datacentrix

Serious about performance, passionate about value

Integrated Annual Report **2014**

Mission

Datacentrix strives to maximise stakeholder wealth by providing leading, integrated solutions across the areas of ICT systems, business solutions, cloud and managed services to enterprises in South Africa.

To achieve this, Datacentrix invests in its people through training and education, embracing black economic empowerment, while actively partnering with its customers and premier technology partners – representing them with distinction – to deliver maximum business value.

References are included within this annual report to find out more information on a certain topic or section, either within the report itself or on the company's website - www.datacentrix.co.za

Additional information is available in this report

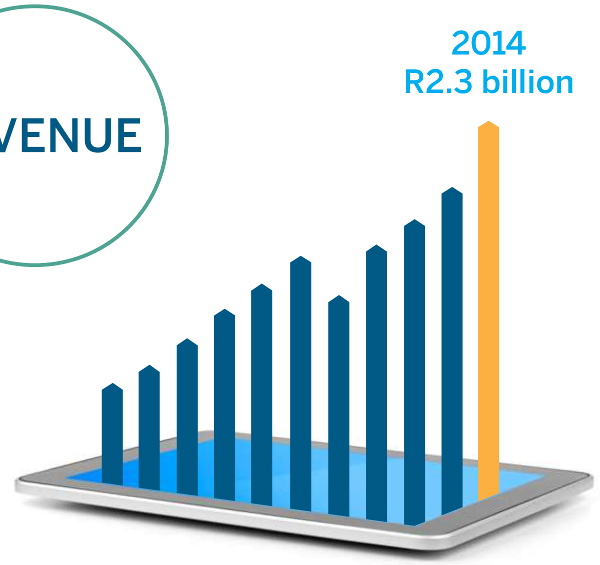
Additional information is available online

Contents

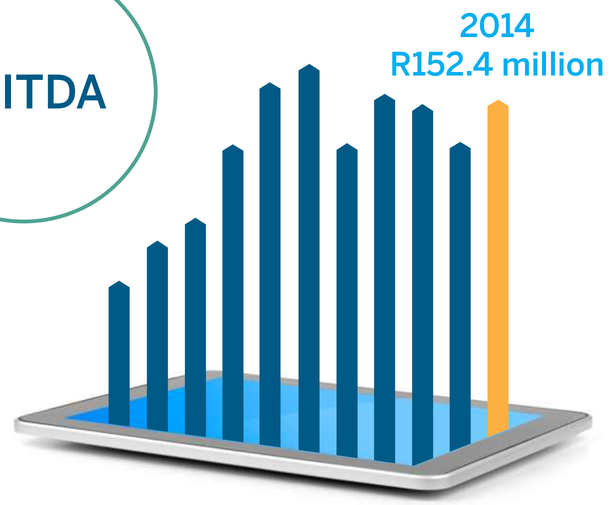
Business overview

Key financial indicators

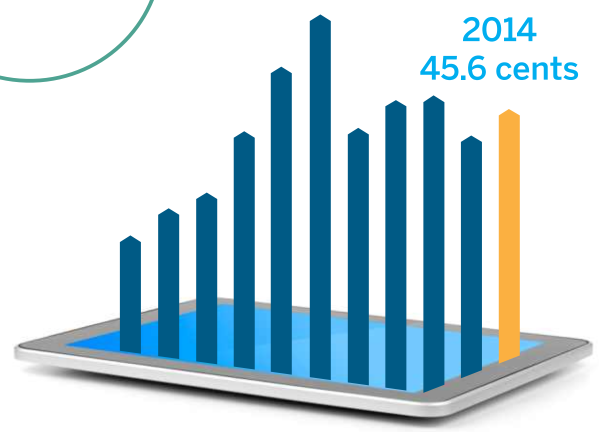
REVENUE



EBITDA



HEPS



Key financial indicators continued

R2.3 billion

Revenue increased 19% to R2.3 billion

45.4 cents

Basic earnings per share ("EPS") increased by 15% to 45.4 cents

45.6 cents

Basic headline earnings per share ("HEPS") increased by 15% to 45.6 cents

Cash on hand

Cash on hand of R202.6 million

R142.6 million

Cash generated from operations of R142.6 million

Ten-year review	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenue (R'000)	**2 279 512**	1 919 487	1 757 762	1 575 739	1 290 781	1 513 322	1 346 971	1 201 904	1 034 397	882 205
EBITDA (R'000)	**152 398**	126 341	145 226	150 091	126 619	165 534	157 096	124 564	88 661	78 084
Total assets (R'000)	**962 299**	898 031	757 333	662 441	590 254	610 333	548 529	457 345	450 141	367 709
Cash holdings (R'000)	**202 537**	273 761	313 377	321 170	284 836	232 841	221 896	173 841	165 615	167 146
HEPS (cents)	**45.6**	39.6	46.9	46.3	41.0	61.5	52.0	40.4	28.7	25.7
EPS (cents)	**45.4**	39.5	46.4	46.1	41.1	61.5	52.0	40.0	25.5	21.5
Net asset value (cents)	**274.7**	251.1	240.6	214.5	195.7	184.2	150.4	127.0	124.9	109.4
Tangible net asset value (cents)	**223.1**	216.8	229.0	205.4	186.9	175.4	141.3	118.6	116.2	96.6
Weighted average number of shares in issue ('000)	**195 798**	195 798	195 798	195 798	195 798	195 785	195 785	195 655	195 647	195 801
Number of employees	**1 121**	1 060	1 025	980	876	820	707	670	568	567
Group EE: % Black staff	**60%**	59%	56%	54%	55%	53%	51%	51%	51%	51%
Group EE: % Designated staff	**70%**	69%	67%	67%	68%	66%	66%	66%	67%	66%

EBITDA: Earnings before interest, taxation, depreciation and amortisation
EE: Employment equity

Overview

Datacentrix is a complete ICT systems integrator that provides solutions and services across the full information value chain to its customers. The company uses leading technologies to drive customer business strategies, unlocking efficiencies and equipping customers with valuable business insight. The company, incorporated in the Republic of South Africa, has been listed on the main board of the Johannesburg Stock Exchange since 1998 (JSE share code: DCT).

Datacentrix' mature offerings; its national footprint; and proven execution capability reinforce its position as one of the top ICT players in the local market.

Vision

Datacentrix strives to be the preferred partner for complete ICT systems and services to corporate and public sector organisations in South Africa.

The company plans to grow in a profitable, yet responsible and ethical manner by delivering industry-leading solutions, skills and always available support engines to its customers, maximising their technology investment and business value.

Datacentrix today

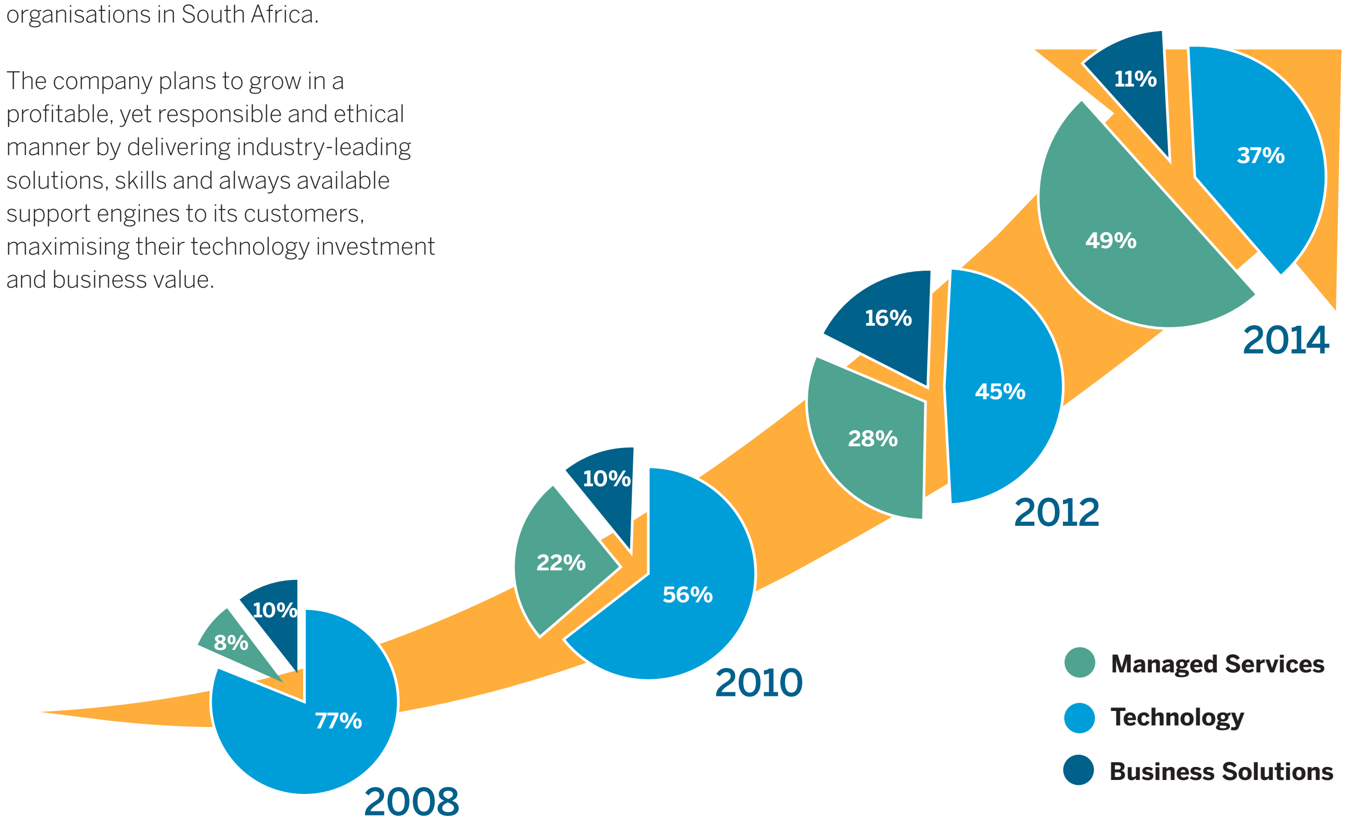
Over the past five years, Datacentrix has successfully transformed itself from an infrastructure, product-focused organisation to an integrated, service-orientated solutions and systems provider. These changes to the company's business model were fuelled by the changing requirements of our customers and have secured Datacentrix' capacity to:

- deliver strategic business value;
- drive efficiencies;
- enhance processes;
- optimise technology investments; and
- enable organisations to make meaningful business decisions.

Datacentrix teams up with customers to help them realise the inherent benefits that intelligent, well-managed technology systems can deliver.

VALUES

The company's vision is underscored by its shared values of **performance, professionalism, passion** and **pride.**



Change in segmental contributions to earnings

Overview continued

Broad, mature portfolio

Datacentrix' integrated offering encompasses its three divisional focus areas:

- **Managed Services:** End-to-end managed services, always-available support, outsourcing solutions, including innovative public and private cloud solutions as well as managed print and document solutions;
- **Business Solutions:** Business solutions that enable operating model transformation, including enterprise information management, enterprise resource planning and business intelligence and analytics;
- **Technology:** The division was renamed to more accurately reflect its transformation to a solutions business. Competencies housed within the Technology division include: unified communications; networking and datacentre capability – including the ability to deploy cloud solutions; complex storage solutions; server platform solutions; end user computing, including a customisable procurement portal; and security solutions.

Proven execution capability

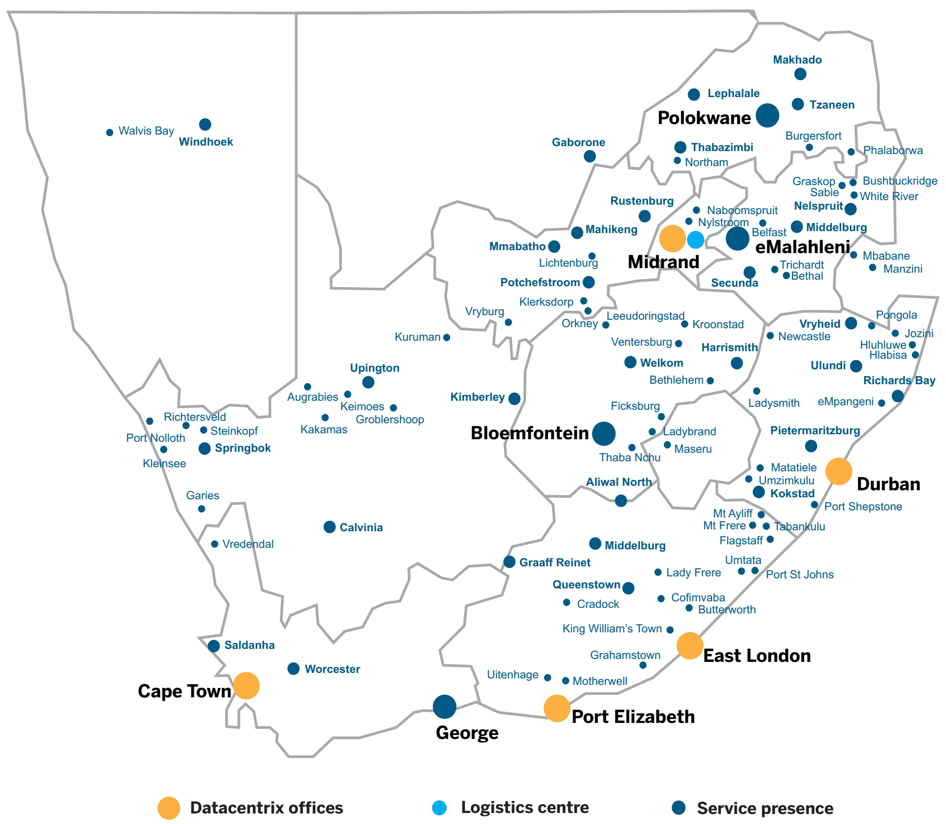
Datacentrix' execution capability enables the company to provide consistent, high-level quality services and solutions to its customers. It is Datacentrix' solution building and delivery capability that keeps it ahead of the competition.

- Best teams
- World-class partners
- State-of-the art support services
- Leading edge technical capability

The company continues unlocking tangible value for customers; whether it is in the form of providing the right technology solutions or delivering managed services to a range of customers. It is all about using technology to drive customers' business strategy – delivering more value, all of the time.

National points of presence

Operations are managed from the company's registered head office in Midrand and from regional offices in Cape Town, Port Elizabeth, East London and Durban. A state-of-the-art Logistics Centre is situated in Samrand, with service centres in George, Bloemfontein, Polokwane and eMalahleni (previously Witbank). National points of presence support the company's service delivery model.



Strategic enablers

The company's four topmost strategic enablers include:

People

Datacentrix' most valuable assets are captured in the minds and spirit of its people. The company has the best teams with some of the most skilled resources in the industry.

Every person plays a critical role in supporting the company's service delivery model and value-driven approach. The company's customer-centric culture ensures that it consistently delivers high-level services to its customers all of the time.

Partnerships

Relationships with staff, customers, technology partners and other stake-holders are the bedrock of the company. A top priority is Datacentrix' longstanding associations with its technology partners, enabling direct access to and supply of cutting edge technology using the shortest channels. The resulting cost and time efficiencies are passed onto customers.

Datacentrix is one of the most highly accredited technology organisations in South Africa.

Innovation

Datacentrix' passion for excellence is the driving force behind its innovative and flexible solutions that respond to customer requirements. Innovation is what opens doors to enhancing customers' performance and growth in a measurable and sustainable way.

Integrated systems

The company operates across the entire information value chain, using leading technologies and its expertise to deliver solutions that power our customers' strategies, reduce costs, increase uptime and ensure hassle-free computing.

Black economic empowerment

An updated rating was obtained from Empowerdex in May 2013, confirming a Level 2 (AAA) broad-based black economic empowerment ("B-BBEE") Contributor status for Datacentrix.

Scorecard	Target Score	Actual Score
Ownership	20.00	18.90
Management control	10.00	11.00
Employment equity	10.00	4.70
Skills development	17.00	11.40
Affirmative procurement	20.00	19.54
Enterprise development	11.00	11.00
Socio-economic development	12.00	12.00
Total Score	**100.00**	**88.54**

Value offering to customers

Datacentrix uses technology to deliver sustainable business value.

