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")

PRELIMINARY AUDITED SUMMARISED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 29 FEBRUARY 2016

Key financial indicators

- Revenue increased 16.0% to R2.6 billion
- Earnings increased by 19.0% to R123.2 million
- Earnings per share increased by 18.9% to 62.9 cents
- Headline earnings per share increased by 18.5% to 62.8 cents
- Cash on hand of R120.5 million

Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 29 February 2016

	Audited 2016 R'000	Audited 2015 R'000
Revenue	**2 609 256**	2 249 661
Operating profit	**164 300**	143 802
Net investment income	**9 180**	2 655
Profit before tax	**173 480**	146 457
Tax	**(50 309)**	(42 980)
Total comprehensive income attributable to ordinary shareholders	**123 171**	103 477
Basic earnings per ordinary share (cents)	**62.9**	52.9
Diluted basic earnings per ordinary share (cents)	**62.7**	52.6
Total declared dividend per share (cents)	**9.23**	17.55
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	**196 237**	170 438
Headline earnings per ordinary share (cents)	**62.8**	53.0
Diluted headline earnings per ordinary share (cents)	**62.6**	52.8
Weighted average number of shares in issue* (000s)	**195 848**	195 798
Weighted average number of shares in issue for purpose of dilution* (000s)	**196 320**	196 780
**adjusted for treasury shares*		
Reconciliation between earnings attributable to ordinary shareholders and headline earnings		
Earnings attributable to ordinary shareholders	**123 171**	103 477
(Profit)/Loss on sale of property and equipment net of taxation effect	**(241)**	324
Headline earnings	**122 930**	103 801

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Summarised Consolidated Statement of Financial Position as at 29 February 2016

	Audited 2016 R'000	Audited 2015 R'000
ASSETS		
Non-current assets	**251 260**	200 179
Property and equipment	**61 778**	68 421
Intangible assets – business combinations	**146 467**	88 854
Intangible assets – software	**6 458**	9 803
Long term receivable	**4 173**	-
Deferred tax assets	**32 384**	33 101
Current assets	**933 775**	780 739
Current tax assets	**1 146**	1 998
Finance lease receivable	**489**	7 191
Inventories	**154 766**	31 122
Trade and other receivables	**656 897**	448 936
Cash and cash equivalents	**120 477**	291 492
TOTAL ASSETS	**1 185 035**	980 918
EQUITY AND LIABILITIES		
Capital and reserves	**690 734**	612 425
Share capital	**21**	21
Share premium	**58 365**	36 092
Treasury shares	**(45 439)**	(35 983)
Equity-settled share scheme reserve	**18 123**	39 208
Retained earnings	**659 664**	573 087
Non-current liabilities	**29 382**	19 889
Deferred revenue	**29 097**	6 438
Loan payable	**-**	13 338
Deferred tax liabilities	**285**	113
Current liabilities	**464 919**	348 604
Trade and other payables	**351 334**	265 096
Deferred revenue	**96 677**	67 580
Finance lease payables	**489**	7 157
Current tax liabilities	**602**	304
Loan payable	**13 658**	6 405
Operating lease liability	**2 159**	2 062
TOTAL EQUITY AND LIABILITIES	**1 185 035**	980 918

Net asset value (adjusted for treasury shares) per share (cents)	**352.7**	312.8
Tangible net asset value (adjusted for treasury shares) per share (cents)	**274.6**	262.4
Total number of shares in issue (adjusted for treasury shares) (000s)	**195 848**	195 798

Summarised Consolidated Statement of Changes in Equity for the year ended 29 February 2016

	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 2014	21	36 079	(35 983)	36 378	501 448	537 943
Total comprehensive income for the year#					103 477	103 477
Treasury shares – movement during the year	-	13	-	(70)	-	(57)
Share-based payments	-	-	-	2 900	-	2 900
Dividend paid	-	-	-	-	(31 838)	(31 838)
Balance at 28 February 2015	**21**	**36 092**	**(35 983)**	**39 208**	**573 087**	**612 425**
Total comprehensive income for the year#	**-**	**-**	**-**	**-**	**123 171**	**123 171**
Treasury shares – movement during the year	**-**	**(8 231)**	**(3 240)**	**-**	**-**	**(11 471)**
Share-based payments	**-**	**-**	**-**	**3 203**	**-**	**3 203**
Transfer between reserves*	**-**	**30 504**	**(6 216)**	**(24 288)**	**-**	**-**
Dividend paid	**-**	**-**	**-**	**-**	**(36 594)**	**(36 594)**
Balance at 29 February 2016	**21**	**58 365**	**(45 439)**	**18 123**	**659 664**	**690 734**

* The transfer of shares between reserves relates to treasury shares and the equity-settled share-based payment reflecting the correct value.
# The total comprehensive income for the period is equal to the profit for the year as no element of other comprehensive income exists.

