number of shares in issue ['000]	41,842	41,606	

CONDENSED SEGMENTAL REPORT for the year ended 30 June

	2010 [reviewed] R'000	2009 [audited] R'000	% Increase/ (decrease)
Software rental revenue	37,473	33,989	10
Hardware rental revenue	10,306	9,685	6
Cargowise revenue	-	-	0
Other revenue	1,119	1,363	(18)
Total revenue	48,898	45,037	9
Segment result - Software	19,104	16,164	18
Segment result - Hardware	2,247	2,045	10
Segment result - Cargowise	(1,869)	-	14
Segment result - Other	(9,359)	(10,856)	38
Total segment result	10,123	7,353	
Operating margin	21%	16%	

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June

	Share capital R'000	Share premium R'000	Treasury shares R'000	Non-Distributable reserve R'000	Retained earnings R'000	Share-based payment reserve R'000	Total R'000
Balance at 30 June 2008	412	689	(576)	-	44,480	682	45,687
Total comprehensive income for the year attributable to equity holders				3,583	6,509		10,092
Profit for the year					6,509		6,509
Surplus on revaluation of land and buildings				4,501			4,501
Deferred taxation effect of revaluation				(918)			(918)
Sale of treasury shares			113				250
Share issues	4	441					445
Dividends paid					(10,221)		(10,221)
Share-based payment transaction						(2)	(2)
Balance at 30 June 2009	416	1,267	(463)	3,583	40,768	680	46,251
Total comprehensive income for the year attributable to equity holders				(652)	7,481		6,829
Profit for the year					7,481		7,481
Impairment of land and buildings				(906)			(906)
Deferred taxation effect of impairment				254			254
Transfer from revaluation surplus				(28)	28		-
Sale of treasury shares		176	109				285
New share allotments	1	59					60
Dividends paid					(10,323)		(10,323)
Share-based payment transaction						46	46
Balance at 30 June 2010	417	1,502	(354)	2,903	37,954	726	43,148

CONDENSED STATEMENT OF FINANCIAL POSITION as at 30 June

	2010 [reviewed] R'000	2009 [audited] R'000
ASSETS		
Non current assets	23,614	20,457
Property, plant and equipment	20,882	18,333
Intangible asset	1,643	1,300
Investment in equity accounted investee	263	-
Deferred taxation	826	824
Current assets	26,021	31,864
Inventory	32	64
Trade and other receivables	8,443	6,410
Income tax receivable	591	217
Cash and cash equivalents	16,955	25,173
Total assets	49,635	52,321
EQUITY AND LIABILITIES		
Shareholders' funds	43,148	46,251
Share capital and premium	1,919	1,683
Treasury shares	(354)	(463)
Reserves	41,583	45,031
Non-current liabilities	2,204	2,543
Post retirement medical obligations	1,399	1,477
Deferred taxation	805	1,066
Current liabilities	4,283	3,527
Trade and other payables	4,127	3,314
Income tax payable	156	213
Total equity and liabilities	49,635	52,321
Net asset value per share [cents]	104.3	112.2

CONDENSED CASH FLOW STATEMENT for the year ended 30 June

	2010 [reviewed] R'000	2009 [audited] R'000
Profit before income tax	11,322	9,992
Adjustments for:	1,957	354
Non cash items	3,377	2,993
Net financial income	(1,420)	(2,639)
Cash generated by trading operations	13,279	10,346
(Decrease) increase in post retirement medical obligations	(78)	136
(Decrease) increase in working capital	(1,188)	443
Cash generated by operations	12,013	10,925
Net financial income	1,420	2,639
- Financial income	1,420	2,644
- Financial expense	-	(5)
Income tax paid	(4,272)	(2,833)
Distributions to shareholders		
- Dividend paid	(10,323)	(10,221)
Cash (outflow) inflow from operating activities	(1,162)	510
Cash outflow from investing activities	(7,391)	(3,810)
Utilised to maintain operations		
Acquisition of property, plant and equipment	(6,285)	(2,930)
Acquisition of intangible assets	(659)	(962)
Proceeds on disposal of property, plant and equipment	37	82
Increase in investment in equity accounted investee	(484)	-
Cash inflow from financing activities		
Proceeds from the issue of shares and sale of treasury shares	345	695
Decrease in cash and cash equivalents	(8,208)	(2,605)
Cash and cash equivalents at the beginning of the year	25,173	27,778
Cash and cash equivalents at the end of the year	16,955	25,173

Commentary

The results for the year under review reflect an encouraging 38% increase in operating profit, up from 9% for the first six months, during a period of continued difficult trading conditions. A 9% increase in turnover and contained growth in operational expenses of 2,5% are the key contributors to this increase. Included in operating costs are R1,9m of expenses, relating to the Cargowise division. Contracts for the rollout of Cargowise have been concluded with several clients and the division is due to generate its first revenues during the 2011 financial year. A satisfactory 13% growth in profit before income tax includes net financial income of R1,4m (2009- R2,6m), which reflects the lower bank balances held by the Group.