Our value to customers can be described as our capacity to:

Integrate	**Using leading technology solutions to automate and integrate technology systems and business processes;**
Optimise	**Maximising customer's return on investment in resources and technology, while saving on non-essential investment;**
Grow	**Applying technical excellence combined with sound business understanding to enhance productivity;**
Invest	**Offering customers a mature portfolio of world-class technology solutions and best skills to respond to their specific information lifecycle's requirements;**
Excel	**Exceeding customer expectations with innovative solution design; an always-available, high-level service model; and embedded customer-centric culture;**
Conserve	**Implementing sustainable business practices;**
Simplify	**Offering customers the convenience of one ICT solutions provider for all their information requirements; and**
Partner	**Valuing relationships by being committed to our stakeholders, our staff, our customers and our technology partners.**

Operations

Datacentrix' comprehensive offerings are managed internally across three operational divisions:

Managed Services division

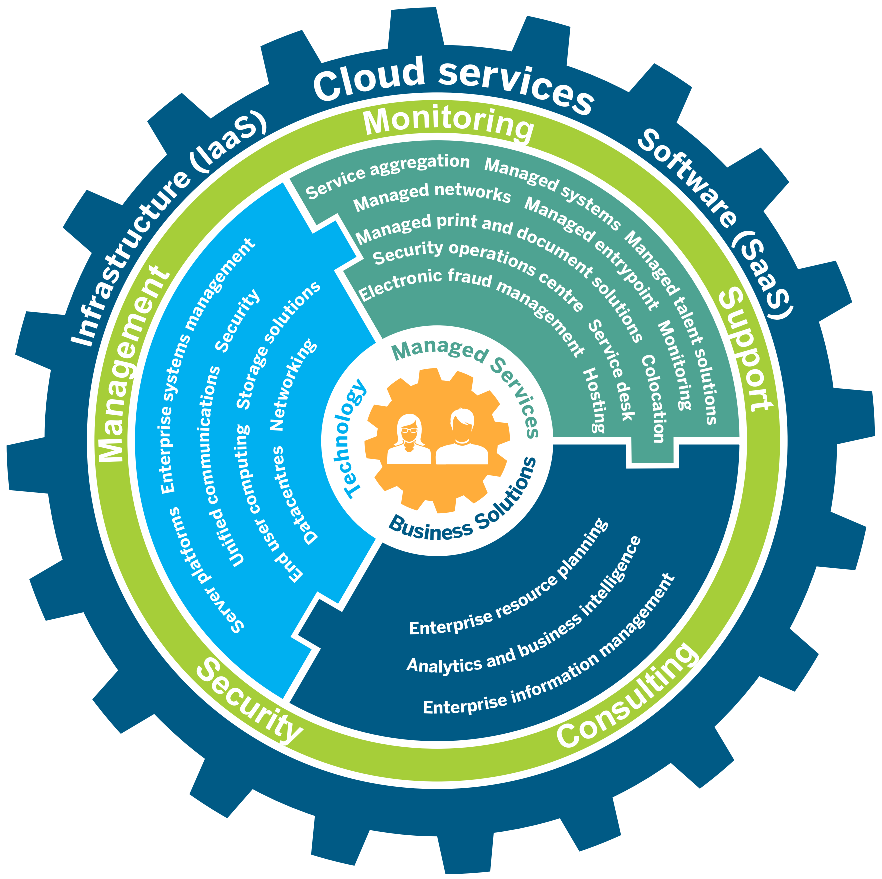
The Managed Services division ensures maximum infrastructure availability through the provision of systems deployment, on-going management, and maintenance and support services, including cloud services and internet provisioning.

Business Solutions division

The Business Solutions division enables organisations to take better advantage of the information that is constantly being created, manipulated and stored in their ICT infrastructures. These solutions automate and streamline business processes, improving productivity and ensuring that meaningful business decisions can be taken.

Technology division

The Technology division (previously the Infrastructure division) offers large-scale ICT infrastructure hardware and software solutions, providing professionally managed infrastructure cycles from design to maintenance.



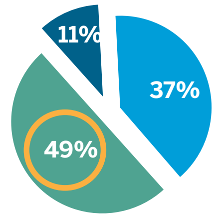
Datacentrix is one of South Africa's leading providers of integrated technology systems. The company's technical excellence, 'always-on' support services, and highest partner accreditations ensure that customers enjoy a professional experience with a passionate team.

HIGHLIGHTS

Managed Services division

The company's all-encompassing Managed Services offering includes:

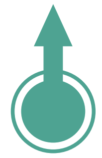
- **Cloud computing:** Cloud services with management, performance monitoring, security, and always-on availability. Services are available from the company's datacentres and are monitored 24x7x365 using industry leading technology.
- **Service aggregation:** A vendor service framework where Datacentrix becomes the single service aggregation partner of choice for all customer service issues and service providers.
- **Service desk:** An always-on service desk solution, providing customers the ability to rapidly report any IT problems and solve ongoing issues.
- **Managed systems:** Services that manage and support server infrastructures, databases, applications, network configurations, leading vendor hardware and operating systems.
- **Managed networks:** Local and wide area networks (WANs), including solutions from the network core to the network edge, as well as datacentre deployment.
- **Managed entrypoint:** Datacentrix secures, controls, manages and maintains all devices that a customer owns, and monitors those that it does not.
- **Monitoring:** Customer network and systems infrastructure monitoring, including all server hardware systems, operating systems, application services, databases, network devices and servers.
- **Managed hosting:** Services are provided with service level agreements, 99.999% network uptime guarantee and can be extended to include specialised security services.
- **Colocation:** Fully managed datacentre solutions, including high density, network-rich and secure colocation.
- **Security operations centre (SOC):** Monitors and defends customer environments against security threats and offers a powerful analytical tool that simplifies compliance, enhances security and ensures risk mitigation.
- **Managed print and document solutions:** Integrated document solutions across the document life cycle.
- **Electronic fraud management:** Guards against electronic fraud and identity theft, and encompasses all legal, operational and compliance requirements.
- **Managed talent solutions:** In-house recruitment specialists offering quality permanent and contractual skills in the fields of IT, SAP, engineering and finance.



Contributed **49%** to Group profit before taxation

Operating margin at **12.7%** despite a 38% increase in depreciation charges as a result of investments in supporting infrastructure.

Unlocking value through acquisition
Acquired eNetworks, specialist networking company and internet service provider.



Revenue grew by **25%** and EBITDA increased by **46%**

Renewed contracts

Healthy contributions
from outsourcing, managed print and document solutions. Positive contribution by eNetworks.

Unlocking value

"The acquisition of the network company and internet services provider, eNetworks, is already unlocking value for Datacentrix and our customers. The capacity to source network connectivity and bandwidth at wholesale prices and deploy bespoke fibre networks enables Datacentrix to build fully integrated end-to-end solutions for customers.

Jan Dry, Chief Technical Officer and Head of Cloud Services - Managed Services

Operations continued

Business Solutions division

There are three key solution areas within the Business Solutions division.

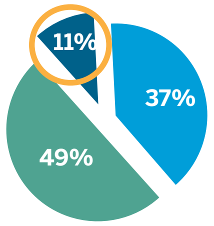
- **Analytics and business intelligence ("BI"):** The analytics and BI unit ensures that customers can make meaningful business decisions from their structured and unstructured data by providing the systems they need to do so – customised to their business' specific requirements.
- **Enterprise information management ("EIM"):** The EIM unit focuses on business information. The team ensures that customers gain better business insight, create a more positive business impact, increase process velocity, reduce risks relating to information governance and address information security concerns. A well-designed EIM strategy empowers companies to unleash the full power of their information resources.
- **Enterprise resource planning ("ERP"):** Datacentrix helps customers maximise the advantages that an effective ERP system provides: integrating myriad business processes, which saves time and expense; enabling faster more accurate decision making; and ensuring the visibility of data across the organisation.

Efficiency

"The EIM business is one of the leading EIM solutions providers in the country. Its multi-faceted EIM programme helps organisations transition towards a paperless environment, improves workflow processes, achieves major costs savings in terms of paper, floor space and time, as well as more efficient and effective business processes."

Juane Peacock, Managing Director: Coastal Technology (Technology division) and Enterprise Information Management (Business Solutions division)

HIGHLIGHTS



Contributed **11%** to Group profit before taxation

Revenue increased by **27%**

81% of EBITDA was generated during the second half of 2014

- Challenges addressed
- Good performance in the second half

Good revenue growth of **59%** in EIM

Outstanding performance from the Western Cape and KwaZulu-Natal EIM operations

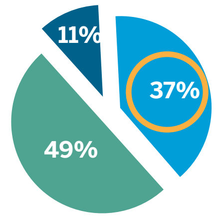
Acquired company
Acquired in the prior year, Nokusa has complimented the existing portfolio and made positive contributions to the division's results.

Technology division

The breadth of the company's integrated offering encompasses a cutting-edge technology component that includes the following offerings:

- **Server platforms:** The procurement, installation, management and maintenance of customer server environments using leading server platform technology, specialist virtualisation and consolidation solutions.
- **Enterprise systems management ("ESM"):** Includes the configuration, management, monitoring and control of large, distributed enterprise systems, as well as the standardisation of the procedures and processes applied, to optimise system and investment efficiencies.
- **Datacentres:** Ensures the continuous processing, storage, protection and management of customer data by designing, building, managing and maintaining leading-edge datacentres. This includes on-premise or hosted infrastructure as a service ("IaaS") and 24x7x365 support services.
- **Security:** Delivers complete information confidentiality, integrity and availability using security technologies for monitoring, assessing and defending company information. Ten core security services deliver ongoing peace of mind: the management of vulnerability, content, perimeter and database security; as well as intrusion prevention; endpoint and mobile security; data loss prevention and encryption; network access control; and governance, risk and compliance.
- **Unified communications and networking:** Delivers the best-fit voice, data and communication services, optimising customer internal and external corporate communication – adding to their professionalism. Competencies extend from the core of a company's network into the datacentre.
- **End user computing:** Customised, automated procurement, product rollout, asset and mobile device management, support and maintenance solutions, product mapping, financing solutions, as well as network security access management and application virtualisation.
- **Storage solutions:** Offers access to the best tiered and virtual enterprise storage technology, complete implementation, management and monitoring services, ensuring the ongoing availability, security and controlled accessibility to company data.

HIGHLIGHTS



Contributed **37%** to Group profit before taxation

Effective cost management

Year-on-year revenue growth of **16%**

Operating profit increased by **20%**

Positive contribution from organic growth investment areas:

Security | Datacentre solutions | Networking

Business value

"Our objective is to help our customers attain the maximum business value that intelligent, well-managed technology systems can deliver."

Johann Coetzee, Managing Director: Commercial (Technology division)

Technology partners

Datacentrix' dedication to its partners and its on-going investment in skills has played a key role in the company's success. The company's investment in partner relationships has resulted in the highest possible technical and sales accreditations by its technology vendors. Datacentrix is committed to focusing on core skills, capabilities and competencies that keep the company at the forefront of technology.

Refer to the company's website for a full list of partner accreditations and accolades at www.datacentrix.co.za

Accolades from some of the company's technology partners during the year

HP: Datacentrix received 10 awards at the 2013 HP partner awards. Not only was the organisation named as HP's overall partner of the year, it also garnered the following titles: Enterprise Group (EG) partner of the year; Storage partner of the year; Industry Standard Server (ISS) partner of the year; Workstation partner of the year; Retail Point of Sale (POS) partner of the year; and Software Information Management partner of the year.

Datacentrix also achieved HP Platinum Partner status, one of only five in South Africa, highlighting the company's ability to deliver smart and flexible HP strategies that will help customers well into the future.

According to David McMurdo, indirect sales country manager at HP South Africa, "Datacentrix has been instrumental in growth across this entire sector. Not only this, but as HP South Africa's overall partner of the year, it is clear that Datacentrix has a true understanding of the HP offering from end to end."

Cisco: Datacentrix is a Gold Cisco Partner. This partnership supports internet protocol ("IP") based networking and core areas of routing, switching, optical and storage networking, IP telephony, network security and wireless Local Area Network ("LAN"). The company is also an Advanced Technology Partner (ATP) in Video Telepresence, Identity Services Engine and Advanced Collaboration.

IBM: Datacentrix is an IBM Premier Business Partner, IBM Tivoli, Websphere, information Management and Security Software Partner; IBM Storage, Power, PureFlex and Flex System Speciality Partner; and IBM PureData and PureFlex Systems Partner.

Lenovo: Datacentrix is a Fully Authorised Tier 1 Value Added Reseller and Authorised Warranty Services Provider for Lenovo and imports, resells and supports the entire range of Lenovo products.

OpenText: Datacentrix is the only Platinum Partner for OpenText in South Africa and is also a Global Alliance partner.

Riverbed: Datacentrix has been named Africa's first "Diamond" level partner by application performance company, Riverbed Technology, in recognition of its outstanding track record of sales success and its technical and support commitment to Riverbed solutions.

Datacentrix was also named the first Riverbed Accredited Support Partner (RASP) in Africa, joining the ranks of a select, invitee-only programme that allows the organisation to provide high-value support services to local Riverbed customers, helping them to fully leverage the value of their technology investments. Datacentrix offers the highest levels of customer support, ensuring that any Riverbed investment is backed by world class service.

Symantec: Datacentrix holds the highest level within Symantec's Partner Programme as a Platinum Partner. This accreditation confirms that Datacentrix delivers the highest value to its customers and demonstrates expertise in multiple Symantec solution sets and attains a high level of customer satisfaction.

hp | cisco | IBM | lenovo FOR THOSE WHO DO. | OPENTEXT Partner PLATINUM | riverbed | Symantec.

Approach to reporting

This integrated annual report has been compiled for Datacentrix Holdings Limited, its subsidiaries and joint venture. It provides information relating to the Group's strategy, governance, performance and prospects for the financial year 1 March 2013 to 28 February 2014.

This is the company's fourth integrated annual report and has been produced in line with the recommendations of the King Code of Governance Principles (King III). The objective of the report is to provide a balanced, accessible and comparable account of the company's performance over the year and its approach to addressing social, economic, environmental and governance issues that have a material impact on the long-term success of the business or that are of interest to the company's key stakeholders.

Refer to pages 23 - 40 for more information on corporate governance

Integrated strategy

Datacentrix is pleased to present its 2014 integrated report, providing stakeholders better insight into the way the business is managed. The on-going commitment to sound governance and good corporate practice is demonstrated through the robust governance structures in place that are aligned to King III and the Companies Act. In line with Datacentrix' vision and mission statement, the company has provided customers with complete information solutions that have enhanced their business efficiencies and maximised business value.

The Audit and Risk Committee plays a pivotal role in reviewing the integrated report and the nature of any associated external assurance processes. Where assurance was obtained in relation to financial or non-financial data, it is clearly stated. The board acknowledges its responsibility to ensure the integrity of the integrated report. The directors confirm that they have reviewed the content of the integrated report and believe it addresses the material issues and is a fair presentation of the integrated performance of the Group.

Key strategic themes

Financial: Operating effectively
- Shareholder value
- Hands-on management
- Prudent accounting
- Strategic acquisitions
- Conservative and sound business practices

Economic: Business continuity
- Organic and acquisitive growth
- Investing in a unique and complementary product and specialist service portfolio
- Human capital
- Investing in strategic partnerships with premier technology companies
- Maintaining a people focus culture at an employee, customer, stakeholder and partner level

Governance: Keeping our business practices healthy
- Corporate governance
- Compliance
- Risk management
- Ethics

Environmental: Operating sustainably
- Environmental development
- Stewardship
- Sustainable business practices

Social: Making a difference
- Corporate social investment
- Black economic empowerment
- Skills development
- Value-driven organisation
- Occupational Health and Safety

Corporate social investment

Datacentrix' growth drivers cannot be achieved effectively without a committed focus on sustainable development; this sentiment underpins the strategy and is in line with the objective of being a responsible corporate citizen.

Corporate responsibility requires that the company operates in an informed, responsive and socially responsible manner, including:

- making a positive socio-economic contribution to the regions where the company operates, for example, by stimulating job creation, supporting skills development, investing in communities, and promoting BEE;
- fostering value-driven, ethical behaviour and good governance practices, under-pinned by respect for human rights;
- embedding a culture of safety in the workplace;
- providing a stimulating and rewarding work environment, based on effective human resource policies that attract and retain the best talent; and
- reducing Datacentrix' carbon footprint across the Group.

Corporate Social Investment ("CSI") is central to realising meaningful transformation and benefits the broader community.

Datacentrix is cognisant of the growing social needs in our country and is committed to making a difference by supporting projects that benefit historically disadvantaged sectors of society.

Datacentrix' strategy aligns its social investment programme with its core business objectives and imperatives, moving its CSI undertakings from a purely charitable base to a proactive partnership with beneficiaries, government and non-governmental organisations ("NGOs") to bring about long-term sustainable development. It is against this backdrop that Datacentrix has selected its CSI projects.

One of our key focus areas continues to be the investment in education in South Africa. The impact of this strategy is far reaching, touching both the individual beneficiaries and the larger community in which they function. Additional social and community engagement initiatives are organised on an ad hoc basis addressing the specific needs of the aged and the area of health.

Our relationship with society is perceived as a strategic vehicle that links our success with the empowerment of our local communities, without eroding shareholder returns. Social investment activities during the year are highlighted below.

FOCUS AREA

"One of our key focus areas continues to be the investment in education in South Africa. The impact of this strategy is far reaching, touching both the individual beneficiaries and the larger community in which they function."

Rejoice Mamphitha, Head: Human Resources

Job creation by implementing internships and learnerships
To fight poverty and crime, South African youth, especially previously disadvantaged youth, need to be able to earn a living. Having identified this challenge, Datacentrix saw it necessary to equip youth through training in the form of learnerships and internships.

The learnership programme is a vocational education and training programme that combines theory and practice, resulting in a qualification that is registered on the National Qualifications Framework ("NQF"). A person who successfully completes a learnership will have a qualification that indicates occupational competence and is recognised throughout the country.

At the end of the financial year 2014, the Group had trained 115 previously unemployed learners and equipped them with a technical qualification. Out of this group, 15 were learners living with disabilities. This initiative gives a lifelong training/qualification opportunity to individuals, as well as an opportunity to enter the labour market.

Job creation by implementing a graduate programme and internships
Datacentrix' graduate programme provides work experience to candidates who are qualified, but lack practical experience in their field of expertise. This is evident in the ICT space, especially in the Enterprise Information Management and accounting fields, where previously disadvantaged candidates remain scarce.

Thandulwazi Maths and Science Academy
This is an education programme run by St Stithians Foundation that addresses the critical issues pertaining to the teaching of maths and science in schools around Gauteng.

Thandanani
Thandanani is the charity organisation that helps affected AIDS and abused orphans. Thandanani assists the children with food parcels, clothes and takes them on educational excursions.

Action for blind and disabled children ("Action")
Action is an institution that receives funding from Datacentrix for the development and training of life skills amongst children that are visually and physically impaired.

Charity calendars
Beneficiaries from the annual calendar sales include disadvantaged children. The funds assist with the operational costs to care for the children, such as food, educational toys, infrastructure requirements as well as the cost of the caregivers.