Summarised Consolidated Statement of Cash Flows for the year ended 29 February 2016

	Audited 2016 R'000	Audited 2015 R'000
Profit before tax	**173 480**	146 457
Adjusted for non-cash items	**17 426**	25 057
Working capital changes	**(167 304)**	27 534
- Inventories	**(120 540)**	13 286
- Trade and other receivables	**(163 955)**	29 194
- Finance lease receivables	**6 702**	19 271
- Deferred revenue and trade and other payables	**110 489**	(34 217)
Cash generated from operations	**23 602**	199 048
Net interest received	**9 245**	3 997
Dividend paid	**(36 594)**	(31 838)
Tax paid	**(47 921)**	(38 094)
Net cash (outflow)/inflow from operating activities	**(51 668)**	133 113
Net cash outflow from investing activities	**(94 470)**	(22 956)
Net cash outflow from financing activities	**(24 877)**	(21 202)
Net (decrease)/increase in cash and cash equivalents	**(171 015)**	88 955
Cash and cash equivalents at the beginning of the year	**291 492**	202 537
Cash and cash equivalents at the end of the year	**120 477**	291 492

Financial instruments information
The Group has not disclosed the fair values of financial instruments measured at amortised cost as their carrying amounts closely approximate their fair values. There were no financial instruments measured at fair value that were individually material at the end of the current year.

Business combination from a related party
On 30 July 2015, it was announced on SENS that, as the requisite approvals for the acquisition of Infrasol Proprietary Limited ("Infrasol") from Pinnacle Holdings Limited had been received from the Competition Commission, the acquisition had become unconditional with an effective date of 1 July 2015. Infrasol designs, deploys, manages and supports ICT infrastructure for organisations across South Africa. This acquisition has strengthened the Group's positioning in the Managed Services space and will contribute to the growth of the Managed Services division. The purchase price related to the acquisition was R85 million. The net asset value, measured in terms of the requirements of *IFRS 3: Business Combinations*, amounted to R33.2 million resulting in goodwill of R51.7 million, which has been accounted for in terms of the contractual agreement. The purchase consideration has been settled in full.

Related party transactions
Except for the business combination transaction with a related party as disclosed above, the Company and its subsidiaries entered into various sale and purchase transactions with related parties in the ordinary course of business. These transactions occurred under terms that are not any different than those arranged with third parties.

Management's responsibility
The audited summarised consolidated financial statements for the year ended 29 February 2016 were prepared under the supervision of Mrs Elizabeth Naidoo, CA (SA), the Group Financial Director. The audited summarised consolidated financial statements comprise the summarised statement of financial position at 29 February 2016 and the summarised statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended.

The board of directors of Datacentrix ("the Board") takes full responsibility for the preparation of this preliminary report and that the financial information has been correctly extracted from the underlying audited consolidated annual financial statements.

Basis of preparation
The preliminary audited summarised consolidated financial statements of the Group are prepared as a going concern on a historical cost basis except for certain financial instruments, which are stated at fair value as applicable.

The preliminary audited summarised consolidated 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. The accounting policies applied in the audited summarised consolidated financial statements are the same as those applied in the Group's consolidated annual financial statements. All new interpretations and standards were assessed and adopted with no material impact.

These preliminary audited summarised consolidated financial statements should be read in conjunction with the Group's audited consolidated annual financial statements for the year then ended 29 February 2016 which have been prepared in accordance with IFRS. A copy of the full set of the Group's audited consolidated financial statements can be obtained from the Company's registered office.