Profit for the year of R7,5m (2009 -R6,5) was achieved after a charge of R1,03 million for STC (Secondary Tax on Companies) (2009-R1,02 million), arising from the payment of a dividend during the year under review.

Cash generation continues to be strong with cash generated from operations amounting to 116% (2009-149%) of operating profit. Cash balances remain a very healthy R17,0m, (2009-R25,2m) after distributions to shareholders of R10,3m (2009-R10,2m) and R3m invested in a building refurbishment project.

Prospects

There are tangible indications that the decline in import volumes, which are closely linked to the Group's revenues, has bottomed out. Revenues for the Cargowise division will come on stream from July 2010, expanding the Group's revenue base. Management continue to focus on maintaining the operating margin at a satisfactory level.

Basis of preparation

The condensed consolidated financial statement for the year ended 30 June 2010 have been prepared in accordance with the Recognition and Measurement requirements of International Financial Reporting Standards ("IFRS"), in particular the presentation and disclosure requirements of International Accounting Standard ("IAS") 34 Interim Financial Reporting, the AC 500 series issued by the Accounting Practices Board, the Listings Requirements of the JSE Limited and the South African Companies Act, 1973 as amended.

The accounting policies applied in the presentation of the condensed consolidated financial statements are consistent with those applied for the year ended 30 June 2009, except for the standards noted that became effective on 1 January 2009: IAS 1 (Presentation of Financial Statements (revised)), IFRS 7 (Financial Instruments: Improving Disclosures about Financial Instruments) and IFRS 8 (Operating Segments) and related amendments to IAS 27 Consolidated and Separate Financial Statements, which became effective on 1 July 2009. The condensed consolidated financial statements are presented in Rand, which is Compu-Clearing's functional and presentation currency. The adoption of these standards has no effect on the results, nor has it required any restatement of the results.

Review report

The consolidated statement of financial position at 30 June 2010 and the consolidated statement of comprehensive income, statement of changes in equity, segmental analysis and cash flows for the year ended have been reviewed by KPMG Inc. Their unmodified report is available for inspection at the registered office of the company.

Ordinary dividend declaration

Notice is hereby given of the declaration of an ordinary cash dividend of 15 cents per share (2009 - 25 cents per share) ('the dividend'). The following salient dates will apply to the dividend:

Last date to trade 'cum' the dividend	Friday, 22 October 2010
Trading commences 'ex' the dividend	Monday, 25 October 2010
Record date	Friday, 29 October 2010
Date of payment of the dividend	Monday, 1 November 2010

Share certificates may not be dematerialised or rematerialised during the period Monday, 25 October 2010 to Friday, 29 October 2010 both days inclusive.

Board changes

Mr.A.D Webb resigned as a non-executive director of the Company on 4 September 2009, in order to pursue personal interests.

Posting of annual reports and Annual General Meeting

The annual report will be posted to shareholders on or about 29 September 2010.

The Annual General Meeting of Compu-Clearing will be held at 7 Drome Road, Lyndhurst, Johannesburg, 2192 on 24 November 2010.

For and on behalf of the Board

Johannesburg	A.Garber	J. du Preez
2 September 2010	(Chairman)	(Chief Executive)

Directors A.Garber, J.du Preez, D.E. Cleasby*, A.Katz*, M.Lutrin*, G. McMahon*, Dr.T.M.Mogale*, C.P. Efthymiades, M.Acosta-Alarcon *(Non-executive)

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Secretary Lutrin Abrams
1st Floor Block B, Sandhavon Office Park
12 Pongola Crescent, Eastgate Ext 17, Sandton, 2090

Auditors KPMG Inc, Registered Auditor, KPMG Crescent
85 Empire Road, Parktown, 2193, Private Bag 9,
Parkview, 2122

Sponsors Sasfin Capital a division of Sasfin Bank Limited
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Sasfin Place, 13-15 Scott Street, Waverley, 2090

Compu-Clearing Limited
(Registration number 1998/015541/06)

Share code CCL **ISIN** ZAE000016564