**DATACENTRIX HOLDINGS LIMITED**
**Incorporated in the Republic of South Africa**
**(Registration number: 1998/006413/06)**
**Share code: DCT**
**ISIN: ZAE000016051**
**("Datacentrix" or "the Group" or "the Company")**

# AUDITED CONDENSED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2013, FINAL DIVIDEND DECLARATION AND NOTICE OF ANNUAL GENERAL MEETING

## Key Financial Indicators

- Revenue increased by 9% to R1.919 billion
- Basic earnings per share decreased by 15% to 39.5 cents
- Headline earnings per share decreased by 16% to 39.6 cents
- Cash on hand of R274 million, with no interest-bearing debt
- Cash generated from operations of R57 million
- Net asset value per share increased by 4% from 240.6 to 251.1 cents
- Gross final dividend of 12.02 cents per share declared

## Condensed Consolidated Statement of Comprehensive Income for the year ended 28 February 2013

| | Audited 2013 R'000 | Audited 2012 R'000 |
|---|---|---|
| **Revenue** | **1 919 487** | 1 757 762 |
| **Operating profit** | **106 163** | 123 447 |
| Net interest received | **6 356** | 11 964 |
| **Profit before taxation** | **112 519** | 135 411 |
| Taxation | **(35 199)** | (44 567) |
| **Total comprehensive income attributable to ordinary shareholders** | **77 320** | 90 844 |
| | | |
| **Basic earnings per ordinary share (cents)** | **39.5** | 46.4 |
| **Diluted basic earnings per ordinary share (cents)** | **39.0** | 45.6 |
| **Declared net dividend per share (cents)** | **19.7** | 30.0 |
| | | |
| **Earnings before interest, taxation, depreciation and amortisation ("EBITDA")** | **126 341** | 145 227 |
| **Headline earnings per ordinary share (cents)** | **39.6** | 46.9 |
| **Diluted headline earnings per ordinary share (cents)** | **39.1** | 46.1 |
| Weighted average number of shares in issue* (000s) | **195 798** | 195 798 |
| Weighted average number of shares in issue for the purpose of dilution* (000s) | **198 024** | 199 016 |
| **adjusted for treasury shares* | | |
| | | |
| **Reconciliation between comprehensive income attributable to ordinary shareholders and headline earnings** | | |
| Earnings attributable to ordinary shareholders | **77 320** | 90 844 |
| Loss on sale of property and equipment | **142** | 906 |
| **Headline earnings** | **77 462** | 91 750 |

**Condensed Consolidated Statement of Financial Position as at 28 February 2013**

| | Audited 2013 R'000 | Audited 2012 R'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | **190 216** | 104 122 |
| Property and equipment | **66 682** | 38 845 |
| Intangible assets | **67 204** | 22 694 |
| Investment in joint venture | **744** | 1 022 |
| Long-term receivables | **-** | 284 |
| Finance lease receivables – long-term | **30 266** | 17 503 |
| Deferred taxation assets | **25 320** | 23 774 |
| **Current assets** | **707 815** | 653 211 |
| Current taxation assets | **-** | 4 025 |
| Finance lease receivables – short-term | **24 661** | 11 202 |
| Inventories | **36 500** | 34 764 |
| Trade and other receivables | **372 893** | 289 843 |
| Cash and cash equivalents | **273 761** | 313 377 |
| **TOTAL ASSETS** | **898 031** | 757 333 |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | **491 630** | 471 053 |
| Share capital | **21** | 21 |
| Share premium | **35 962** | 37 522 |
| Treasury shares | **(42 335)** | (39 720) |
| Equity-settled share scheme reserve | **37 801** | 30 101 |
| Retained earnings | **460 181** | 443 129 |
| **Non-current liabilities** | **47 800** | 40 363 |
| Deferred revenue – long-term | **18 126** | 25 241 |
| Finance lease payables – long-term | **29 674** | 15 122 |
| **Current liabilities** | **358 601** | 245 917 |
| Trade and other payables | **235 620** | 184 530 |
| Provisions | **1 800** | 1 640 |
| Deferred revenue – short-term | **43 775** | 48 005 |
| Finance lease payables – short-term | **22 591** | 8 958 |
| Current tax liabilities | **6 028** | - |
| Loans payable – short-term | **45 750** | - |
| Lease smoothing liability | **3 037** | 2 784 |
| **TOTAL EQUITY AND LIABILITIES** | **898 031** | 757 333 |
| Net asset value (adjusted for treasury shares) per share (cents) | **251.1** | 240.6 |
| Tangible net asset value (adjusted for treasury shares) per share (cents) | **216.8** | 229.0 |
| Weighted average number of shares in issue (000s) | **195 798** | 195 798 |