Auditor's opinion
The preliminary summarised consolidated financial statements have been derived from the Group's audited consolidated annual financial statements and have been audited by SizweNtsalubaGodobo Inc. The auditor, SizweNtsalubaGobodo Inc., has issued its opinion on the Group's audited consolidated annual financial statements for the year ended 29 February 2016. The audit was conducted in accordance with International Standards on Auditing. SizweNtsalubaGobodo Inc. has issued an unmodified audit opinion on the Group's audited consolidated annual financial statements. The auditor issued an unmodified audit opinion on the summarised consolidated financial statements stating that these summarised consolidated financial statements are consistent in all material respects with the Group's audited consolidated annual financial statements. This auditor's report does not necessarily report on all the information contained in this announcement. A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the annual consolidated financial statements is available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditor.

Subsequent events
Shareholders are advised that the Board has approved a change in the Company's financial year-end from February to June, with effect from 30 June 2016.

Further, as disclosed in the SENS announcements on 14 April and 15 April 2016 entitled "Legal Proceedings" and "Legal Proceedings – Update" respectively, Datacentrix Proprietary Limited (a wholly-owned subsidiary) has been cited as a respondent in an application in the High Court of South Africa seeking to review and set aside a bid awarded to the Company in January 2015. The wholly-owned subsidiary has taken legal advice and will be opposing the matter. Any developments will be appropriately communicated.

Other than mentioned in this report, there were no other material subsequent events that required disclosure.

The business of Datacentrix
Datacentrix is an ICT solutions provider that uses leading technologies to deliver sustainable value to corporate and public sector organisations predominantly in South Africa. The Group has maintained its approach to strategically partner with its customers, equipping them with valuable insight and helping them to align their technology undertakings with their business strategy. Datacentrix has the expertise to assist customers in navigating the ever-changing IT landscape. It offers a holistic value proposition by delivering complex integrations between technologies that help safeguard customer relevance and competitiveness into the future.

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The three operating divisions of Datacentrix are: Managed Services, Technology Solutions (previously referred to as Technology) and Business Applications (previously referred to as Business Solutions). The integrated nature of the technology landscape means that these three businesses are inextricably connected. The breadth of the portfolio encompasses all the significant enterprise hardware and software vendors.

As a Pinnacle Holdings Group company, Datacentrix has access to an extended solution set, positioning the Group uniquely amongst its peers by eliminating the need to source alternative vendors or solutions in non-core areas. This move to becoming a more holistic technology solutions provider makes the Group more cohesive, more reliable and a stronger IT partner.

Group financial performance
The Board is pleased to announce the results for the financial year ended 29 February 2016. Group revenue increased by 16.0% to R2.6 billion from R2.3 billion. Earnings attributable to shareholders grew by 19.0% to R123.2 million from R103.5 million and headline earnings per share ("HEPS") increased by 18.5% to 62.8 cents from 53.0 cents. The Group operating margin is 6.3%.

The Group's cash requirements increased due to the start of the implementation of larger complex project-based solutions in the latter part of the reporting period resulting in a closing cash balance of R120.5 million. Cash was utilised during the year for settling the consideration of current period acquisitions net of cash balances acquired (R80 million), returned to shareholders (R36.6 million), taxation obligations (R47.9 million) and capital expenditure in relation to plant and equipment (R9.5 million). Furthermore, the Group settled obligations related to prior period acquisitions (R6 million).

Datacentrix continues to run a profitable business, with the fundamental principles of business in place: retention of quality skills; leading vendor partnerships; sound and prudent financial management; resilient operations; strong technical and execution capability; and a commitment to black economic empowerment imperatives.

The Managed Services and Business Applications divisions contributed 45.2% and 9.1% respectively to the Group's profit after tax ("PAT"), with the Technology Solutions division contributing 42.1%.