Environment, health and public safety

Environment
Datacentrix recognises the importance of prioritising environmental responsibility. Being a "green" and sustainable organisation arises from three key aspects of its business:

- The intersection of the company's operations and products with the environment;
- The enabling aspects of Datacentrix' innovation, technology and expertise; and
- The response to customers' environmental queries or the need for clarification on Datacentrix' environmental management system.

Datacentrix' operations are assessed to determine areas that may affect the environment. Awareness within the organisation is developed and maintained.

Datacentrix focuses on supplying products that are energy efficient, capable of being reused, recycled or disposed of at the end of the products' lifecycle.

Occupational health and safety
Datacentrix recognises that its long-term sustainability depends on its commitment and ability to safeguard the health and safety of its employees and to continually improve the quality of its business operations.

In keeping with the requirements of OHSAS18001 and the OHS Act, Datacentrix' OHS ("Occupational Health and Safety") assurance is subjected to continuous review and improvement. The following has been achieved:

- The health and safety management strategy has been reviewed with emphasis on a deeper approach to risk assessments, inspections, audits and accident investigation;
- The sharing of information with employees and customers by standardising an OHS service offering encapsulating the responsibility and engagement within the organisation and at customer sites; and
- The review of health and safety policies on an ongoing basis ensuring validity, accuracy and compliance.

Chairman and **Chief Executive Officer's** report

We recognise that, as a fundamental principle of good corporate governance, the roles of chairman and chief executive officer ("CEO") are separate and accordingly, they operate under separate board-approved mandates. Our presentation of a combined chairman and CEO's review is based on a practical decision, taking into account the fact that the chairman has been recently appointed to the Board.

Ahmed Mahomed
Chief Executive Officer

Nolitha Fakude
Independant Non-executive Chairman

The business of Datacentrix

Datacentrix is an integrated ICT systems provider to corporate and public sector organisations in South Africa. The Group's comprehensive portfolio, proven execution capability and value-driven strategy underpin its position as one of the leading local ICT players. Its philosophy is to drive customers' business strategies through the use of technology. With an established reputation as an innovative solutions integrator, Datacentrix prides itself on its customer-centric approach, consistently high service delivery levels, and strong vendor and customer partnerships. The Group consists of three operational divisions: Managed Services, Technology and Business Solutions.

Overview

Datacentrix reconfirms its strategy that focuses on increasing shareholder value by optimising and enhancing the performance of its existing business portfolio and expanding those selected capabilities (including increasing the cloud solutions portfolio and acquiring applications capability) that offer the greatest potential for sustainable growth.

Datacentrix has largely completed the implementation of its organic growth strategy that it embarked on a few years ago by building and strengthening competencies required to become an effective player in the systems integrator and solutions provider space. In the process, Datacentrix consciously sacrificed bottom-line growth in favour of improving the company's long-term growth and sustainability by investing heavily in organisational capacities required to be a competent leading service provider. The strategy has been informed by considerations of securing and improving sustainable shareholder wealth over the long-term.

The Group will complement this strategy with focused acquisitions, which will require cash resources.

Datacentrix continues to run a healthy, profitable business, with all the fundamentals in place: scarce high-end skills brought on board and retained; sound operations with positive cash flows; strong technical capability and execution capacity has been built in areas likely to fuel future growth such as managed services, cloud computing, big data, mobility, and security; strong positive reputation; and a Level 2 (AAA) B-BBEE Contributor rating achieved in terms of DTI Codes for empowerment.

VALUE FOCUSED

"Datacentrix reconfirms its strategy that focuses on increasing shareholder value by optimising and enhancing the performance of its existing business portfolio and expanding those selected capabilities that offer the greatest potential for sustainable growth."

Segmentally, our solutions and services business currently constitute more than 50% of Datacentrix profitability. An objective is to achieve significant repositioning in the market place through a combination of achieving scale in the relevant areas through acquisitions and customer wins in specific targeted areas.

Commentary

The Board is pleased to announce the results for the financial year ended 28 February 2014. The Group is in a robust position, with strong operations and a sound balance sheet. Execution capacity has been tested and the business is competing effectively in its new areas of competence. Operating cash flows remain strong and positive and working capital management continues to be excellent.

The Group achieved healthy revenue growth of 19%, within the context of a challenging trading environment. This was supported by strong growth in the Managed Services and Technology areas of the business. In the past three reporting periods the Group has achieved positive bottom line growth.

Group revenue of R2.3 billion was achieved for the year. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") grew by 21% to R152.4 million, with EBITDA margin of 6.7%. Earnings after tax increased from R77.3 million to R88.9 million and headline earnings per share ("HEPS") grew by 15% from 39.6 cents to 45.6 cents.

The Group maintained sound financial and operational disciplines, with cash generated from operating activities amounting to R142.6 million, reflecting a closing cash balance of R203 million. Cash was utilised in the reporting period for settling the consideration of acquisitions (R57.8 million), returned to shareholders (R47.7 million) and taxation obligations (R60.4 million).

In the current year, the contractual terms of leases entered into with finance houses have been amended resulting in these transactions now being classified as operating leases, instead of the finance lease agreements entered into previously. These are contracts that fall into the managed document and print solutions unit and relate to customer transactions.

Operational review

Group performance was categorised by strong earnings growth in Managed Services as well as solutions sales in the Technology division of the business.

The continued focus on intelligent, higher value solutions is contributing positively to Group performance, with areas such as managed services, security, datacentre and storage solutions in particular, gaining momentum in the market.

With the investment in new capabilities largely completed, the growth of employee-related costs normalised. Other operational expenditure was reviewed to drive cost efficiencies, resulting in total costs being well managed.

The Managed Services division contributed 49%, Technology 37% and Business Solutions 11% of Group profit before taxation ("PBT")

Managed Services

Revenue in the Managed Services division grew by 25%, with healthy contributions from the outsourcing, managed print and document solutions businesses, and eNetworks. Aided by the acquisition of eNetworks (as announced on SENS on 27 August 2013), EBITDA grew by 46% in the division, with a healthy operating margin of 12.7%, contributing 49% to Group PBT.

Operating margins improved significantly, notwithstanding a 38% increase in depreciation charges as a result of investments in supporting infrastructure.

The Managed Services division offers end-to-end managed services, always-available monitoring and support, and innovative cloud services.

The Group is also well positioned to take advantage of cloud opportunities with the launch of its flexible cloud computing offering. In March 2014, the organisation introduced an Infrastructure as a Service ("IaaS") cloud solution, adding a new dimension to its existing cloud capability. This is not a brokered cloud service but a service that has been built and will be supported and operated by Datacentrix. This means that customer information will remain in-country and customers will not have to contend with bandwidth latency issues.

The division's portfolio further encompasses: service aggregation; always-on service desk; managed

Chairman and Chief Executive Officer's report continued

systems; managed networks; managed entry point; network and system monitoring and control; managed hosting; colocation; managed print and document solutions; security operations centre; electronic fraud management and managed talent solutions.

Technology

The Technology division contributed 37% to Group PBT, with year-on-year revenue growth of 16%. We have seen a positive contribution from organic growth investment areas, such as security, datacentre solutions and networking. Working capital requirement, as predicted, is on the increase as we move increasingly to a solutions/systems integration business. Payment is becoming more reliant on project completion rather than product delivery.

The Group is supported by top level vendor accreditations with all best of breed vendors and has some of the best and most scarce skills in the market, which investments are starting to yield returns. In the last quarter Datacentrix HP business made history by being the first partners in South African and African partner to gain entry into the top ten HP partner ranking in Europe Middle East and Africa. The Group garnered no less than 10 HP awards from the 12 significant awards at HP partner event held in December 2013.

Furthermore, Datacentrix was named Africa's first "Diamond" level partner by Riverbed Technology in recognition of our outstanding track record of sales success, as well as our technical and support capabilities.

Business Solutions

Revenue in the Business Solutions division increased by 27%, while EBITDA decreased by 34% due to the challenges experienced with a specific customer, as highlighted in our August 2013 interim results announcement.

The issues experienced in the first half of the year in the Enterprise Information Management ("EIM") Gauteng operations were successfully addressed, resulting in 81% of the division's R15.3 million EBITDA being generated in the second half.

The Business Solutions division enables organisations to take advantage of the information that is constantly being created and stored in their ICT infrastructures. There are three key solution focus areas, namely: EIM; business intelligence and analytics; and enterprise resource planning.

The EIM business is one of the leading EIM solutions providers in the country and the acquisition of NokusaEI in the prior year has contributed positively to the performance of this business. Datacentrix is the only Platinum Partner for OpenText in South Africa and is also a Global Alliance partner. The Group has, in particular, enhanced its management capability, skills and expertise in the Gauteng region.

Corporate activity

The Competition Commission approved the Pinnacle Holdings Limited acquisition of Datacentrix shares in November 2013. As at the date of this report, its shareholding in Datacentrix, net of treasury shares, stands at 34.9%.

Directorate

During the year, there were a few changes to the Board. In compliance with paragraph 3.59 of the Listings Requirements, the Board notified its shareholders of the resignation of the Chairman, Mr Gary Morolo, and independent non-executive directors, Mr Pete Backwell and Mr Antony Ball on 8 November 2013 and 15 November 2013 respectively. The Board also announced the appointment of Mr Arnold Fourie and Mr Takalani Tshivhase as non-executive directors on 15 November 2013. Mr Tshivhase subsequently stepped down from the Board with effect from 27 March 2014. Ms Nolitha Fakude was appointed independent non-executive chairman as of 1 March 2014.

The Board has filled all the vacancies within the statutory timeframes as and when the need arose. The Board remains in a strong position to deal with any company affairs that may arise and continues to support our current strategy. We would like to acknowledge and thank all the directors who have

Cloud services

The launch of its cloud services offering will serve the Group well in terms of capitalising on future cloud opportunities.

Empowerment

Datacentrix holds a Level 2 (AAA) B-BBEE Contributor status, with 125% procurement recognition.

contributed and played a part in working towards achieving our strategy during the year under review.

Black economic empowerment

Datacentrix holds a Level 2 (AAA) B-BBEE Contributor status, with 125% procurement recognition.

Dividend

The Board has revised its dividend policy to three times headline earnings cover to align the policy to the Group's acquisitive growth strategy. This has been applied to the second half of the reporting year.

The Board declared a gross cash dividend of 8.17 cents per share for the year ended 28 February 2014, bringing the total dividend for the year to 20.49 cents per share. The proposed dividend for the year ended 28 February 2014 is payable to all shareholders on the Register of Members on 16 May 2014.

Notice of Annual General Meeting

It is expected that the 2014 integrated annual report will be dispatched to shareholders no later than 30 May 2014. Notice is hereby given that the Annual General Meeting of the Group will be held at the Company's registered office, Corporate Park North, 238 Roan Crescent, 1685, Old Pretoria Road, Midrand, at 10:00 on Friday, 27 June 2014.

The Board has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 20 June 2014. Accordingly, the last day to trade in the Company's shares in order to be recorded in the Register to be entitled to vote will be Thursday, 12 June 2014.

Prospects

Datacentrix is a well-positioned services and solutions-led organisation that is successfully competing in its selected areas of competence. The Group believes that this positioning will fortify its reputation as one of the leading ICT players within the local market.

The Group portfolio has been significantly expanded with growth potential in all areas. Datacentrix will continue to pursue suitable acquisition opportunities to create critical mass in selected areas and to further optimise and expand the existing portfolio.

The launch of its cloud services offering, while negatively impacting profitability in the short-term, will serve the Group well in terms of capitalising on future cloud opportunities.

As with the rest of the market, the organisation will have to contend with the external challenges presented by an uncertain economic environment and tightening IT budgets in the coming year. Consolidation has been a feature in our market space for the last few years and we believe it will continue in the year ahead.

On behalf of the Board, we would like to express appreciation to the Group leadership, executives and staff for a great year of performance and results.

For and on behalf of the Board:

Nolitha Fakude
Independent, Non-executive Chairman

Ahmed Mahomed
Chief Executive Officer

Governance

Board of directors

Non-executive and executive directors

Nolitha Fakude (49)
Independent Non-executive Chairman
BA (Hons)
Date of appointment: March 2014
Committee: Nominations Committee
Other directorships: Sasol Limited, Harmony Gold Mining Company Limited, BMF Investments Proprietary Limited and Woolworths Holdings Limited

Alwyn Martin (76)
Independent Non-executive Director
BCom, CA (SA)
Date of appointment: May 2005
Committees: Audit and Risk Committee (Chairman), Social, Ethics and Remuneration Committee
Other directorships: Trans Hex Group Limited, Petmin Limited, Northam Platinum Limited, Nozala Investments Proprietary Limited

Dudu Nyamane (57)
Independent Non-executive Director
BA (Social Sciences), MBA
Date of appointment: June 2009
Committees: Social, Ethics and Remuneration Committee (Chairman), Audit and Risk Committee
Other directorships: South African Roads Agency Limited ("SANRAL"), Indigo Cube Proprietary Limited, Joy Global Proprietary Limited, Vaal University of Technology

Arnold Fourie (52)
Non-executive Director
MSc (Chem Eng)
Date of appointment: November 2013
Committee: Social, Ethics and Remuneration Committee
Other directorships: Pinnacle Holdings Limited

Ahmed Mahomed (53)
Chief Executive Officer/Group Managing Director
Date of appointment: March 2003
Appointed CEO: March 2008

Elizabeth Naidoo (40)
Chief Financial Officer/Group Financial Director
BCom, BAcc, CA (SA)
Date of appointment: October 2003

Executive management

Juane Peacock (56)
Managing Director: Coastal Technology (Technology division) and Enterprise Information Management (Business Solutions division)

Johann Coetzee (52)
Managing Director: Commercial (Technology division)
BEng (Industrial Engineering), MBA

Rainer Jeske (62)
Managing Director: Technology Solutions (Technology division)

Kenny Nkosi (54)
Managing Director: Government (Technology division)
Diploma in Business Administration, Executive Development Programme

Abrie Peens (54)
Managing Director: Gauteng Managed Services division
Post graduate certificate in Management

Rejoice Mamphitha (39)
Head: Human Resources
BCom (HR)

Corporate governance report

Corporate governance entails the framework of principles and practices by which the board of directors ensures accountability, fairness, and transparency in the Group's relationship with all its stakeholders. It extends beyond legislative and regulatory compliance and considers explicit and implicit relationships between the company and the stakeholders.

The Datacentrix board regards corporate governance as important to the success of the Group and remains committed to sound corporate governance principles. The board endorses the application of the principles recommended in the King III Report, and has been effectively implementing and reporting on a spectrum of governance principles, underpinned by the values of responsibility, accountability, fairness and transparency.

Statement of compliance

The board accepts the responsibility to ensure the King III principles are considered and applied, and is satisfied that every effort has been made to comply in all material aspects with these principles. Where the Group does not comply, this is stated and explained. The Group has remained committed to applying these principles to all its subsidiaries and joint venture as appropriate.

A number of these principles are reflected in the Group's internal controls and policy procedures. While the board is satisfied with its level of compliance with applicable governance and regulatory requirements, it recognises that its practices can always be improved, and accordingly the board has and will continuously review the Group's governance framework against governance best practices. The Group continues to improve its well-established corporate governance processes and remains abreast of the latest industry developments.

The following matrix was compiled based on the annual review of the Group's corporate governance framework to indicate the level to which King III principles have been applied (based on the 27 main principles per Chapter 2 of King III).

Refer to our website for a detailed matrix that considers all 75 principles of King III at www.datacentrix.co.za

Description of principle	Compliant	Details
The board should act as the focal point for and custodian of corporate governance	✓	Corporate governance report: Structure, governance and operation of the board of directors
The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓	Corporate governance report: Board charter
The board should provide effective leadership based on an ethical foundation	✓	
The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	Our integrated strategy
The board should ensure that the company's ethics are managed effectively	✓	Corporate governance report: Board charter
The board should ensure that the company has an effective and independent audit committee	✓	Corporate governance report: Board committees – Audit and Risk
The board should be responsible for the governance of risk	✓	
The board should be responsible for information technology (IT) governance	✓	Corporate governance report: Information technology
The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	Corporate governance report: Board committees – Audit and Risk
The board should ensure that there is an effective risk-based internal audit	✓	
The board should appreciate that stakeholder perceptions affect the company's reputation	✓	

Corporate governance report continued

Description of principle	Compliant	Details
The board should ensure the integrity of the company's integrated report	✓	Corporate governance report: Board committees – Audit and Risk
The board should report on the effectiveness of the company's system of internal controls	✓	
The board and its directors should act in the best interests of the company	✓	Corporate governance report: Board composition, performance and independence
The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	N/A	
The board should elect a chairman of the board who is an independent, non-executive director. The CEO of the company should not also fulfil the role of the chairman of the board	✓	Corporate governance report: Board Chairman; Lead Independent Director ("LID"); Chief Executive Officer
The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓	Corporate governance report: Chief Executive Officer
The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✓	Corporate governance report: Board composition, performance and independence
Directors should be appointed through a formal process	✓	
The induction and ongoing training and development of directors should be conducted through formal processes	✓	
The board should be assisted by a competent, suitably qualified and experienced company secretary	✓	Corporate governance report: Company secretary
The evaluation of the board, its committees and the individual directors should be performed every year	✓	Corporate governance report: Board composition, performance and independence
The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	✓	Corporate governance report: Board committees
A governance framework should be agreed upon between the Group and its subsidiary boards	✓	Corporate governance report: Structure, governance and operation of the board of directors
Companies should remunerate directors and executives fairly and responsibly	✓	Corporate governance report: Board committees - Social, Ethics and Remuneration
Companies should disclose the remuneration of each individual director and certain senior executives	✓	Annual financial statements
Shareholders should approve the company's remuneration policy	✓	Corporate governance report: Board committees - Social, Ethics and Remuneration

Structure, governance and operation of the board of directors

The company's board consists of the independent non-executive chairman, three non-executive directors, two of whom are independent, and two executive directors. In the current year the following changes to the board occurred:

- As reported in the 2013 integrated annual report, Joan Joffe retired from the board (and as lead independent director) on 21 June 2013;
- Ms Thenjiwe Chikane resigned as an independent non-executive director with effect from 19 August 2013;
- Mr Gary Morolo resigned as director and non-executive chairman of the board with effect from 8 November 2013;
- Messrs Pete Backwell, lead independent non-executive director and interim chairman, and Antony Ball, independent non-executive director resigned with effect from 15 November 2013;
- Messrs Arnold Fourie and Takalani Tshivhase were appointed as non-executive directors with effect from 15 November 2013. Mr Tshivhase subsequently stepped down from the board with effect from 27 March 2014; and
- Ms Nolitha Fakude was appointed as an independent non-executive director and chairman of the board with effect from 1 March 2014.