**Condensed Consolidated Statement of Changes in Equity for the year ended 28 February 2013**

| | Share capital R'000 | Share premium R'000 | Treasury shares R'000 | Equity settled share scheme reserve R'000 | Retained earnings R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| **Balance at 28 February 2011** | 21 | 37 544 | (38 799) | 24 761 | 396 500 | 420 027 |
| Total comprehensive income for the year | - | - | - | - | 90 844 | 90 844 |
| Treasury shares – movement during the year | - | - | (921) | - | - | (921) |
| Share-based payment | - | - | - | 5 340 | - | 5 340 |
| Dividend paid | - | - | - | - | (44 215) | (44 215) |
| Profit on sale of treasury shares | - | (22) | - | - | - | (22) |
| **Balance at 29 February 2012** | **21** | **37 522** | **(39 720)** | **30 101** | **443 129** | **471 053** |
| Total comprehensive income for the year | **-** | **-** | **-** | **-** | **77 320** | **77 320** |
| Treasury shares – movement during the year | **-** | **-** | **(2 615)** | **-** | **-** | **(2 615)** |
| Share-based payment | **-** | **-** | **-** | **7 700** | **-** | **7 700** |
| Dividend paid | **-** | **-** | **-** | **-** | **(60 268)** | **(60 268)** |
| Profit on sale of treasury shares | **-** | **(1 560)** | **-** | **-** | **-** | **(1 560)** |
| **Balance at 28 February 2013** | **21** | **35 962** | **(42 335)** | **37 801** | **460 181** | **491 630** |

**Condensed Consolidated Statement of Cash Flows for the year ended 28 February 2013**

| | Audited 2013 R'000 | Audited 2012 R'000 |
|---|---|---|
| Profit before taxation | **112 519** | 135 411 |
| Adjusted for non-cash items | **11 765** | 14 285 |
| Working capital changes | **(67 737)** | (70 587) |
| - Inventories | **(1 736)** | (23 887) |
| - Trade and other receivables | **(75 402)** | (36 884) |
| - Finance lease receivables | **(26 222)** | (28 705) |
| - Trade and other payables | **35 623** | 18 889 |
| **Cash generated from operations** | **56 547** | 79 109 |
| Net interest received | **10 653** | 14 615 |
| Dividend paid | **(60 268)** | (44 215) |
| Taxation paid | **(28 406)** | (50 701) |
| **Net cash outflow from operating activities** | **(21 474)** | (1 192) |
| **Net cash outflow from investing activities** | **(89 462)** | (29 760) |
| **Net cash inflow from financing activities** | **71 320** | 23 159 |
| Net decrease in cash and cash equivalents | **(39 616)** | (7 793) |
| Cash and cash equivalents at the beginning of the year | **313 377** | 321 170 |
| **Cash and cash equivalents at the end of the year** | **273 761** | 313 377 |

**Basis of Preparation**

The audited condensed consolidated financial statements were prepared under the supervision of Mrs Elizabeth Naidoo CA (SA), the Financial Director.

The audited condensed financial statements of the Group are prepared as a going concern on a historical cost basis except for certain financial instruments, at amortised cost or fair value. The audited condensed consolidated annual financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the information as required by IAS 34: Interim Financial Reporting, the Listings Requirements of JSE Limited, and the Companies Act of South Africa (Act 71 of 2008), as amended. The principal accounting policies, which comply with IFRS, have been consistently applied in all material respects in the current and comparative years. All new interpretations and standards were assessed and adopted with no material impact.

**Auditor's Opinion and Subsequent Events**
The auditor, Deloitte & Touche, has issued its opinion on the Group's financial statements for the year ended 28 February 2013. The audit was conducted in accordance with International Standards on Auditing. Deloitte & Touche has issued an unmodified audit opinion. These condensed consolidated financial statements have been derived from the Group financial statements and are consistent in all material respects with the Group financial statements. A copy of the audit report is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditor. There were no material subsequent events that required disclosure.

**The Business of Datacentrix**
Datacentrix is a South African-based, level two empowered company that provides information technology ("IT") solutions to the country's corporate and public sectors. It delivers a comprehensive offering, ranging from the core areas of infrastructure and related IT services to business solutions and outsourcing. Datacentrix' strategic drive is to be a partner of choice to its vendors and clients alike, adding business value to these entities. The Group, operating three focused operating divisions namely Infrastructure, Managed Services and Business Solutions, provides seamless and integrated solutions to its clients.