Segmental analysis*

	Managed Services		Technology Solutions		Business Applications		Corporate		Group	
Audited 12 months Ended	**29 Feb 2016 R'000**	**28 Feb 2015 R'000**	**29 Feb 2016 R'000**	**28 Feb 2015 R'000**	**29 Feb 2016 R'000**	**28 Feb 2015 R'000**	**29 Feb 2016 R'000**	**28 Feb 2015 R'000**	**29 Feb 2016 R'000**	**28 Feb 2015 R'000**
Revenue	**622 840**	516 695	**1 823 717**	1 572 023	**162 699**	160 943	**-**	-	**2 609 256**	2 249 661
EBITDA	**96 956**	83 985	**81 979**	69 693	**17 302**	16 760	**-**	-	**196 237**	170 438
Operating profit	**78 477**	65 661	**73 005**	64 450	**15 840**	15 293	**(3 022)**	(1 602)	**164 300**	143 802
Net interest	**28**	(1 179)	**-**	-	**-**	-	**9 152**	3 834	**9 180**	2 655
Profit before taxation	**78 505**	64 482	**73 005**	64 450	**15 840**	15 293	**6 130**	2 232	**173 480**	146 457
Taxation	**(22 834)**	(18 922)	**(21 171)**	(18 915)	**(4 594)**	(4 488)	**(1 710)**	(655)	**(50 309)**	(42 980)
Total comprehensive income for the year #	**55 671**	45 560	**51 834**	45 535	**11 246**	10 805	**4 420**	1 577	**123 171**	103 477

The total comprehensive income for the period is equal to the profit for the year as no element of other comprehensive income exists.
* The segments of the entity is based on the information reported to the chief operating decision maker (CEO) and has not changed from the prior reporting period.

Managed Services
The Managed Services division accounted for 45.2% of Group PAT, increasing 22.2% to R55.7 million from R45.6 million for the year. The division achieved an operating margin of 12.6%.

The division has performed well in a generally constrained and competitive market. The increased level of collaboration across its areas of technical expertise, subject matter experts and technology partners has further improved service delivery and efficiencies, enhancing the division's ability to address customer needs more effectively.

The Outsource business continues to grow and secured a number of new-term selective outsource opportunities in the latter part of the year.

The division's Managed Talent Solutions ("MTS") business showed good growth. In the face of legislative changes, MTS increased its market share, specifically with new client acquisitions, while permanent placements contributed to a healthy revenue stream.

The Group's compelling cloud offering (Microsoft Exchange, Infrastructure as a Service ("IaaS"), Platform as a Service ("PaaS") and application hosting) offers long-term growth opportunities. The Cloud services business is in an investment phase and is being integrated into the Group's solution set.

Datacentrix has gained ground in the Internet Service Provider (“ISP”), Network Service Provider (“NSP”), communications and Wide Area Network (“WAN”) sectors, which have developed into respectable competency areas for Datacentrix.

The acquisition of Infrasol has further bolstered Datacentrix' existing network, communications, datacentre and outsourcing businesses. The effective integration of Infrasol into the Group since July 2015 has resulted in synergies and the Group securing a number of combined wins.

The Managed Services division focuses on enabling customers to grow their businesses by driving efficiency, augmenting their business processes and systems and enabling management to make meaningful business decisions. The division’s portfolio encompasses:
- Outsourcing services;
- Cloud services;
- ISP, NSP and communications;
- ICT facility services; and
- Human capital supplementation.

Technology Solutions
The Technology Solutions division grew revenue by 16.0% and PAT by 13.8%, with PAT increasing to R51.8 million from R45.5 million. The division contributed 42.1% to total Group earnings for the year.

Strategic consulting with customers has had a positive impact on the performance of this business, with good growth being achieved, particularly within the datacentre, storage, security and networking areas. The division’s solution consultants set it apart as a strong contender for complex ICT solutions and system integrations. This is resulting in meaningful term engagements, which will contribute to future revenues.

The division’s multi-faceted, multi-brand approach confirms that its strength lies in its diverse, customisable offerings. The business, with its execution capability, specialised skills, internal and partner collaboration and technology expertise, offers its customers a comprehensive value offering. The Technology Solutions division is supported by top-level vendor accreditations with best of breed vendors and skills in the market and has garnered a number of vendor accolades during the year.

Datacentrix has realigned its capability in the division to optimise its response to changing market conditions, leverage opportunities in the market and drive efficiencies.

The Technology Solutions division assists customers in driving their business strategies forward through the provision of integrated technology systems that simplify complex infrastructure solutions such as datacentre optimisation. Offerings include:
- IT hardware;
- Infrastructure software solutions;
- End user computing;
- Enterprise systems, datacentre, storage, server platforms and networking; and
- Security solutions, supported by the necessary consulting and services capability.

Business Applications
PAT in the Business Applications division increased to R11.2 million from R10.8 million. The division contributed 9.1% to Group earnings for the year. Operating margin is 9.7%. Good growth was achieved in the Enterprise Information Management (“EIM”) business with new customers acquired across various industries.