These new directors bring a wealth of experience and their appointment is expected to complement the skills and the experience base of the board. Directors' abridged curriculum vitae are provided on page 21.

The board remains the focal point of the Group's corporate governance system and is ultimately accountable and responsible for the key governance processes and the sustainable growth, performance and affairs of the Group.

Board charter

The board charter details and governs the manner in which the business is to be conducted by the board in accordance with the principles of sound corporate governance. The charter is reviewed, and amended when necessary by the board annually, ensuring the charter remains relevant, incorporates best practices and aims to achieve high levels of good governance.

The charter regulates and deals with, *inter alia:*

- Board leadership and defines the separate responsibilities of the chairman and the chief executive;
- Procedures, pre-requisites and competencies for membership, size and composition of the board, period of office, reward, induction and succession planning;
- The role and responsibilities of the board, which include the adoption of strategic plans, the monitoring of management's implementation of board plans and strategies, the delegation of powers and duties to management, the determination of policy processes to ensure the integrity of management, internal controls and information technology ("IT") governance;
- Board governance processes, including board procedures and matters requiring annual and regular review;
- Board committees, including delegation of authority, but not responsibility, and the requirements for transparency and full disclosure by the committees;
- Matters specifically reserved for the board of a financial, administrative and manpower nature;
- Risk management;
- Procedures for board meetings, frequency, quorum, agendas, board papers, conflicts of interest and minutes;

Meetings of the board of directors

Name	19 Mar '13	Special 15 Apr '13	17 Jul '13	Special 7 Oct '13	13 Nov '13	29 Nov '13	14 Apr '14
Nolitha Fakude* (chairman)	-	-	-	-	-	-	App
Dudu Nyamane*	✓	✓	✓	✓	✓	✓	✓
Alwyn Martin*	✓	✓	✓	✓	✓	✓	✓
Arnold Fourie#	-	-	-	-	App	✓	✓
Ahmed Mahomed	✓	✓	✓	✓	✓	✓	✓
Elizabeth Naidoo	✓	✓	✓	✓	✓	✓	✓
Joan Joffe*	✓	✓	Ret	-	-	-	-
Thenjiwe Chikane*	✓	✓	✓	Res	-	-	-
Gary Morolo#	✓	✓	✓	✓	Res	-	-
Antony Ball*	✓	✓	✓	✓	Res	-	-
Pete Backwell*	✓	✓	✓	✓	Res	-	-
Takalani Tshivhase#	-	-	-	-	App	✓	Res

* independent non-executive director # non-executive director
Res - resigned during the year Ret - retired during the year App - appointed during the year

Corporate governance report continued

Board charter (continued)

- Share dealings;
- Board, committee and individual evaluations and performance; and
- The role and responsibility of the company secretary.

The board charter stipulates that the operation of the board and the executive responsibility for the running of the company's business should be two key and separate tasks and that there should be a clear division of responsibilities at the head of the company to ensure a balance of power and authority, ensuring that no individual or block of individuals has unfettered powers of decision making or can dominate the board's decision making.

Board chairman

The chairman of the board is responsible, *inter alia*, for ensuring the integrity and effectiveness of the board's governance processes, and in terms of the company's Memorandum of Incorporation, is subject to annual election. The chairman is also responsible for leadership, promoting the highest standards of governance and effectiveness of the board.

Lead Independent Director ("LID")

The LID provides leadership assistance at any board, committee or shareholder meeting or in consultations with other directors or executives in circumstances where the board chairman is conflicted. The LID also leads and introduces discussions at board and committee meetings regarding the performance and evaluation of the board chairman. The LID is subject to annual election by the board.

With the appointment of Nolitha Fakude, the role of the chairman is now considered to be filled by an independent non-executive director and thus the need for a LID is no longer relevant to the board.

Board composition, performance and independence

Datacentrix has a unitary board structure comprising a mix of executive and non-executive directors. The majority of directors are independent, non-executive directors and the board presently comprises the independent non-executive chairman, three non-executive directors, two of whom are independent, and two executive directors in terms of the criteria contained in the governance requirements. The roles of the Chief Executive Officer and Group Financial Director are fulfilled by separate directors of the company.

The composition of the board remains under constant review, not only to maintain the required balance in terms of independence of directors, but to ensure the optimum mix of skills and experience as well as demographic profile. The non-executive directors have the necessary skills, qualifications and experience to provide judgement independent of management on material board issues. Furthermore, the independence of all non-executive directors, with a particular focus on non-executives who have served on the board for longer than nine years, is assessed annually.

Directors are appointed through a formal process that includes background checks. The board as a whole, only after obtaining recommendations from the Nominations Committee, considers all appointments and re-elections. In terms of the company's Memorandum of Incorporation, the board is permitted to remove any director without shareholder approval. At every Annual General Meeting ("AGM"), at least one-third of the non-executive directors retire from the board. Directors appointed since the previous AGM are also expected to stand down for election by shareholders at the first AGM following their appointment.

The board supports the development of directors and, through assistance from the company secretary, arranges an appropriate induction for new directors and, where applicable, training depending on each director's requirements. The performance of the board as a whole, and the board committees individually, is appraised on an annual basis. The outcome of the appraisal process for the period under review was tabled for discussion by the board and no material areas of concern in respect of either the board or any of the board committees were noted.

The board appreciates the importance of acting in the best interest of the company and considering the interest and expectations of its stakeholders. Directors are required to declare their interests in accordance with the provisions of the Companies Act.

Chief executive officer

The Chief Executive Officer ("CEO") is responsible for the leadership and operational management of the Group within the strategy agreed upon with the board. The board's governance and management functions are linked through the CEO, who is tasked with running the business and implementing the policies and strategies adopted by the board. The CEO ensures that there are appropriate management structures to effectively implement the Group's strategy and business plans.

All board authority conferred on management is delegated through the CEO and the accountability of management is considered to be the authority and the accountability of the CEO. Appropriate and uniform controls and processes are in place within the Group and are communicated to management to ensure the monitoring of the application of levels of authority throughout the Group, particularly in the areas of capital expenditure, contracts, procurement and human resources. Board authority is delegated by way of an approval framework. Levels of authority and materiality have been established and are reviewed annually by the board.

LEADERSHIP

A corporate governance framework defines the roles and responsibilities of the constituent elements of the Group's management structure. This enables the board to plan, execute, control and monitor the Group's activities in accordance with strategic objectives.

Roles and responsibilities of the board of directors

The board is responsible for determining strategy and the overall conduct of the business. The board has the responsibility for the performance of the Group and is required to exercise objective judgement, independent from management on corporate matters.

A corporate governance framework defines the roles and responsibilities of the constituent elements of the Group's management structure. This enables the board to plan, execute, control and monitor the Group's activities in accordance with strategic objectives.

The matters that the board has specifically reserved for its decision include:

- Approval of the Group's strategy and annual budget;
- Review of the Group's performance;
- Monitoring of and reviewing the effectiveness of the Group's internal controls and risk management system;
- Appointment, removal and remuneration of executive directors and the company secretary;
- Determination of the terms of reference of board committees; and
- Approval of major capital expenditure or disposals, material contracts, material acquisitions and developments.

The general powers of the directors are conferred in the company's Memorandum of Incorporation. Subject to specific fundamental, strategic and formal matters reserved for its decision, the board may delegate certain responsibilities to a number of standing committees, which operate within defined terms of reference laid down by the board, as referred to below.

The board has at least four scheduled meetings annually. A formal performance evaluation of the board and committees is conducted annually by means of a series of self-evaluation questionnaires, with the aim of evaluating and improving the effectiveness of the board, its members and committees.

Company secretary

The company secretary is appointed and removed by the board. All directors have access to the advice and services of the company secretary.

The certificate required to be signed in terms of section 88 of the Companies Act appears on page 45 of the annual financial statements. iThemba Governance and Statutory Solutions Proprietary Limited ("iThemba") is the appointed company secretary and the board is satisfied that the directors of iThemba are appropriately qualified, competent and experienced to fulfil this function, and that an arm's length relationship is maintained at all times.

As required in terms of the JSE Listings Requirements, the board has satisfied itself with the competence, qualifications, experience and arm's length relationship of the company secretary by way of a formal review of these items.

iThemba is represented by Annamarie van der Merwe (Bluris, LLB, LLM) who has been a corporate lawyer and company secretary in the listed environment for more than 20 years. She is also a member of the King Committee and JSE Advisory Committee as well as a facilitator for the Institute of Directors.

Access to company information and confidentiality

Procedures are in place, through the board chairman and the company secretary, enabling the directors to have access, at reasonable times, to all relevant company information and to senior management, to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions.

Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information.

Corporate governance report continued

Information technology
Information technology ("IT") is integrated in the strategic planning process within the Group and an IT steering committee ensures that its IT is aligned with business objectives. The risk of significant disruptions to business operations as a result of the reliance on technology used is also managed through the IT steering committee. Relevant IT matters are presented at an Executive Committee level, which include the following:

- Alignment of IT with the governance, performance and sustainability objectives of the Group;
- Developing a charter and policy outlining the decision making rights and accountability framework for IT governance;
- Review the effectiveness of the IT governance framework, in particular, structures processes and mechanisms to enable IT to deliver value to the business and mitigate IT risk;
- Monitor major and minor IT projects, being mindful of business value of such investment and the returns expected; and
- Ensure IT governance policies are reviewed and in place, with the correct awareness created.

Stakeholder communication
Stakeholder communication is a planned, proactive process where management engages formally and informally with individuals and collective audiences to share information and gain an appreciation for stakeholder perspectives.

The board is accessible to all stakeholders by appointment for discussions pertaining to the business. Presentations are conducted in Johannesburg and Cape Town to shareholders, analysts and media representatives with the disclosure of the annual and interim financial results. Financial and statutory information is published when appropriate on SENS, JSE Limited's news service, and in print media. Both annual and interim financial results announcements are supported by press interviews.

The company website is an information portal for all company news and announcements. Information is pushed to a subscription database and accessible to all website visitors. Stakeholders can also request company information using the respective contact details on the website, under the guidelines of the Promotion of Access to Information manual. Additional communication channels include the company's intranet for its staff, print and online newsletters that are aimed at customers and technology partners and events that enjoy participation by stakeholders.

Board committees

Subject to those matters reserved for its decision, the board delegates certain responsibilities to a number of committees: The Audit and Risk; Social, Ethics and Remuneration; and Nominations Committees. The terms of reference, and composition of the committees are determined and approved by the board and have been adopted by all the committees. Terms of reference are reviewed by the board on an annual basis with the most recent review having been conducted in 2014 to incorporate the relevant principles advocated by King III and the requirements of the Companies Act where applicable. The Chairman of the board attends Audit and Risk Committee and Social, Ethics and Remuneration Committee meetings at her own discretion in a non-voting capacity.

Audit and Risk Committee

Mandate and duties of the Audit and Risk Committee
During the current year the separate Audit Committee and Risk Committee, were combined into one committee. The Audit and Risk Committee is mandated by the board through approved terms of reference, which are reviewed annually by the committee and the board and incorporate the relevant principles of King III. The committee has satisfied that it has met its responsibilities in terms of compliance therewith in all material respects during the financial year. Its terms of reference were reviewed and amended by the board during the year to ensure compliance with regulatory changes and best practice.

The committee evaluates its performance and effectiveness as part of the formal annual board evaluation process. Self-evaluation questionnaires are used for this purpose. Based on the results, the committee and board believe that the Audit and Risk Committee functions effectively and complies with its terms of reference.

Composition of the Audit and Risk Committee
Nominations of members for appointment to the Audit and Risk Committee by shareholders at the AGM are based on the ability of the members to collectively, based on their skill and experience, discharge the mandate of the committee as defined in the terms of reference. Committee meetings are attended by the external and internal auditors and, on invitation, the Chief Executive Officer and Group Financial Director, including individuals involved in risk management and finance. The chairman of the board occasionally attends the meetings. The internal and external auditors have unlimited access to the chairman of the Audit and Risk Committee.

The composition of the committee is compliant with the Companies Act and comprises of independent, non-executive directors who are financially proficient with the necessary expertise to discharge their responsibilities.

The chairman of the Audit and Risk Committee is required to attend the AGM to deal with enquiries relative to the committee's mandate.

The qualifications and abridged curriculum vitae of the committee members are available on page 21 of this report.

Roles and responsibilities of the Audit and Risk Committee

Audit
The Audit and Risk Committee is responsible for overseeing the company's reporting process on behalf of the board, and assists the board in discharging its fiduciary duties relating to the safeguarding of assets, the operation of adequate systems, maintenance of control processes and the preparation of accurate financial reporting and statements in compliance with all applicable statutory requirements, accounting standards and the Listings Requirements of JSE Limited.

The committee also performs all the statutory functions required to be performed by an audit and risk committee as required by section 94 of the Companies Act 71 of 2008 ("Companies Act").

- Overseeing the integrity of the financial statements;
- Overseeing the appointment, fee, qualifications, independence and performance of the external auditor and the integrity of the audit process as a whole;
- Approving the audit fees for internal and external audit;
- Specifying the nature and extent of non-audit services;

Meetings of the Audit and Risk Committee

Name	Audit 12 Apr '13	Risk 12 Apr '13	28 Jun '13	3 Oct '13	3 Feb '14	10 Apr '14
Alwyn Martin* (chairman)	✓	✓	✓	✓	✓	✓
Dudu Nyamane*	-	-	-	-	App	✓
Joan Joffe*	N/A	✓	Ret	-	-	-
Thenjiwe Chikane*	✓	✓	X	Res	-	-
Pete Backwell*	✓	N/A	X	✓	Res	-
Antony Ball*	N/A	✓	X	✓	Res	-
Takalani Tshivhase#	-	-	-	-	App	Res
Ahmed Mahomed (invitee)	✓	✓	✓	✓	✓	✓
Elizabeth Naidoo (invitee)	✓	✓	✓	✓	✓	✓
Gary Morolo (invitee)#	✓	✓	✓	✓	Res	-

* independent non-executive director # non-executive director N/A - not applicable
Res - resigned during the year Ret - retired during the year App - appointed during the year

Corporate governance report continued

Audit and Risk Committee (continued)

Roles and responsibilities of the Audit and Risk Committee (continued)

- Pre-approving contracts for non-audit services;
- Overview of the internal audit function;
- Dealing with concerns relating to the accounting policies, the internal audit, the audit and content of the annual financial statements and the internal financial controls;
- Verifying the effectiveness of financial risk management, controls and governance processes as well as the competence of the Group Financial Director;
- Reviewing the integrated report;
- Ensuring compliance with applicable legal and regulatory requirements; and
- Ensuring compliance by management with constraints imposed by the board.

Risk

The board is responsible for the governance of risk and has established an ongoing process for identifying, assessing and managing the significant risks faced by the Group. The committee is responsible for monitoring and reviewing the effectiveness of risk management by the Group, while the executives and management are responsible, through delegated authority, to manage the company risk on a day-to-day basis. A comprehensive risk management policy is in effect, with a risk plan that enhances the Group's ability to achieve its strategic objectives; and allows that the disclosure on risk management is comprehensive, timely and relevant.

- Reviewing the policy and plan for risk management annually;
- Monitoring the implementation of the policy and plan by management;
- Recommending to the board levels of tolerance and appetite and monitoring that risks are managed within these levels;
- Overseeing the dissemination of the risk management plan throughout the company;
- Ensuring that risk management assessments are performed annually;
- Implementing frameworks and methodologies to increase the possibility of anticipating unpredictable risks;
- Ensuring that continuous risk monitoring by management takes place and that appropriate risk responses are considered and implemented;
- Overview of the compliance function of the company;
- Liaising closely with the other committees to exchange relevant risk information;
- Expressing a formal opinion to the board on the effectiveness of risk management by the company;
- Reviewing risk management reporting that is included in the integrated report for it being timely, comprehensive and relevant; and
- Reporting to the board on risk management.

External audit

During the current year a number of audit firms were requested to submit proposals for the external audit services and based on these proposals the Audit and Risk Committee recommended the appointment of SizweNtsalubaGobodo Inc. to perform an independent audit of the Group's financial statements. These financial statements are prepared in terms of International Financial Reporting Standards ("IFRS") and the Companies Act. Interim financial reports to shareholders are not audited.

The external auditors provide the board and the Audit and Risk Committee with their independent observations and suggestions on the Group's internal controls that come to their attention in the performance of their independent audit, as well as suggestions for the improvement of the financial reporting and operations of the business. As part of a combined assurance approach, there is close co-operation between internal and external audit and reliance is placed, where possible, on the work by both parties, therefore minimising the duplication of effort. The annual external audit plan is placed before the Audit and Risk Committee for review and approval.