**The Market**
The world-wide IT industry has been impacted by a combination of factors, ranging from macro-economic conditions through to industry volatility. As a result of the global economic crisis, development of disruptive technologies and the continued commoditisation of infrastructure hardware, the industry is in a state of flux. These factors have necessitated a business model change for many organisations. On the international stage, it is evident that sizeable global players are trying to reinvent their businesses. While doing this, some organisations have made costly mistakes, albeit driven by necessity, to adapt to ever-changing sectoral pressures. The effects on companies have been varied, with some paying dearly for acquisition judgement errors, while others have embarked on a strategy to change their business model out of the glare of the markets by delisting.

The South African IT industry is experiencing pressure from the telecommunications industry. Telecommunication companies are facing their own challenges in the form of slowing revenues in their traditional voice business and are attempting to supplement this by extending offerings in the traditional IT sector, such as cloud computing, a strategy that they hope will diversify their income base and, in the process, drive data revenues.

With regards to the local environment, market conditions continue to be constrained, with industry growth estimated to be in the single digit range. Some competitors continue to seek growth through aggressive acquisition strategies, while others are facing sustainability challenges. Further consolidation of the industry is inevitable, and where appropriate, Datacentrix will play a proactive role in these market changes.

**Commentary**
The past few years, though profitable, have been challenging for the Group. As a consequence of both market dynamics and the change in the technology landscape, Datacentrix has strategically repositioned itself in the market, moving from being a pure hardware supplier to a fully-fledged systems integrator and solutions provider. This strategy has necessitated investment in infrastructure, as well as technical and managerial resources that were previously not required. These additional investments have been funded through the income statement, preserving the strength of the Group's balance sheet. The consequence of the strategy over the last few years has been a change in client and portfolio mix, as is evident from the segmental report.

It is in this context that the directors of Datacentrix announce the financial results for the year ended 28 February 2013. The Group showed revenue growth of 9%, from R1.758 billion to R1.919 billion. Earnings declined by 15% from R90.8 million to R77.3 million. Headline earnings per share ("HEPS") was 39.6 cents.

While Group revenue remained resilient, investments (in both resources and capital projects) and sustained gross margin pressures, resultant from a dip in the industry cycle, have weakened operating margins from 8% to 6%. The business is yet to reach optimal functionality in some areas, as certain of these investments have not yielded returns at this stage and, in some cases, have negatively impacted profitability. In general, as is the case with business, sales will initially lag investment cycles. Moreover, traditional revenue streams, such as the public sector, have dwindled significantly. Government revenue contributed 40% to 45% to Group revenue at its peak, and now accounts for less than 10% of total revenue.

The Group maintained sound financial and operational disciplines, with cash generated from operating activities amounting to R57 million, reflecting a closing cash balance of R274 million with no interest-bearing debt.

**Operational Review**
The Group has seen an improvement in trading conditions in the second half of the fiscal year after a particularly constrained first quarter and, consequently, first half of the year. Revenue was stronger in the commercial sector, while performance in the public sector continued to decline. The Infrastructure division contributed 35% of Group profit after tax ("PAT"), while the Managed Services and Business Solutions divisions added 38% and 22% respectively. This means that these two fairly new areas of business are now contributing a combined 60% of Group PAT.

Infrastructure produced an operating margin of 2.8% whilst Managed Services achieved 10.7% and the Business Solutions division 17.9%.

Datacentrix strategically invested in both capital expenditure and resources over the last four years. This investment phase is by-and-large drawing to an end, with Group capability significantly boosted by these investments, putting it in an enviable position as an end-to-end integrated IT partner.

The Group is a systems integration partner that has the required skills to successfully compete in providing a range of solutions - from basic infrastructure provisioning through to complex specialised solutions. This capability is further enabled through the Company's consulting, design, deployment, management expertise and comprehensive vendor networks. Importantly, the Company has laid the framework to provide its own cloud offering, positioning it well within this space.