The division was impacted by the slow performance in the ERP and the Business Intelligence and Analytics business units. The application offering has been redefined and reorganised. The Group continues to look for suitable acquisitions in this area.

A Smart Healthcare solution has been structured and is being implemented at a local, private hospital with the potential of rolling out to other healthcare providers.

The Business Applications division provides customers the solutions to allow them to better utilise the information generated, manipulated and stored within their ICT infrastructures. There are three key solution focus areas, namely:
- EIM;
- Enterprise Application Services; and
- Professional Services.

Prospects
The Group performed well in a tough economic climate and will continue to capitalise on opportunities in the market. The Group achieved double digit growth in a market that is growing in lower single digits, signifying an increase in market share. Long-term contracts secured during the year will provide impetus for the year ahead.

During the year in review, the Group started securing revenue in Africa largely by following customers into the region. The Group is cognisant of the challenges faced in trading in Africa and its strategy therefore predominantly centres on following existing customers into Africa.

Financial pressures within the business domain are shrinking IT budgets. Customers are looking for competitively priced, fit-for-purpose solutions that are scalable as their business requirements flex and change with their operating environment. They require solutions that provide more capability for less. Datacentrix is uniquely positioned to structure service offerings that are highly agile due to the maturity of its services, customer understanding, technology partnerships and technical expertise.

Modernising traditional businesses to compete in the digital era involves transforming technology infrastructure to an 'IT on demand' model where infrastructure becomes a commodity that grows with the business. The Group has the capability to help customers to plan their journey into the digital age by harnessing the power of the connected world. Datacentrix' role is no longer only concerned with merely upgrading technology, but about transforming customers to become agile, mobile, intelligent, data-driven organisations.

The Group will continue with a strategy to expand both organically and through acquisitions and will seek out suitable acquisitions to broaden its reach and to bring new solutions to market.

Datacentrix believes that its single-minded, customer-centric approach has built credibility and positioned the Group favourably within the market.

Black Economic Empowerment
Datacentrix has maintained its Level Two (AAA) B-BBEE Contributor status, with 125% procurement recognition.

Changes to the Board
As previously disclosed on SENS, the following changes to the Board have been made, effective 3 March 2016, as a result of the change in control and in compliance with the Listings Requirement of JSE Limited, following the finalisation of the mandatory offer to shareholders by Pinnacle Holdings Limited:

- Arnold Fourie, CEO of Pinnacle Holdings Group, has assumed the role of non-executive Chairman;
- Nolitha Fakude has stepped down from her role as Chairperson to assume the role of Deputy Chairman and Lead Independent Director;
- Henry Ferreira has been appointed as a non-executive director; and
- Richard Lyon has stepped down from his role as a non-executive director to assume the role of alternate director to Arnold Fourie.

The Board remains in a strong position to deal with any company affairs that may arise and continues to support the current strategy.

Dividend
The Board declared an interim gross cash dividend of 9.23 cents per share. The Group previously indicated that as it expands and secures the provisioning of complex turnkey solutions, working capital requirements will increase. As a result, investment is required not only to support this organic growth strategy, but also potential acquisitions. Consequently, the Board has decided not to declare an additional final dividend payment for the second half of the 2016 financial year. Datacentrix intends to remain a dividend paying company and the Board will review this at each reporting date.

The Board would like to thank the management and staff at Datacentrix for their dedication, commitment and hard work that have resulted in this year's positive performance.

For and on behalf of the Board:

Arnold Fourie, Chairman **Ahmed Mahomed, Chief Executive Officer**

18 April 2016

Arnold Fourie# (Chairman), Ahmed Mahomed (Chief Executive Officer), Alwyn Martin*, Dudu Nyamane*, Elizabeth Naidoo (Group Financial Director), Henry Ferreira#, Nolitha Fakude* (Deputy Chairman, Lead Independent Director), Richard Lyon^ (*independent, non-executive) (#non-executive) (^alternate director to the Chairman).

Company secretary:	JV Parkin
Registered office:	Corporate Park North, 238 Roan Crescent, Old Pretoria Road, Midrand
Transfer secretaries:	Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg
Sponsor:	Merchantec Capital