Internal audit

KPMG currently fulfils the internal audit function. The internal audit function is designed to serve and support management and the board of directors through independent evaluations and examinations of the Group's activities and resultant business risks.

The purpose, authority and responsibility of the internal audit function are formally defined in an internal audit charter, which is reviewed by the Audit and Risk Committee and approved by the board. This charter is reviewed on an annual basis and revised as necessary.

The internal audit function is designed to respond to management's needs while maintaining an appropriate degree of independence to render impartial and unbiased judgements in performing its services. The scope of the internal audit function includes:

- Performing independent evaluations of the adequacy and effectiveness of Group companies' controls;
- Providing additional assurance regarding the safeguarding of assets and financial information;
- Financial reporting mechanisms and records;
- Information systems and operations;
- Reporting on the adequacy of these controls; and
- Monitoring and evaluating operating procedures and processes.

Risk assessment is co-ordinated with the board's assessment of risk through interaction between internal audit and the Audit and Risk Committee, which also minimises duplication of effort. The internal auditor reports at all Audit and Risk Committee meetings and has unrestricted access to the chairman of the company and the Audit and Risk Committee respectively. The appointment or dismissal of the internal auditor occurs with the concurrence of the Audit and Risk Committee.

The internal audit plan for the year under review was developed based on the results of the risk management process that operates within the Group as well as specific areas raised by management. This ensures that the internal audit plan is focused on risk areas that are relevant to the Group. Their reviews were able to provide feedback as to weakness in controls and ensure proper controls were immediately implemented to prevent any further deficiencies.

The board of directors is responsible for the Group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The controls throughout the Group concentrate on critical risk areas. All controls relating to the critical risk areas are closely monitored by the directors and subjected to internal audit reviews. Continual review and reporting structures enhance the control environments. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the Group occurred during the year.

Ethics and whistleblowing

The full staff complement at Datacentrix is expected, and on appointment, pledges to comply with the company's Code of Conduct and Zero Tolerance policies, and to be professional and ethical in all company dealings and business practices. Staff workshops are held as part of employee induction and related communication with staff occur frequently to reinforce the importance of integrity in business relations and the ramifications of non-compliance. The board reviews the company's Code of Conduct annually. Contracts with suppliers and service providers have been amended to incorporate a Code of Conduct clause as part of the requirements for doing business with the company.

Datacentrix has had an independent and anonymous whistleblowing programme in place for a number of years. The programme has been managed by the Audit and Risk Committee and was designed to enable employees, customers, suppliers, managers or other stakeholders, on a confidential basis, to raise concerns in cases where conduct is deemed to be contrary to our values, Code of Conduct and standard policies. The information is forwarded to the CEO and Group Financial Director for the necessary corrective measures.

Compliance

Compliance requirements have been categorised into Finance, Human Resources ("HR"), Legal, Information Technology ("IT"), Safety, Health, Environment and Quality Management ("SHEQ"), Operational and Regulatory and Governance.

Risk management

Risk management processes are embedded in the business systems and processes, so that responses to risk remain current and dynamic.

The board

The board remains the focal point of the Group's corporate governance system and is ultimately responsible for the sustainable growth, performance and affairs of the Group.

Controls

The controls throughout the Group concentrate on critical risk areas. All controls relating to the critical risk areas are closely monitored by the directors and subjected to internal audit reviews.

Corporate governance report continued

Audit and Risk Committee (continued)

Compliance (continued)

Each category is considered in the risk assessment process and, if appropriate the risk is recorded on the risk register and managed in accordance with the risk management process of the Group.

The Datacentrix Telkom Process Control Release ("PCR") Quality Management System ("QMS") is aligned to the ISO9001: 2008 Standard. Datacentrix successively obtained a renewed certification after an assessment process conducted by Telkom and thus has retained its PCR accreditation.

The maturity of the QMS has developed significantly with every renewed certification. It is essential for Datacentrix as a modern business to have a certified QMS to compete in the marketplace and exceed customer expectations.

Public reporting

The Audit and Risk Committee is responsible for considering and making recommendations to the board relating to the Group's integrated report, the financial statements and any other reports (with reference to the financial affairs of the Group) for external publication or distribution. The committee has overseen the integrated reporting for 2014, and has recommended the approval of the integrated report for the financial year ended 28 February 2014 by the board.

Risk management

It is the view of the Audit and Risk Committee that in the year under review:

- There were no undue, unexpected or unusual risks taken by the company nor were there any material losses suffered;
- There was no imminent or envisaged risk that may threaten the long-term sustainability of the company; and
- The risks associated with the strategic direction of the company have been managed effectively by the company.

Through the Audit and Risk Committee, the board determines and approves the Group's risk tolerance and appetite and also ensures that risk management is a continuous process by formally reviewing the Group risk register on a quarterly basis. The directors of Datacentrix have committed the Group to a process of risk management that is aligned to the principles of King III.

Sound management of risk enables management to anticipate and respond to changes in the business environment, as well as make informed decisions under conditions of uncertainty.

Risk management processes are embedded in the business systems and processes, so that responses to risk remain current and dynamic.

All key risks, whether reputational, financial or non-financial, associated with major change and significant actions by the Group also fall within the processes of risk management. The nature of Datacentrix' risk attitude demands that the company adopts a prudent approach to corporate risk, and its assessment of the approved risk tolerance and risk mitigation actions reflect this.

Controls and risk interventions are chosen on the basis that they increase the likelihood that management will fulfil its intentions to stakeholders.

During the year, the company's risk register, comprising the key strategic, operational, financial, reputational and compliance risks, was continuously updated. The risk process requires that risks are assessed based on an inherent risk rating and a control effectives rating.

The result of these assessments allow for the residual risk rating of each risk to be determined which facilitates the formalisation of action points to mitigate the risks where possible and assessing progress made in addressing risks identified. In assessing the inherent risk rating the severity of impact and the likelihood of occurrence of each risk is assessed after taking the root cause and consequences of the risks materialising into account.

The risk management plan entails managing directors with the assistance of business unit managers, performing a review of risks faced in their respective businesses on a monthly basis, which are reviewed at an executive management level and are filtered up through the relevant reporting lines to allow for significant risks faced by the Group to be identified, assessed and monitored at a Group level.

The Group risk register is reviewed at the Audit and Risk Committee meetings to assess the status of identified risks, but also allow for the completeness of the risk register to be deliberated. This process results in risks being assessed both from the bottom-up but also considered from the top-down and also explores the possibility of new risks having entered the risk environment.

Ownership of each risk remains the responsibility of assigned senior executives, who report on progress made on agreed upon action plans.

The board is satisfied with the process of identifying, monitoring, managing and reporting of significant risks and that appropriate systems, processes and internal controls are in place to manage the identified risks, measure the impact thereof and that these are proactively managed so that the company's assets and reputation are suitably protected.

Social, Ethics and Remuneration Committee

Mandate and duties of the Social, Ethics and Remuneration Committee

The committee is governed by a formal charter, which is aligned to the King III principles and the Companies Act. The committee's terms of reference is reviewed and amended by the board on an annual basis to ensure compliance with regulatory changes and best practice and to incorporate the relevant provisions of King III as approved by the board.

Responsibilities of this committee are in line with the legislated requirements as per Regulation 43 to the Companies Act. The key areas of responsibility are as listed below.

Skills development

Skills development is an integral part of human capital management that ensures efficiency and effectiveness and the deployment of the best skills to customers and projects.

Ethical and professional

The full staff complement at Datacentrix is expected, and on appointment, pledges to comply with the company's Code of Conduct and Zero Tolerance policies, and to be professional and ethical in all company dealings and business practices.

Employment equity

Datacentrix has set internal workforce targets per division to ensure that future growth is in line with our business strategy.

Key area	Reference to further information on the topic
Social and economic development	Pages 14-15 of the integrated annual report
Corporate citizenship	Pages 14-15 of the integrated annual report
Environment, health and public safety	Page 15 of the integrated annual report
Stakeholder relations	Page 28 of the integrated annual report
Empowerment and transformation	Page 7 of the integrated annual report
Labour and employment	Page 34 of the integrated annual report
Ethics and code of conduct compliance	Page 31 of the integrated annual report
Regulatory, statutory and legislative compliance	Page 31-32 of the integrated annual report

Further, the committee strives to apply relevant codes of best practice, including but not limited to, the United Nations Global Compact Principles, the Organisation for Economic Cooperation and Development ("OECD") guidelines regarding corruption, International Labour Organisation's Decent Work Agenda, and the principles of good corporate citizenship as espoused in the King III Report on Corporate Governance in South Africa.

The committee evaluates its performance and effectiveness as part of the formal annual board evaluation process. Self-evaluation questionnaires are used for this purpose. Based on the results, the committee and board believe that the Social, Ethics and Remuneration Committee functions effectively and complies with its terms of reference.

Composition of the Social, Ethics and Remuneration Committee

Appointments to the Social, Ethics and Remuneration Committee are based on the independence, business acumen and industry experience of the non-executive director to assist the committee in fulfilling its mandate as set out in the terms of reference.

Meetings are attended by the CEO, Group Financial Director and the Head of Human Resources. The chairman of the board attends the meetings by invitation.

The members of the Social, Ethics and Remuneration Committee are considered by the company to be independent, non-executive directors. The qualifications and abridged curriculum vitae of the committee members are available on page 21 of this report.

Corporate governance report continued

Social, Ethics and Remuneration Committee (continued)

Roles and responsibilities of the Social, Ethics and Remuneration Committee

The committee is responsible for the remuneration strategy of the Group, the approval of mandates for incentive schemes within the Group and the determination of the remuneration of the executive directors, relative to local and international industry benchmarks.

- The remuneration policy and its specific application to the CEO, the executive and non-executive directors and the CEO's direct reports, and its general application to all employees;
- The adoption of annual and longer term incentive plans;
- The determination of levels of reward for the CEO and approval of reward to the CEO's senior direct reports;
- The annual evaluation of the performance of the CEO, by giving guidance to the chairman;
- The communication to shareholders on remuneration policy and the committee's work on behalf of the board; and
- Compliance with applicable legal and regulatory requirements associated with human resources matters such as skills development and employment equity.

During the year, the Social, Ethics and Remuneration Committee focused on the issues discussed below.

Employment equity

Datacentrix has set internal workforce targets per division to ensure that future growth is in line with the business strategy. The company is committed to addressing areas of under-representation across occupational levels by:

- Identifying and fast tracking the development of identified employees;

Meetings of the Social, Ethics and Remuneration Committee

There are four scheduled meetings per annum.

Name	11 Apr '13	26 Jun '13	29 Nov '13	10 Apr '14
Dudu Nyamane* (chairman)	✓	✓	✓	✓
Alwyn Martin*	-	-	App	✓
Arnold Fourie#	-	-	App	✓
Thenjiwe Chikane*	✓	X	Res	-
Joan Joffe*	Ret	-	-	-
Antony Ball*	✓	✓	Res	-
Ahmed Mahomed (invitee)	✓	✓	✓	✓
Elizabeth Naidoo (invitee)	✓	✓	✓	✓

* independent non-executive director # non-executive director N/A - not applicable
Res - resigned during the year Ret - retired during the year App - appointed during the year

- Providing continuous support to line management with regards to disability management in the workplace;
- Continuing to meet the company's targets for improving its BEE scorecard;
- Fine-tuning its focus on the gender issue, particularly for black women; and
- Addressing the retention of key talent.

Datacentrix, by the nature of its business, attracts employees through business acquisitions, acquisitions of targeted skills as well as employment. While the race and gender of the latter remain in the control of the company, employment equity targets and demographic planning become more complicated to manage when part of an acquisition.

Skills development

Skills development is an integral part of human capital management that ensures efficiency and effectiveness and the deployment of the best skills to customers and projects.

Management has recommitted itself to achieving set targets in this regard and ensuring that Datacentrix:

- Continues to invest in internal training to develop existing staff and any new recruits;
- Uses a graduate programme to attract and train individuals in the information technology environment;
- Continues, in conjunction with its business partners, implementing learnership programmes targeted at developing technical skills.

Datacentrix is committed to building the capabilities of its employees and addressing current and future skills challenges. Our focus on learnership development will contribute to alleviating skills shortage and reducing unemployment in South Africa.

The company supports the principle of lifelong learning and acknowledges the importance of a competent and motivated workforce for its continued growth. This is vital for the survival and success of the company in a competitive global economy.

To achieve this, Datacentrix uses relevant training to develop employees:

- **Management Development Programme ("MDP"):**
  A group of employees is selected based on specific criteria and enrolled in an internal MDP programme. These individuals already display the company's values and behaviours that will continue to drive the organisation's transformation. Performance, drive, and ambition to succeed are some of the attributes that demonstrate the capacity and potential to reach senior positions in the organisation in the future. Individuals are involved in managerial strategy sessions and mentored over a two to three year period.
- **Learnership programme:**
  The learnership programme is a vocational education and training programme that combines theory and practice, culminating in a qualification that is registered on the National Qualifications Framework ("NQF"). A person who successfully completes a learnership will have a qualification that signals occupational competence and is recognised throughout the country. This gives Datacentrix a first-hand opportunity to hand pick some of the best talent in the country. 115 unemployed learners participated in the learnership programme during the year.
- **Graduate programme:**
  This programme is aimed at giving an opportunity to graduates who have just completed their tertiary qualifications or candidates who are about to complete their studies. Key focus of this programme is on business functions that have high scarcity of skills like EIM and ERP.

Group remuneration philosophy

Datacentrix' remuneration strategy views employee rewards in an all-inclusive/ holistic manner and include monetary and non-monetary elements such as standard compensation, performance incentives; reward and recognition; work stability and security; continuous development, career path building and succession planning; respect; quality coaching and a work environment aligned to the Datacentrix values.

The remuneration strategy reflects Datacentrix' commitment to:

- Attract and retain the exceptional talent the Group requires for continued success;
- Be compliant with best practice in the areas of remuneration, retention and reward;
- Fairly compensate directors, executives and other employee categories for their individual contributions to Group performance;
- Ensuring that remuneration strategies and packages within the Group (including short and long-term incentive plans), where applicable, are based on a reasonable mix of Group, business and individual performance targets;
- Providing suitable motivation, recognition and reward for high performance, discouraging mediocre performance and penalising poor performance;
- A comprehensive performance management process, which includes performance contracts and regular reviews of employee performance in a formal manner, the result of which is a key element in salary adjustment considerations for all level of employees; and
- Achieving a balance between the interests of shareholders, employees and the financial and commercial viability of the Group.

Corporate governance report continued

Group remuneration philosophy (continued)

The remuneration packages and incentives are regularly evaluated against market-related surveys. The company's philosophy, which remains unchanged from prior years, is to employ individuals of the highest calibre, who are characterised by integrity, great competence and leadership abilities and who adhere and subscribe to our culture, values and philosophies. We strive to inspire success by providing a working environment that stimulates extraordinary performance.

Datacentrix recognises that achieving its goals depends on the quality and commitment of its employees. The company's retention philosophy stems from a basis of continuing skills development, short as well as long-term incentives through the performance-based deferred bonus scheme and participation in the Datacentrix Holdings Share Trust. Datacentrix aims to offer stimulating careers and career progression to its employees in line with the strategic mandate of the company, to retain key staff members and comply with relevant legislation. The Group is confident that the current remuneration policy is aligned with this philosophy, and will continue to support the Group's efforts to attract retain and reward employees that fit the skills and competency requirements for the implementation of its long-term strategy.

The Social, Ethics and Remuneration committee is tasked with the overall accountability for remuneration. This includes ensuring that the Group's remuneration policy remains effective in supporting the Group's objectives as well as complies with relevant legislation and good corporate governance. The committee furthermore:

- Determines the remuneration of the executive directors and executive management;
- Recommends the allocation of long-term incentives to management and executive directors;
- Recommends the approval of performance bonuses to individuals under the Group's short-term incentive scheme; and
- Makes recommendations on fees for non-executive directors and board committee members for approval by the board and shareholders.

Salary adjustments for other employees are filtered through the Group from the executive management down to employees, through the business unit manager structure in place. Approvals go through the divisional executive committees, within the overall annual salary increase approval guidelines set by the Social, Ethics and Remuneration Committee.

The Social, Ethics and Remuneration Committee decisions during the financial year included:

- Approval of the performance bonuses for the qualifying employees; and
- Total cost of employment ("TCOE") increases for the forthcoming year. At an overall Group level the average TCOE increase amounted to 6.6%.

The committee is satisfied that:

- Performance-related elements of remuneration constitute a large proportion of total remuneration packages;
- Remuneration levels determined by the committee are sufficient to attract, motivate, reward and retain senior executives, directors and employee categories of the Group; and
- It has established a formal and transparent set of policies and procedures.