## Segmental Analysis

| | Infrastructure | | Managed Services | | Business Solutions | | Corporate | | Total Group | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 28 Feb 2013 R'000 | 29 Feb 2012 R'000 | 28 Feb 2013 R'000 | 29 Feb 2012 R'000 | 28 Feb 2013 R'000 | 29 Feb 2012 R'000 | 28 Feb 2013 R'000 | 29 Feb 2012 R'000 | 28 Feb 2013 R'000 | 29 Feb 2012 R'000 |
| **Revenue** | **1 375 218** | 1 342 838 | **414 690** | 329 989 | **129 579** | 84 935 | **-** | - | **1 919 487** | 1 757 762 |
| **Operating profit** | **39 074** | 60 607 | **44 314** | 40 631 | **23 161** | 22 209 | **(386)** | - | **106 163** | 123 447 |
| Net interest received | **-** | - | **(3 884)** | (2 116) | **-** | - | **10 240** | 14 080 | **6 356** | 11 964 |
| **Profit before taxation** | **39 074** | 60 607 | **40 430** | 38 515 | **23 161** | 22 209 | **9 854** | 14 080 | **112 519** | 135 411 |
| **Taxation** | **(12 113)** | (16 991) | **(11 320)** | (10 784) | **(6 486)** | (6 218) | **(5 280)** | (10 574) | **(35 199)** | (44 567) |
| **Total Comprehensive income** | **26 961** | 43 616 | **29 110** | 27 731 | **16 675** | 15 991 | **4 574** | 3 506 | **77 320** | 90 844 |

### Infrastructure

Revenue in the Infrastructure division showed growth of 2.4%. In contrast, earnings declined due to competitive market forces, but improved compared to the first half of the year. Costs grew at a higher rate because of strategic resource investments.

This division's revenue and profitability is derived primarily from the private sector, which showed growth despite tighter margins. Assuming these competitive pressures stabilise, it is anticipated that operating margins should improve as the new businesses that have been established begin contributing to profitability and our share of government spend improves. Datacentrix retains adequate sales and delivery infrastructure for public sector business and several sizeable tenders have been submitted.

The Infrastructure division has all the required capabilities to continue competing effectively within this space as a result of the abovementioned investments.

### Managed Services

Datacentrix' Managed Services division, which encompasses the Outsourcing, Managed Print Services ("MPS") and Resourcing businesses, achieved a 26% revenue growth and contributed 38% to Group earnings for the financial year.

The division has implemented a tier 3 cloud-ready data centre, a command centre and improved its service desk capabilities. Our investments in this division have contributed to operational efficiencies and effectiveness as well as enhanced offerings. Datacentrix' excellent execution capacity, together with this new enhanced capability, has contributed to a strong, positive reputation in the market.

Datacentrix is a relative new-comer in the Managed Services space and is regularly invited to bid for outsource business in the first tier sector of the market.

As in all other sectors of its business, Datacentrix' business model in Managed Services is predicated on only engaging in transactions with sustainable operating profit margins, in an environment where marginal, or even loss making business, is considered a strategic entry into new opportunities or a means of retaining current business. As industry analysts have observed, the price that wins is not the price that succeeds.

### Business Solutions

The Business Solutions division, comprising the Enterprise Resource Planning ("ERP"), Business Intelligence ("BI") and Enterprise Information Management ("EIM") business units, achieved revenue growth of 53% and contributed 22% to Group earnings.

Datacentrix acquired EIM specialist, Nokusa Engineering Informatics Proprietary Limited ("NokusaEI"), for R45.8 million in December 2012 to strengthen its position in the EIM space. Goodwill on the acquisition amounted to R36 million. Profitability was positively impacted by the acquisition. The acquisition positions the EIM business unit as a leader in this space.

This division's implementation of specialised solutions has resulted in clients receiving multiple awards for innovation and excellence. This includes the recent Ministerial Award presented to the Western Cape Provincial Government Health's Khayelitsha Hospital in recognition of its drive, through EIM, to ensure that it delivers a world-class, patient-centric clinical service.

### Vendor Partnerships

The Group has solidified its vendor partnerships over the past year. HP recognised Datacentrix as its gold level partner with the highest overall revenue, while one of Datacentrix' enterprise managers was named "Outstanding Services Channel Champion". The Group was also named as the solution provider with the highest revenue growth of all local IBM business partners and won the title of the top growth contributor for IBM maintenance services for excellence in IBM storage, and for excellence in the area of System Z, more commonly known as the mainframe.

In addition, Datacentrix won the title of OpenText (EIM solution) local partner of the year and became the first Riverbed Accredited Support Partner in Africa, joining the ranks of a select, invitee-only programme that allows the Group to provide high-value support services to local Riverbed clients.

### Management Structure

The Group has strengthened its management structure with the appointment of two senior executives to its team. Werner Lindemann joins Datacentrix' senior management team as Managing Director - Technology Solutions, after holding various executive positions a major vendor over the past ten years. Abrie Peens, previously a senior business unit manager, will take up the position of Managing Director for Managed Services - Outsourcing.