Remuneration components

The various components of our remuneration approach are summarised in the table below:

Component	Datacentrix approach to remuneration
Employees	Group employees receive a total guaranteed package that is based on the role of the employee, market value, individual performance and level of competence. Packages are structured on a total-cost-to-company (TCTC) basis and include contributions to healthcare, disability, life insurance and retirement benefits. Employer contributions towards retirement, life and medical benefits are included in the total guaranteed package. This means that employees are able to participate in the structure and composition of their individual packages to suit their needs and the requirements of their positions. This also enables comparison across the various employee classes. The TCOE concept offers transparency as each employee is able to understand the elements of their total remuneration package. Base salaries are reviewed in terms of job profiles and experience, and adjustments are made to base salaries to bring them in line where applicable.
Middle management and key employees	The remuneration structure for middle management and key employees includes fixed, short-term and medium to long-term components that reflect individual performance aligned with the relevant business' performance. The Group's primary management remuneration objective is to reward members of the management team to ensure that their interest areas as far as possible, correspond with the interests of shareholders, the financial and commercial well-being of the Group and recommendations from industry surveys. This is achieved through: **Fixed remuneration – base salary and benefits:** This is reviewed annually to ensure that the efforts of management who contribute to the success of the Group and have the potential to sustain performance are remunerated competitively. **Short-term incentives:** A short-term performance-related incentive scheme intended to provide superior total pay opportunities, should business performance merit it, and to reward individual performance. **Long-term incentives:** A long-term deferred bonus performance-related incentive scheme intended to attract, engage and retain critical talent and drive toward the overall performance of the Group.
Executive management and directors	The remuneration of executive management and directors is structured with the purpose to align the interests of the executives with operational performance and the long-term sustainability of the Group. Executives are rewarded through the payment of base remuneration, benefits, short-term incentives and long-term share-based incentives in the form of participation in the Group's Share Trust. Executive remuneration is generally split equally between variable and fixed compensation. *Details of the remuneration of the directors and Group executives, and information on share options are set out in the annual financial statements.*

Corporate governance report continued

Remuneration components (continued)

Component	Datacentrix approach to remuneration
Non-executive directors	Non-executive directors are paid fees for their services as directors and board-appointed committee members. Fees for non-executive directors are recommended to the board by the Social, Ethics and Remuneration Committee and are reviewed annually taking into account external benchmarks. The committee takes cognisance of market norms and practices, as well as the additional responsibilities placed on board members by new acts, regulations and corporate governance guidelines. As required in terms of the Companies Act, fees for non-executive directors are submitted to shareholders for approval by way of special resolution at the AGM. To avoid the potential for conflicts of interest, which could impair independence, Datacentrix does not award bonuses or share options to non-executive directors. Information on fees paid to the non-executive directors for the financial year for directorship and membership of the board and various committees can be found in note 2 on page 63.

Remuneration breakdown

The breakdown of the elements forming part of our remuneration approach are summarised in the table below:

Base remuneration	Fixed	➤ Reflects the nature and scope of the specific role, including the performance and experience of the employee. ➤ Fixed remuneration is based on a TCTC approach. Benefits included as part of TCTC packages include a healthcare, disability, life insurance and retirement benefits. ➤ There is no standard across-the-board increase to all employees within the Group, in addition to current consumer price index ("CPI"), the individual contribution of each employee is considered in their remuneration review. Fixed remuneration is reviewed annually at the start of the new financial year, with increase mandates being approved by the committee. The CEO manages ad hoc increases should the need arise.
Benefits (included in base remuneration)	Fixed	➤ Provides employees with contractually agreed benefits such as healthcare, disability, life insurance and retirement benefits. Members have the option to structure their pensionable income, monthly contributions to the Datacentrix Provident Fund and the nature of the fund invested in, however membership is compulsory. ➤ A minimum of 10% of pensionable remuneration is invested in the Datacentrix Provident Fund for all new employees. ➤ Contributions to the Datacentrix Provident Fund include benefits relating to insurance for employee and their dependants in the event of disability, death, critical illness, etc. ➤ All employees are required to belong to an approved medical aid scheme. ➤ Benefits are funded from the TCTC package for each employee.
Short-term incentive schemes	Variable	➤ Rewards and motivates employees to achieve agreed objectives. ➤ Datacentrix has short-term incentive schemes, which are tailored to the diverse businesses within the Group and designed to incentivise various categories of employees. ➤ Short-term incentives are not guaranteed, are paid in cash and are based on both individual and business unit achievement against pre-set targets. The conditions for earning a short-term incentive generally consist of two elements, namely personal objectives (incorporating non-financial measures) and, financial performance targets. Performance targets are designed to be relevant, challenging and are aimed at enhancing shareholder value. Budgets are approved by the committee at the start of the period and the committee approves bonuses for executives before they are paid. ➤ A Group bonus scheme is also in place for employees who are not entitled to any other form of incentive. The Group bonus scheme is solely based on Group financial performance against targets set by the committee and board. Operational management performance targets focus on operating profits and working capital. The bonuses also include a discretionary element covering specific key performance areas and targets for each executive. These key performance indicators include responsibility for matters such as: ➤ Service level achievements; ➤ Performance management; ➤ Growth of the company; ➤ Succession planning and talent management; and ➤ Achievement of predetermined broad-based black economic empowerment targets for each manager's area of responsibility.
Medium/long-term incentive plans	Variable	Medium to long-term incentives create loyalty and commitment among employees and act as a retention mechanism. It is essential for the Group to retain skills over the longer term and to motivate and incentivise senior management and other key employees to drive sustainable value creation over multiple reporting periods. This is achieved through long-term incentive plans and annual awards using the deferred bonus scheme. Financial performance targets for selected employees are set annually. On partial achievement of certain of these targets, a pro-rata bonus value is accrued. The value is deferred over a three year period, with one third being available for a cash pay-out on an annual basis. The employee has to remain in the employment of the company to retain the right to be paid the bonus.
Datacentrix Share Option Scheme	Variable	Further long-term incentives are offered through participation in the Datacentrix Holdings Share Trust, and are intended to reward improved sustainable Group business performance, aligned with shareholder interests over a longer term. Allocations of options from the trust are designed to retain key senior employees over a longer period and to recognise their contribution to the Group's performance. Restraint of trade agreements are attached to all option allocations given to employees.

Corporate governance report continued

Remuneration breakdown (continued)

Datacentrix Share Option Scheme (continued)	Variable	The Social, Ethics and Remuneration Committee determines the criteria for the allocation, awards and/or grants to the employees of the company and its operations. Further detail on the criteria is set out below and has been approved by the board. Eligible participants are recommended by the chief executive officer and are then submitted to the Social, Ethics and Remuneration Committee, which submits its approved participants to the board for final approval.

Nominations Committee

Mandate and duties of the Nominations Committee

Appointments to the board are made in a formal and transparent manner and are considered by the board as a whole.

The Nominations Committee provides independent and objective recommendations to the board to ensure that the board has the appropriate composition to effectively discharge its duties. It reviews the balance of experience, knowledge and skills of the board to ensure that it delivers strategic direction and leadership required for success. Committee meetings are held on an ad hoc basis when necessary.

Composition of the Nominations Committee

The members of the Nominations Committee are considered by the company to be non-executive directors.

Roles and responsibilities of the Nominations Committee

- Make recommendations to the board on the appointment of new members;
- Recommendations on the composition of the board;
- Make recommendations to the board on the appointment of a Lead Independent Director ("LID") when applicable;
- Regularly review the board structure, size and composition;
- Identify and nominate candidates for the approval of the board to fill board vacancies;
- Ensure succession plans are in place;
- Recommend directors that are retiring by rotation, for re-election;
- Initiate an annual, formal evaluation process of the board, board committees and individual directors;
- Consult other directors in its evaluation of the chairman of the board, the chief executive and individual directors;
- Liaise with the board in relation to the preparation of the committee's report to shareholders; and
- Give due consideration to the Listings Requirements of JSE Limited and the principles of governance and the Code of Governance Principles.

Meetings of the Nominations Committee[1]

Name	15 Apr '13
Nolitha Fakude* (chairman)	App
Dudu Nyamane*	App
Gary Morolo#	✓
Joan Joffe*	Ret
Ahmed Mahomed (invitee)	✓

* independent non-executive director # Resigned during the year
Ret - retired during the year App - appointed during the year

[1]**Explanatory note**

As a result of the reported changes to the board during the year, only one meeting of the Nominations Committee was held during the year under review. All recommendations for board appointments subsequent to this meeting were considered and agreed to by the board of directors as a whole. Once the appointments to the board were finalised, the Nominations Committee was reinstituted with Ms N Fakude (as chairman) and Ms D Nyamane having been appointed to the committee and the committee continued with its mandated duties.

Annual financial statements

The annual financial statements for the year ended 28 February 2014 have been prepared under the supervision of the Group Financial Director, Elizabeth Naidoo (CA) SA.

Directors' report

The directors have pleasure in presenting their report on the activities of the Group and Company for the year ended 28 February 2014.

General review
The year under review is fully covered in this integrated report in the combined Chairman's and Chief Executive Officer's report.

Share capital
There were no movements in the share capital of the company. Details of the authorised and issued share capital appear in note 22 to the annual financial statements.

Dividends
Details of the dividends and distributions declared and paid are shown in note 9.

Datacentrix Holdings Share Trust
The two trustees, Nolitha Fakude and Dudu Nyamane, both independent non-executive directors, manage the Datacentrix Holdings Share Trust. The trustees are responsible for the financial management of the trust and ensure adherence to the rules of the share trust deed. Details of the share trust are included in note 28.

Subsidiaries and joint venture
Details of principal subsidiary companies appear within note 15 and details of the joint venture appear in note 13.

Holding companies and major shareholders
Shareholders holding beneficially, directly or indirectly in excess of 5% of the issued share capital of the company are detailed in note 32.

Events subsequent to financial year end
The directors are not aware of any other matters or circumstances arising since the end of the financial year until the date of this report, not otherwise dealt with in the annual financial statements, which would significantly affect the financial position of the Group or the results of its operations. Other than the changes to the board of directors detailed in the Corporate Governance report, there were no material subsequent events that required disclosure.

Capital expenditure
The company spent R18.6 million (2013: R37.3 million) on assets. R3.5 million (2013: R3.4 million) was spent on spares stock, also classified as equipment.

Auditors
During the current year a number of audit firms were requested to submit proposals for the external audit services and based on these proposals the Audit and Risk Committee recommended the appointment of SizweNtsalubaGobodo Inc. to perform an independent audit of the Group's financial statements. SizweNtsalubaGobodo Inc. will be proposed for re-appointment as auditors for the next reporting period at the forthcoming Annual General Meeting ("AGM").

Dealing in securities
Trading in the company's shares and options is conducted on completion of an application form. Authorisation is given in writing by the chairman of the board or the CEO as appropriate. The written authority is kept by the company secretary with the record of the particular transaction.

The Group operates a closed period prior to the publication of its year end and interim results. During this time, the Group's directors, officers and employees, and their families and close associates, are restricted from dealing, whether directly or indirectly, in the company's shares on the basis of privileged, price-sensitive information before it has been publicly announced to the market. Additional closed periods are enforced as required in terms of any corporate activity.

Directorate
Biographical notes of the current directors are shown within this integrated report. According to the company's Memorandum of Incorporation, one third of the directors should retire by rotation at the forthcoming AGM. Directors appointed after the previous AGM shall also stand down for election by shareholders as required in the Memorandum of Incorporation.

Directors' and prescribed officers' remuneration
The directors' and prescribed officers' remuneration and share options are reported in note 2 to the annual financial statements. Details on the directors' shareholding are reported below.

Company secretary
The company secretary is iThemba Governance and Statutory Solutions Proprietary Limited. The company secretary provides a central source of advice to the board on the requirements of the JSE Listings Requirements, King III and corporate governance in general. In addition to the company secretary's statutory and other duties, the secretary also provides the board as a whole, directors individually, and the committees, with guidance as to the manner in which their responsibilities should be discharged in the best interests of the company. The appointment and removal of the company secretary is a matter for the board. Additional information on the competence, qualifications and experience of the company secretary is provided in the corporate governance report.

Directors' responsibilities
The annual financial statements are the responsibility of the directors of the company. The directors fulfil this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the Group's assets are safeguarded, that transactions are executed in accordance with management's authorisation and that financial records are reliable.

Audit and Risk Committee
Details of the Audit and Risk Committee are reported on in the corporate governance report.

Going concern
Following due consideration of the operating budgets, an assessment of Group debt covenants and funding requirements, solvency and liquidity, the major risks, outstanding legal, insurance and taxation issues, and other pertinent matters presented by management, the directors have recorded that they have reasonable expectation that the Company and the Group have adequate resources and the ability to continue in operation for the foreseeable future. For these reasons, the financial statements have been prepared on a going concern basis.

Financial results
The financial results for the year ended 28 February 2014 are set out in detail within these annual financial statements.

Interests of directors
Details of directors' interest in contracts or share or reference to, are dealt within the Directors' report. During the financial year, other than transactions with companies related to the shareholders of the Group, which are disclosed in the annual financial statements, no material contracts were entered into which directors of the company had an interest in and which significantly affected the business of the Group.

Directors' report continued

Directors' shareholding

Executive directors

	2014		2013	
	Beneficial		Beneficial	
	Direct	Indirect	Direct	Indirect
Ahmed Mahomed	160 400	-	119 800	-

Non-executive directors

	2014			2013		
	Non-beneficial	Beneficial		Non-beneficial	Beneficial	
		Direct	Indirect		Direct	Indirect
Arnold Fourie@	68 520 048	-	-	-	-	-
Joan Joffe#	-	-	-	-	454 545	-
Gary Morolo*	-	-	-	61 152 467	-	20 000 000
	68 520 048	-	-	61 152 467	454 545	20 000 000

retired during the year and thus shareholding no longer reflected * resigned during the year and thus shareholding no longer reflected
@ Arnold Fourie is a shareholder in and director of a major shareholder, Pinnacle Holdings Limited.

There have been no changes to the directors interests between the end of the financial year and the date of this report.

Sponsor
Merchantec Capital, a leading independent JSE registered sponsor and corporate finance company in South Africa, is the company's sponsor. Their sponsor division comprises dedicated people who, through their thorough understanding of the various regulatory frameworks and extensive corporate finance experience, ensures the highest quality of service. The team represents over 20 listed customers, a number of which have been customers for almost ten years.

Insurance
The Group has placed cover in the South African traditional insurance markets to ensure that all categories of risk are covered adequately. Additional cover on a per risk basis has been purchased where appropriate.

Audit and Risk Committee's report

In compliance with the requirements of section 94 of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act"), an Audit and Risk Committee is appointed annually by shareholders at the Annual General Meeting ("AGM"). During the year under review, this committee comprised of Alwyn Martin (Chairman); Thenjiwe Chikane*; Pete Backwell*; Takelani Tshivhase#*, Dudu Nyamane#, Joan Joffe°; Antony Ball*.
* Resigned during the current year
# Appointed during the current year
° Retired during the current year

During the financial year ended 28 February 2014, in addition to the duties set out in the Audit and Risk Committee's terms of reference, the committee carried out its functions as follows:

- Nominated the appointment of SizweNtsalubaGobodo Inc. as the registered independent auditor after satisfying itself through enquiry that SizweNtsalubaGobodo Inc. is independent as defined in terms of the Companies Act;
- Determined the fees to be paid to SizweNtsalubaGobodo Inc. and their terms of engagement;
- Ensured that the appointment of SizweNtsalubaGobodo Inc. complied with the Companies Act and any other legislation relating to the appointment of auditors;
- Approved a non-audit services policy that determines the nature and extent of any non-audit services, which SizweNtsalubaGobodo Inc. may provide to the company; and
- Pre-approved any proposed contract with SizweNtsalubaGobodo Inc. for the provision of non-audit services to the company.

The Audit and Risk Committee has satisfied itself through enquiry that SizweNtsalubaGobodo Inc. and Alex Philippou, the designated auditor, are independent of the company. The Audit and Risk Committee recommended the annual financial statements for the year ended 28 February 2014 for approval to the board. The board has subsequently approved the annual financial statements, which will be open for discussion at the forthcoming AGM.

The committee has considered and satisfied itself of the appropriateness of the expertise and experience of the Group Financial Director, Elizabeth Naidoo, and the finance function. An abridged curriculum vitae of the Group Financial Director appears on page 21 of the integrated annual report.

Alwyn Martin
Chairman, Audit and Risk Committee
Midrand
15 April 2014

Certificate of the company secretary

I certify, in my capacity as company secretary and in accordance with section 88 of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, that for the year ended 28 February 2014 the company has lodged with the Registrar of Companies all such returns as are required from a public company in terms of the Act and that these returns are true, correct and up to date.

Annamarie van der Merwe
iThemba Governance and Statutory Solutions Proprietary Limited
Company Secretary
Midrand
15 April 2014

Directors' statement of responsibility

The annual financial statements are prepared in accordance with the appropriate accounting policies based on International Financial Reporting Standards ("IFRS"), the Companies Act of South Africa and incorporate appropriate and responsible disclosure, supported by reasonable and prudent judgements and estimates, which have been used consistently. The responsibility of the external auditor is to independently audit and report on the fair presentation of the financial statements in all material respects and their report is presented on page 47.

The directors accept responsibility for the integrity, objectivity and reliability of the financial statements of the Company and Group. Complete accounting records have been kept to support this. The directors support the principle of transparent reporting and delegated the responsibility for the preparation and presentation of the financial statements to management.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurances as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitable, trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors believe that the Group has adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors are satisfied that the financial statements fairly present the financial situation and results of operations and cash flows of the Company and the Group for the year ended 28 February 2014.

The directors of the Group, whose names are given on page 21 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted, which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this annual report contains all the information required by the Listings Requirements of JSE Limited.