**Black Economic Empowerment**
Datacentrix is now a level two (AAA) B-BBEE contributor, with 125% procurement recognition. The Group was recently ranked as the 18th most empowered organisation in a Group of over 100 JSE-listed companies, following significant investments in its learnerships, graduate and management development programmes. Datacentrix saw the graduation of its first Group of learnership programme students, with learners nationally successfully completing a year of both practical and theoretical training and earning a Microsoft Certified IT Professional (MCITP) qualification.

In addition to this, the Group's corporate social responsibility projects have helped improve the performance and life opportunities of a significant number of school learners and teachers.

**Prospects**
Datacentrix believes its current organic growth strategy and significant investments have positioned it well to compete effectively in its selected areas of growth. For the year ahead, the Company plans to continue the consolidation of its transition into an integrated solutions and services-based business, backed by top level vendor accreditations and technical capability. Datacentrix will continue reinforcing its skills base, extend the cloud solution and has already created greater focus in the Technology and Outsourcing business units with the new senior management appointments.

Datacentrix maintains its view that benefits could be derived from targeted acquisitions and will continue exploring suitable opportunities.

**Dividend**
Notice is hereby given that the directors have declared a gross final dividend of 12.02 cents for the financial year ended 28 February 2013, which is based on the dividend policy and adjusted for withholding tax. The final dividend has not been included as a liability in these condensed consolidated financial statements as it was declared subsequent to year end. The final dividend for February 2013 is payable to all shareholders on the Register of Members on Friday, 17 May 2013. In terms of the dividends tax, effective 1 April 2012, the following additional information is disclosed:

- the local dividend tax rate is 15%;
- the dividends will be payable from income reserves;
- no STC credits have been utilised. Accordingly, the dividend to utilise in determining the dividends tax is 12.02 cents per share;
- the dividend tax to be withheld by the Company amounts to 1.803 cents per share;
- therefore the net dividend payable to shareholders who are not exempt from dividends tax amounts to 10.217 cents per share, while the gross dividend payable to shareholders who are exempt from dividends tax amounts to 12.02 cents per share;
- the issued share capital of the Company at the declaration date comprises 205 265 683 ordinary shares; and
- the Group's income tax reference number is 9739/002/71/6.

Therefore a total gross annual dividend of 23.27 cents per share, which includes the gross interim dividend of 11.25 cents per share paid on 29 October 2012, has been declared for the year.

| | |
|---|---|
| Declaration date: | Tuesday, 16 April 2013 |
| Last day to trade: | Friday, 10 May 2013 |
| Shares trade ex-dividend: | Monday, 13 May 2013 |
| Record date: | Friday, 17 May 2013 |
| Payment date: | Monday, 20 May 2013 |

Share certificates may not be dematerialised or rematerialised between Monday, 13 May 2013 and Friday, 17 May 2013, both days inclusive.

**Directorate**
In compliance with paragraph 3.59 of the Listings Requirements, the Board of directors of Datacentrix ("the Board") is sad to announce the retirement of Joan Joffe, who served the Board most diligently for the last 14 years, with effect from the conclusion of the Annual General Meeting on 21 June 2013. The Board would like to take this opportunity to thank Joan for her wise counsel and her guidance in this very important phase of transition of Datacentrix. Her significant experience and contribution to the Board will be sorely missed.

**Annual General Meeting**
It is expected that the 2013 Integrated Annual Report will be dispatched to shareholders no later than 30 May 2013. Notice is hereby given that the Annual General Meeting of the Group will be held at Datacentrix' registered office at 10:00 on Friday, 21 June 2013.

For and on behalf of the Board:

| | |
|---|---|
| **Gary Morolo** | **Ahmed Mahomed** |
| Non-executive chairman | Chief executive officer |

16 April 2013

Gary Morolo (non-executive chairman), Ahmed Mahomed (Chief Executive Officer), Alwyn Martin*, Dudu Nyamane*, Elizabeth Naidoo (Financial Director), Joan Joffe*, Thenjiwe Chikane*, Antony Ball*, Pete Backwell*
**independent, non-executive*

| | |
|---|---|
| Company secretary: | iThemba Governance and Statutory Solutions Proprietary Limited |
| Registered office: | Corporate Landing Corporate Park North, 238 Roan Crescent, Old Pretoria Road, Midrand |
| Transfer secretaries: | Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg |
| Sponsor: | Merchantec Capital, 2nd Floor, North Block, Hyde Park Office Tower, Corner 6th Rd and Jan Smuts Ave |