The annual financial statements appearing on pages 48 to 90 were approved by the board of directors on 15 April 2014, and are signed on its behalf by:

Nolitha Fakude
Independent, Non-executive Chairman

Ahmed Mahomed
Chief Executive Officer

Independent auditor's report

To the shareholders of Datacentrix Holdings Limited
We have audited the consolidated and separate annual financial statements of Datacentrix Holdings Limited, set out on pages 48 to 90, which comprise the consolidated and separate statements of financial position as at 28 February 2014, and the statements of comprehensive income, changes in equity and of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Datacentrix Holdings Limited as at 28 February 2014, and its consolidated and separate financial performances and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act
As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2014, we have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

SizweNtsalubaGobodo Inc.
Alex Philippou
Registered Auditor
Engagement Director
15 April 2014

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Nonkululeko Gobodo (Executive Chairman), Victor Sekese (Chief Executive).
A comprehensive list of all directors is available at the company offices or registered office. SizweNtsalubaGobodo Incorporated. Registration number: M2005/034639/21

Statements of comprehensive income

for the year ended 28 February 2014

	Notes	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Revenue	3	2 279 512	1 919 487	-	-
Changes in inventories of finished goods and work in progress		(7 908)	(1 736)	-	-
Finished goods		(1 524 699)	(1 251 177)	-	-
Employee benefits expense		(520 472)	(472 652)	-	-
Depreciation and amortisation expenses		(27 331)	(19 792)	-	-
Operating expenses		(74 035)	(67 581)	(843)	(1 404)
Profit/(loss) from joint venture		223	(386)	-	-
Investment income	4	5 184	10 242	50 008	85 008
Finance costs/interest paid	5	(4 010)	(3 886)	-	-
Profit before taxation	6	126 464	112 519	49 165	83 604
Income taxation expense	7	(37 539)	(35 199)	(1)	(1)
Profit after taxation		88 925	77 320	49 164	83 603
Other comprehensive income		-	-	-	-
Total comprehensive income for the year attributable to shareholders		88 925	77 320	49 164	83 603
Basic earnings per ordinary share (cents)	8	45.4	39.5		
Diluted basic earnings per ordinary share (cents)	8	45.2	39.0		
Headline earnings per ordinary share (cents)	8	45.6	39.6		
Diluted headline earnings per ordinary share (cents)	8	45.4	39.1		

Statements of financial position

as at 28 February 2014

	Notes	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
ASSETS					
Non-current assets		206 109	190 216	150 520	146 372
Property and equipment	10	69 006	66 682	-	-
Intangible assets - business combinations	11	91 516	56 927	-	-
Intangible assets - software	12	9 646	10 277	-	-
Investment in joint venture	13	914	744	-	-
Investment in subsidiaries	15	-	-	150 520	146 372
Finance lease receivable - long-term	16	7 191	30 266	-	-
Deferred taxation assets	17	27 836	25 320	-	-
Current assets		756 190	707 815	7 241	7 216
Loan to share trust	18	-	-	6 627	6 627
Current taxation assets		11 844	-	-	-
Finance lease receivable - short-term	16	19 271	24 661	-	-
Inventories	19	44 408	36 500	-	-
Trade and other receivables	20	478 130	372 893	181	200
Cash and cash equivalents	21	202 537	273 761	433	389
TOTAL ASSETS		962 299	898 031	157 761	153 588
EQUITY AND LIABILITIES					
Capital and reserves		537 943	491 630	157 718	153 156
Share capital	22	21	21	21	21
Share premium	22	36 079	35 962	39 280	39 280
Treasury shares	22	(42 766)	(42 335)	-	-
Equity-settled share scheme reserve	22	43 161	37 801	43 161	37 801
Retained earnings		501 448	460 181	75 256	76 054
Non-current liabilities		39 125	47 800	-	-
Deferred revenue - long-term	23	13 175	18 126	-	-
Loan payable - long-term	15	18 793	-	-	-
Finance lease payables - long-term	24	7 157	29 674	-	-
Current liabilities		385 231	358 601	43	432
Deferred revenue - short-term	23	53 284	43 775	-	-
Finance lease payables - short-term	24	18 565	22 591	-	-
Trade and other payables	25	306 872	237 420	39	429
Current taxation liabilities		112	6 028	4	3
Loan payable - short-term	15	3 517	45 750	-	-
Lease smoothing liability		2 881	3 037	-	-
TOTAL EQUITY AND LIABILITIES		962 299	898 031	157 761	153 588

Statements of changes in equity

for the year ended 28 February 2014

	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
GROUP						
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	-	(1 560)	(2 615)	-	-	(4 175)
Share-based payments	-	-	-	7 700	-	7 700
Dividend paid	-	-	-	-	(60 268)	(60 268)
Balance at 28 February 2013	21	35 962	(42 335)	37 801	460 181	491 630
Total comprehensive income for the year	-	-	-	-	88 925	88 925
Treasury shares - movement during the year	-	117	(431)	-	-	(314)
Share-based payments	-	-	-	5 360	-	5 360
Dividend paid	-	-	-	-	(47 658)	(47 658)
Balance at 28 February 2014	21	36 079	(42 766)	43 161	501 448	537 943
COMPANY						
Balance at 29 February 2012	21	39 280	-	30 101	55 632	125 034
Total comprehensive income for the year	-	-	-	-	83 603	83 603
Share-based payments	-	-	-	7 700	-	7 700
Dividend paid	-	-	-	-	(63 181)	(63 181)
Balance at 28 February 2013	21	39 280	-	37 801	76 054	153 156
Total comprehensive income for the year	-	-	-	-	49 164	49 164
Share-based payments	-	-	-	5 360	-	5 360
Dividend paid	-	-	-	-	(49 962)	(49 962)
Balance at 28 February 2014	21	39 280	-	43 161	75 256	157 718

Statements of cash flows

for the year ended 28 February 2014

	Notes	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		2 206 551	1 813 566	-	-
Cash paid to suppliers and employees		(2 063 924)	(1 757 019)	(1 214)	(1 471)
Cash generated from/(utilised in) operations	36	142 627	56 547	(1 214)	(1 471)
Interest received		8 737	14 539	8	8
Interest paid		(4 010)	(3 886)	-	-
Dividend received from subsidiaries		-	-	50 000	85 000
Dividend paid		(47 658)	(60 268)	(49 962)	(63 181)
Taxation paid	37	(60 414)	(28 406)	-	-
Net cash inflow/(outflow) from operating activities		39 282	(21 474)	(1 168)	20 356
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property and equipment		(18 576)	(37 318)	-	-
Additions to intangible assets		(7 863)	(10 044)	-	-
Proceeds from sale of property and equipment		696	728	-	-
Decrease/(increase) in investment and advance payments		-	-	1 212	(20 306)
Acquisition of subsidiary		(34 402)	(42 720)	-	-
Decrease/(increase) in investment in joint venture		53	(108)	-	-
Net cash (outflow)/inflow from investing activities		(60 092)	(89 462)	1 212	(20 306)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase in treasury shares		(431)	(2 615)	-	-
(Decrease)/increase in amounts due under finance leases		(26 543)	28 185	-	-
(Decrease)/increase in loans payable		(23 440)	45 750	-	-
Net cash (outflow)/inflow from financing activities		(50 414)	71 320	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(71 224)	(39 616)	44	50
Cash and cash equivalents at the beginning of the year		273 761	313 377	389	339
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		202 537	273 761	433	389

Notes to the annual financial statements

for the year ended 28 February 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act on a basis consistent with the prior year. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, which are stated at fair value or amortised cost, as applicable. The principal accounting policies adopted are set out below. All subsidiaries, and other entities controlled by the company complied with these accounting policies.

Basis of consolidation
The consolidated annual financial statements incorporate the annual financial statements of the company, its subsidiary companies and the Datacentrix Holdings Share Trust, all of which are controlled by the company as well as the investment in its joint venture. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The operating results of subsidiary companies are included from the effective dates of acquisition, up to the effective dates of disposal. All inter-company transactions and balances have been eliminated on consolidation. Premiums that arise on the acquisition of subsidiary companies and any excess of the net assets of a subsidiary company over the cost of acquisition are treated in terms of the Group's accounting policy for goodwill.

Business combinations
The acquisition of subsidiaries is accounted for using the acquisition method when control is transferred to the Group. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Transaction costs are expensed as incurred, except if they relate to the issue of debt or equity instruments.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3: Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, the subsequent changes in the fair value of contingent consideration are recognised in profit or loss.

Interest in joint venture
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, and the Group has rights to the net assets of the arrangement, rather than the right to its assets and obligations for its liabilities. The investment in the joint venture is accounted for using the equity method and is recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit and loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of future losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Operating segments
An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria:

- its reported revenue, from both external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; or
- the absolute measure of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; or
- its assets are 10% or more of the combined assets of all operating segments.

If the total external revenue reported by operating segments constitutes less than 75% of the entity's revenue, additional operating segments must be identified as reportable segments (even if they do not meet the quantitative thresholds set out above) until at least 75% of the entity's revenue is included in reportable segments.

Property and equipment
All items of property and equipment, except for land which is stated at cost, are stated at original cost less accumulated depreciation and any impairment losses. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Depreciation is charged so as to write-off the cost of assets over their estimated useful lives to their residual values, using the straight-line method. Depreciation commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Computer equipment utilised in large enterprise outsourcing contracts are depreciated over the term of the contract to their residual values.

When the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are discounted to their present values.

A gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Spare parts are included in property and equipment if it meets the definition of property plant and equipment in terms of IAS 16, otherwise it is classified as inventory.

Impairment of assets
At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Goodwill is reviewed for impairment on an annual basis, regardless of whether there are any indicators of impairment or more frequently when there is an indication that the cash generating unit to which it belongs may be impaired.

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in profit and loss for the year. It is first allocated to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis. The recoverable amount is determined in terms of the value in use.

Other than for goodwill, where an impairment loss subsequently reverses the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit and loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

A cash generating unit within the Group is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill

Goodwill represents the excess of the cost of acquisition of the Group's interest over the fair value of the identifiable assets and liabilities of a division, subsidiary, associate or jointly controlled entity at the date of acquisition.

All business combinations are accounted for by applying the purchase method. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and tested annually for impairment. A recognised impairment loss is never reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Software

All items of software are stated at original cost less accumulated amortisation and impairment losses. Amortisation is charged so as to write-off the cost of assets over their estimated useful lives to residual values, using the straight-line method.

Other intangible assets

Other intangible assets are stated at fair value (as determined as part of business combinations) less accumulated amortisation. Other intangible assets are amortised over the useful lives of the relevant assets.

Leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Assets held under operating leases are not recognised in the Group's statement of financial position. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The Group as lessor

Assets utilised in finance lease arrangements with the Group as lessor are not recorded as assets of the Group. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Taxation

Income taxation expense represents the sum of the taxation currently payable and deferred taxation. The charge for current taxation is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using taxation rates that have been enacted or substantively enacted by the year end. Current taxation also includes any taxes arising from dividends.

Deferred taxation is recognised in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable profit. In principle, deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the taxation profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising from investment in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation is calculated at the taxation rates that are expected to apply when the asset is realised or the liability is settled. Deferred taxation is charged or credited in profit and loss for the year, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred taxation is also dealt with accordingly.

Inventories

All inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Redundant and slow-moving inventories are identified and written-down with regard to their estimated economic or realisable values. The net realisable value is determined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount is recognised as an expense in the period in which the related revenue is recognised.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, including finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account.

Changes in the carrying amount of the allowance account are recognised in profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
Financial liabilities are classified as either financial liabilities at 'FVTP' or 'financial liabilities at amortised cost'.

Financial liabilities at amortised cost
Financial liabilities at amortised cost, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 31.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each year end. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Revenue
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value-added taxation.

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably. Sale of goods is recognised when goods are delivered and title has passed.

Revenue derived from services rendered relates to service and maintenance contracts taken out over a 12 to 36 month period. The revenue, which is deferred, is recognised over the period of the contract.

Interest income, on investments and finance leases, is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in currencies other than South African Rands are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling at year end. Profits and losses arising on exchange are dealt with in profit or loss.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

Finance costs

All finance costs are recognised in profit or loss in the period in which they are incurred as the Group has no qualifying assets as defined in IAS 23: Borrowing Costs.

Related party transactions

All subsidiaries of the Group are related parties. A list of major subsidiaries is included in note 15.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amounts expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The Group issues equity-settled payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value, determined with the binomial model at the grant date of the equity-settled share-based payments, is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market vesting conditions.

The expected life used in the binomial model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Options are granted to employees and directors in terms of equity compensation plans at fair value of the company's shares at the date of granting the options. When exercised at a later date, shares are issued at the option value.

Any losses or profits incurred by the Group or the Datacentrix Holdings Share Trust on the exercise of options by employees are accounted for against share premium. Shares held by the trust are treated as treasury shares. Any potential losses that could be incurred by the trust where vested options are immediately exercisable are booked against share premium. Potential losses or profits on vested options exercisable at future dates or profits on options exercisable immediately are disclosed by way of a note.

Retirement benefits

Payments to defined contribution retirement plans are charged as an expense as they fall due. Unpaid amounts are reflected as a liability at reporting periods and prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Other employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine the present value. Benefits are classified as short-term in nature if these are expected to be paid within 12 months after the end of the reporting period.

Leave pay accrual

The leave pay accrual relates to possible vesting leave pay to which employees may become entitled upon leaving the employment of the Group. The accrual arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The accrual is utilised when employees become entitled to and are paid for the accumulated leave pay or utilise compensated leave due to them.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described earlier in this note, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

Note 3 sets out the different types of revenue recognised for the businesses of Technology, Managed Services and Business Solutions. In making its judgement of how to treat the revenue of the various transactions, management considered the detailed criteria for the recognition of revenue from the sale of goods and services, set out in IAS 18: Revenue, and in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods.

Where a single contract price is negotiated with a customer for both goods and services, the split is determined with reference to the usual sales prices for these specific goods and services.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units to which goodwill has been allocated. The value in use requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. A five-year model is applied. Refer to note 11 for details.

Useful lives and residual values of assets

Useful lives and residual values of assets are reviewed at least once a year, at year end. Management is of the opinion that the useful lives and residual values of the assets currently carried are in line with industry norms. Refer to note 10 and 12 for details.

Inventory carried at net realisable value

The net realisable value of inventory represents the estimated selling price in the current market at year end. The Group provides for the amount, which the cost of inventory is higher than the net realisable value multiplied by the units of stock on hand at year end. No such provision was required in the current or prior year.

Provision for bad debts

The provision for bad debts relates to possible recoverability and ageing issues regarding specific debtors. These are analysed on a one-on-one basis first, and then on a portfolio basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 45 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Fair value of financial instruments

As described in note 31, the directors used their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. For derivative financial instruments assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

Fair value of share-based payments reserve

The fair value is determined using the binomial model. Refer note 28 for inputs and assumptions made in the binomial model.

Adoption of new and revised International Financial Reporting Standards (IFRS)

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee of the IASB that are relevant to its operations.

At the date of authorisation of the annual financial statements, the following Standards and Interpretations applicable to the company were in issue, but not yet effective:

Standards that have been issued with effective date in 2014

Standards	Details of amendment	Annual periods beginning on or after
IAS 32: Financial Instruments Presentation (Amendment)	The amendment gives more clarity on disclosure requirements that are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position.	Applies retrospectively for annual periods beginning on or after 1 January 2014. Early adoption is permitted.
IFRS 10, IFRS 12 and IAS 27 (Amendments)	These amendments define investment entities and introduce exceptions to consolidating particular subsidiaries for investment entities. They require investment entities to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments: in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.	
IAS 36: Impairment of Assets (Amendment)	The objective of the amendment is to amend the disclosure requirements in IAS 36: Impairment of Assets with regard to the measurement of the recoverable amount of impaired assets that were made as a consequence of issuing IFRS 13: Fair Value Measurement in May 2011.	

Standards	Details of amendment	Annual periods beginning on or after
IFRS 3: Business Combination: (Amendment)	The objective of this amendment is to clarify certain aspects of accounting for contingent consideration in a business combination.	Applies retrospectively for annual periods beginning on or after 1 July 2014. Early adoption is permitted.
IFRS 3: Business Combinations (Amendment)	The objective of this amendment is to clarify that paragraph 2(a) of IFRS 3: Business Combinations: ➤ excludes the formation of all types of joint arrangements as defined in IFRS 11: Joint Arrangements from the scope of IFRS 3; and ➤ the scope exception only applies to the financial statements of the joint venture or the joint operation itself.	
IFRS 8: Operating Segments: (Amendment)	The objective of this amendment is to ensure that a reconciliation of the total of the reportable segments' assets to the entity's assets are disclosed, if that amount is regularly provided to the chief operating decision maker.	
IFRS 2: Share-based Payment: (Amendment)	The objective of this amendment is to clarify the definition of a vesting condition.	
IFRS 13: Fair Value Measurement: (Amendment)	The objective of this amendment is to ensure that paragraphs relating to IFRS 9 and IAS 39 containing guidance related to the measurement of short-term receivables and payables with no stated interest rate at invoice amounts are adjusted.	
IAS 16: Property, Plant and Equipment: (Amendment)	The objective of this amendment is to clarify the requirements for the revaluation method in IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets to address concerns about the calculation of the accumulated depreciation or amortisation at the date of the revaluation.	
IAS 24: Related Party Disclosures: (Amendment)	The amendment is that an entity providing key management personnel ("KMP") services to the reporting entity should be disclosed as a related party of the reporting entity.	
IAS 38: Intangible Assets (Amendment)	The amendment was in line with the proportionate restatement of accumulated amortisation under the revaluation method.	

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

Standards that have been issued with effective date in 2014 (continued)		
Standards	**Details of amendment**	**Annual periods beginning on or after**
IFRS 13: Fair Value Measurement (Amendment)	The objective of this amendment is to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9: Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation	Applies retrospectively for annual periods beginning on or after 1 July 2014. Early adoption is permitted.
IAS 19: Employee Benefits (Amendment)	The objective of this project is to provide additional guidance to IAS 19: Employee Benefits on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan.	
Issued but not yet effective standards		
IFRS 9: Financial Instruments (Amendment)	This is a new standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	The effective date is to be confirmed.

IASB anticipated IFRS to be issued in 2014	
IASB project	**Status**
IFRS 9: Financial Instruments (replacement of IAS 39)	The effective date is to be confirmed.
Classification and Measurement (Limited Amendments)	Expected to issue an IFRS in quarter 2 of 2014
Impairment	Expected to issue IFRS in quarter 2 of 2014
Interim IFRS	Expected to issue an IFRS in quarter 1 of 2014
Revenue Recognition	Expected to issue IFRS in quarter 1 of 2014
IASB major project under discussion	
Leases	Exposure draft issued but under further redeliberations

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

Management assessed all the Standards and Interpretations and does not believe that any of these will have a material impact on the results of the company in future periods.

2. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Executive directors

Remuneration and benefits for executive directors were as follows:

2014	Salaries R'000	Bonuses R'000	Benefits R'000	Retirement contributions R'000	Total R'000
Ahmed Mahomed	3 003	3 612	32	381	7 028
Elizabeth Naidoo	1 903	2 060	104	252	4 319
	4 906	5 672	136	633	11 347
2013					
Ahmed Mahomed	2 833	2 428	32	359	5 652
Elizabeth Naidoo	1 800	1 607	99	238	3 744
	4 633	4 035	131	597	9 396

No current or retired director receives a pension funded by the Group.

Group executive committee

The total remuneration of members of the Executive Committee is set out below:

2014	Salaries R'000	Bonuses R'000	Benefits R'000	Retirement contributions R'000	Total R'000	2013 Total R'000
Officer 1	1 787	1 550	66	-	3 403	2 921
Officer 2	1 581	1 500	48	200	3 329	3 446
Officer 3 (resigned)	923	-	106	119	1 148	2 061
Officer 4	1 230	1 325	213	175	2 943	2 354
Officer 5	973	360	90	135	1 558	1 456
Officer 6 (resigned)	-	-	-	-	-	1 582
Officer 7	809	130	38	103	1 080	948
Officer 8	1 035	775	83	142	2 035	-
	8 338	5 640	644	874	15 496	14 768

Non-executive directors - fees for services as directors

	Total 2014 R'000	2013 R'000
Nolitha Fakude^	-	-
Alwyn Martin	466	551
Dudu Nyamane	371	409
Arnold Fourie^	-	-
Gary Morolo#	982	930
Takalani Tshivhase^#	-	-
Joan Joffe*º	142	775
Thenjiwe Chikane#	190	601
Pete Backwell*#	464	51
Antony Ball#	343	51
	2 958	3 368

* Fee includes role as LID # Resigned during the year º Retired during the year ^ Appointed during the year

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

2. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION (continued)

Share options

Share option allocations are considered and recommended by the board and approved by the Social, Ethics and Remuneration Committee. Conditions and exercise periods are set out in the Datacentrix Holdings Share Trust Deed.

	Number of options 28 Feb 2013	New options allocated during the year	Expired, sold or lapsed during the year	Number of options 28 Feb 2014	Option price R	Granting date	Value of all options in total R
Ahmed Mahomed	1 750 000	-	-	1 750 000	3.43	02/10/2006	6 002 500
	500 000	-	-	500 000	3.11	30/01/2009	1 555 000
	3 000 000	-	-	3 000 000	4.11	25/11/2009	12 330 000
	1 333 334	-	-	1 333 334	3.97	23/06/2010	5 293 336
	1 333 334	-	-	1 333 334	4.22	05/10/2011	5 625 260
	1 333 333	-	-	1 333 333	4.90	22/06/2012	6 533 332
Elizabeth Naidoo	1 000 000	-	-	1 000 000	3.43	02/10/2006	3 430 000
	300 000	-	-	300 000	3.11	30/01/2009	933 000
	666 667	-	-	666 667	3.97	23/06/2010	2 646 668
	666 667	-	-	666 667	4.22	05/10/2011	2 810 520
	666 666	-	-	666 666	4.90	22/06/2012	3 266 668
	12 550 001	-	-	12 550 001			50 426 284

No share options have been allocated to directors or prescribed officers during the current year. At year end, share options allocated to prescribed officers amounted to 7,560,000 (at an average option price of R4.23) to the value of R32 million.

3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	Group 2014 R'000	Group 2013 R'000
Sale of goods	1 475 914	1 298 704
Services rendered	800 045	616 486
Interest on finance lease receivables	3 553	4 297
	2 279 512	1 919 487

4. INCOME FROM INVESTMENTS

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Interest on bank deposits	5 184	10 242	8	8
Dividends received from subsidiaries	-	-	50 000	85 000
	5 184	10 242	50 008	85 008

5. FINANCE COSTS

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Interest paid on loans and to financial institutions	661	-	-	-
Interest paid on finance lease payables	3 349	3 886	-	-
	4 010	3 886	-	-

6. PROFIT BEFORE TAXATION

Profit before taxation for the year has been arrived at after charging (crediting):

	Group 2014 R'000	Group 2013 R'000
Auditors' remuneration		
- external audit fees	3 396	2 810
- fees for other services (taxation and advisory services)	1 164	348
Net foreign exchange loss		
- realised	2 514	279
- unrealised	(1 607)	288
	907	567
Depreciation of property and equipment	16 388	12 927
Amortisation of software and intangibles	10 943	6 865
Expense for doubtful debts	3 300	-
Total employee benefits expense	520 472	472 652
Operating lease payments - properties	18 019	18 145
Retirement fund contributions (included in employee benefits expense)	28 488	24 875
Loss on disposal of property and equipment	374	142

7. INCOME TAXATION EXPENSE

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Taxation charge				
SA normal taxation - current year	41 958	37 207	1	1
SA normal taxation - prior year	-	1	-	-
Deferred taxation - current year	(4 765)	(2 446)	-	-
Dividend tax	346	437	-	-
	37 539	35 199	1	1

SA normal income taxation is calculated at 28% (2013: 28%) of the estimated assessable profit for the year. Deferred taxation is calculated at 28% (2013: 28%). In terms of the dividends taxation, the local dividend taxation rate is 15% (2013: 15%).

	Group 2014 %	Group 2013 %	Company 2014 %	Company 2013 %
Reconciliation of rate of taxation				
Taxation at statutory rate	28.0	28.0	28.0	28.0
Expenses/(income) not allowed for taxation	1.7	3.2	(28.1)	(28.1)
Effective taxation rate for the year	29.7	31.2	(0.1)	(0.1)

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

8. EARNINGS PER SHARE AND OTHER PER SHARE INFORMATION

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the company is based on the following data:

	Group 2014 R'000	Group 2013 R'000
Earnings for the purpose of earnings per share	88 925	77 320
Number of shares		
Weighted average number of ordinary shares for the purposes of earnings per share	195 797 991	195 797 991
Effect of dilutive potential ordinary shares: Share options	1 005 852	2 225 581
Weighted average number of ordinary shares for the purposes of diluted earnings per share	196 803 843	198 023 572
Earnings per share (cents)		
Basic	45.4	39.5
Diluted	45.2	39.0
Headline earnings for the purposes of headline earnings per share		
Total comprehensive income attributable to ordinary shareholders	88 925	77 320
Loss on disposal of assets	374	142
Headline earnings for the purposes of basic and diluted headline earnings per share	89 299	77 462
Number of shares		
Weighted average number of ordinary shares for the purposes of headline earnings per share	195 797 991	195 797 991
Effect of dilutive potential ordinary shares: Share options	1 005 852	2 225 581
Weighted average number of ordinary shares for the purposes of diluted headline earnings per share	196 803 843	198 023 572
Headline earnings per share (cents)		
Basic	45.6	39.6
Diluted	45.4	39.1
Net asset value per share		
Net asset value per share is calculated by dividing the ordinary shareholders' equity by the issued share capital at year end		
Number of shares		
Closing number of shares (net of shares held by the Datacentrix Holdings Share Trust)	195 797 991	195 797 991
Net asset value		
Ordinary shareholders' equity	537 943	491 630
Net asset value (adjusted for treasury shares) per share (cents)	274.7	251.1
Tangible net asset value		
Tangible net asset value per share is calculated by dividing the ordinary shareholders' equity, less intangibles, by the issued share capital at year end		
Number of shares		
Closing number of shares (net of shares held by the Datacentrix Holdings Share Trust)	195 797 991	195 797 991

	Group 2014 R'000	Group 2013 R'000
Net asset value		
Ordinary shareholders' equity	537 943	491 630
Adjustment: Less intangible assets	(101 162)	(67 204)
Tangible net asset value	436 781	424 426
Tangible net asset value (adjusted for treasury shares) per share (cents)	223.1	216.8

9. DIVIDEND AND PROPOSED DIVIDEND

The board has revised its dividend policy to three times headline earnings cover to align the policy to the Group's acquisitive growth strategy. This has been applied to the second half of the year.

The board declared a gross cash dividend of 8.17 cents per share for the year ended 28 February 2014, bringing the total dividend for the year to 20.49 cents per share. The proposed dividend for the year ended 28 February 2014 is payable to all shareholders on the Register of Members on 16 May 2014. 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 8.17 cents per share;
- the dividend tax to be withheld by the company amounts to 1.2255 cents per share;
- therefore the net dividend payable to shareholders who are not exempt from dividends tax amounts to 6.9445 cents per share, while the gross dividend payable to shareholders who are exempt from dividends tax amounts to 8.17 cents per share;
- the issued share capital of the company at the declaration date comprises of 205 265 683 ordinary shares; and
- the company's income tax reference number is 9739/002/71/6.

Therefore a total gross annual dividend of 20.49 cents per share, which includes the interim dividend of 12.32 cents per share paid on 4 November 2013, has been declared for the year.

10. PROPERTY AND EQUIPMENT - GROUP ONLY

2014	Opening balance R'000	Transfers R'000	Additions R'000	Disposals R'000	Closing balance R'000
Cost					
Land	1 915	-	-	-	1 915
Buildings	13 548	-	-	-	13 548
Motor vehicles	3 549	-	197	(1 420)	2 326
Furniture and fittings	8 961	-	1 025	(99)	9 887
Computer equipment	42 788	21 550	10 692	(1 035)	73 995
Office equipment	25 773	(21 550)	4 257	(76)	8 404
Spare parts	29 586	-	3 497	(10 614)	22 469
Leasehold improvements	6 595	-	114	-	6 709
	132 715	-	19 782	(13 244)	139 253

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

10. PROPERTY AND EQUIPMENT - GROUP ONLY (continued)

2014	Opening balance R'000	Transfers R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Accumulated depreciation					
Land	-	-	-	-	-
Buildings	255	-	-	-	255
Motor vehicles	1 812	-	122	(660)	1 274
Furniture and fittings	6 041	-	346	(99)	6 288
Computer equipment	22 395	4 550	9 319	(1 002)	35 262
Office equipment	6 373	(4 550)	570	(72)	2 321
Spare parts	26 842	-	4 574	(10 341)	21 075
Leasehold improvements	2 315	-	1 457	-	3 772
	66 033	-	16 388	(12 174)	70 247

2013	Opening balance R'000	Transfers R'000	Additions R'000	Disposals R'000	Closing balance R'000
Cost					
Land	1 915	-	-	-	1 915
Buildings	13 548	-	-	-	13 548
Motor vehicles	2 457	-	1 092	-	3 549
Furniture and fittings	8 298	-	1 082	(419)	8 961
Computer equipment	32 919	-	12 243	(2 374)	42 788
Office equipment	8 853	-	17 311	(391)	25 773
Spare parts	30 382	-	7 736	(8 532)	29 586
Leasehold improvements	4 459	-	2 170	(34)	6 595
	102 831	-	41 634	(11 750)	132 715

2013	Opening balance R'000	Transfers R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Accumulated depreciation					
Land	-	-	-	-	-
Buildings	255	-	-	-	255
Motor vehicles	1 634	-	178	-	1 812
Furniture and fittings	6 013	-	426	(398)	6 041
Computer equipment	20 248	-	4 493	(2 346)	22 395
Office equipment	5 344	-	1 420	(391)	6 373
Spare parts	29 467	-	5 117	(7 742)	26 842
Leasehold improvements	1 025	-	1 293	(3)	2 315
	63 986	-	12 927	(10 880)	66 033

	Group 2014 R'000	2013 R'000
Net book value and depreciation rates applied		
Land	1 915	1 915
Buildings (5%) (2013: 5%)	13 293	13 293
Motor vehicles (16.7%) (2013: 16.7%)	1 052	1 737
Furniture and fittings (10%) (2013: 10%)	3 599	2 920
Computer equipment (20%) (2013: 20%)	38 733	20 393
Office equipment (16.7% to 33.3%) (2013: 16.7% to 33.3%)	6 083	19 400
Spare parts (33.3%) (2013: 33.3%)	1 394	2 744
Leasehold improvements (period of lease)	2 937	4 280
	69 006	66 682

Land comprises stand number 865 Kosmosdal, Extension 11, Gauteng, with buildings and additions thereon at additional costs. The register of land and buildings is open for inspection at the registered offices of the company.

Useful lives
The Group reviews the estimated useful lives and residual values of property and equipment in terms of IAS 16 at the end of each reporting period. During the previous year the directors determined that the useful lives of certain categories of property, plant and equipment could be extended. The financial effect of this re-assessment, assuming assets are held until the end of their estimated useful life, was to decrease deprecation in the previous financial year with R4,879,000. No changes to the useful lives or residual values of property and equipment was deemed necessary based on the current year review.

No current contractual commitments exist to purchase items of property and plant.

11. INTANGIBLE ASSETS – BUSINESS COMBINATIONS – GROUP ONLY

2014	Goodwill R'000	Customer relationships R'000	Other R'000	Total R'000
Carrying amount at the beginning of the year	51 625	5 302	-	56 927
Cost	60 143	5 302	-	65 445
Accumulated amortised/impairments	(8 518)	-	-	(8 518)
Additions during the year	28 218	7 820	1 000	37 038
Amortisation recognised during the year	-	(2 393)	(56)	(2 449)
Carrying amount at the end of the year	79 843	10 729	944	91 516
Cost	88 361	13 122	1 000	102 483
Accumulated amortisation/impairments	(8 518)	(2 393)	(56)	(10 967)

2013	Goodwill R'000	Customer relationships R'000	Other R'000	Total R'000
Carrying amount at the beginning of the year	15 596	-	-	15 596
Cost	24 114	-	-	24 114
Accumulated amortised/impairments	(8 518)	-	-	(8 518)
Additions during the year	36 029	5 302	-	41 331
Carrying amount at the end of the year	51 625	5 302	-	56 927
Cost	60 143	5 302	-	65 445
Accumulated amortisation/impairments	(8 518)	-	-	(8 518)

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

11. INTANGIBLE ASSETS – BUSINESS COMBINATIONS – GROUP ONLY (continued)

The intangible assets included above have the following finite useful lives:
- Customer relationships: Five years (2013: Five years)
- Other intangible assets - Licences: Fifteen years (2013: n/a)

The intangible assets acquired in the current year relate to the fair value of customer relationships and licences acquired as part of the acquisition of eNetworks, refer to note 15. Customer relationships have been valued in accordance with an excess earnings (MEEM) valuation method, which considers the projected earnings attributable to existing customer relationships at the time of the acquisition.

The Group reviews the useful lives of the intangible assets at the end of each reporting period, no changes have been deemed necessary in the current or prior year.

The goodwill acquired during the year relates to the acquisition of eNetworks in the current year. Refer to note 15.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The calculations were done with reference to the smallest cash generating units being the:
- Gauteng Commercial business with in the Technology division;
- Enterprise Resource Planning business within the Business Solutions division;
- Gauteng Enterprise Information Management business within the Business Solutions division; and
- eNetworks Proprietary Limited business respectively.

The recoverable amounts of the cash generating units are determined based on value in use. This value in use is determined by means of a discounted cash flow model. Five year cash flow forecasts were used to assess this. The key assumptions in the calculations included an average discount rate of 15% (2013: 15%), 4% terminal growth rate and expected volume growth of 7%. The risk profiles of the cash generating units are considered to be similar and hence a similar discount rate has been used. Management considers these rates to be highly conservative.

12. INTANGIBLES – SOFTWARE – GROUP ONLY

	2014 R'000	2013 R'000
Carrying amount at the beginning of the year	10 277	7 098
Cost	27 581	20 011
Amortised to the beginning of the year	(17 304)	(12 913)
Additions during the year	7 863	10 060
Disposals during the year	(3 627)	(2 490)
Amortisation on disposals during the year	3 627	2 474
Amortisation recognised during the year	(8 494)	(6 865)
Carrying amount at the end of the year	9 646	10 277
Cost at acquisition	31 817	27 581
Amortised to the end of the year	(22 171)	(17 304)

The intangible assets included above have the following finite useful lives:
- Software: Three years (2013: Three years)

The Group reviews the useful lives of the intangible assets at the end of each reporting period, no changes have been deemed necessary in the current or prior year.

13. INVESTMENT IN JOINT VENTURE

	Group 2014 R'000	Group 2013 R'000
Equity accounted investment		
- Investment at cost	1 204	1 204
- Share of accumulated loss since acquisition	(237)	(460)
- Share of opening accumulated losses	(460)	(74)
- Share of losses for the year	223	(386)
Investment in joint venture	967	744
Loan from joint venture	(53)	-
Total interest in joint venture	914	744

The Group has a 50% interest in Electronic-DNA Proprietary Limited, a company incorporated in South Africa. The company supplies licences for security software developed. The loan to the joint venture is unsecured, interest-free and has no fixed terms of repayment. The equity accounted investee is not a publicly listed entity and consequentially does not have a published price quotation.

The investment value carried in the financial statements at fair value represents the following proportionate share in the assets and liabilities:

	Group 2014 R'000	Group 2013 R'000
Non-current assets	935	1 036
Current assets	847	775
Total assets	1 782	1 811
Long-term liabilities	(164)	(393)
Current liabilities	(651)	(674)
Total liabilities	(815)	(1 067)
Net asset value	967	744
Revenue	2 507	1 459
Cost of sales	(1 904)	(1 610)
Gross profit	603	(151)
Expenses	(331)	(176)
Other income	15	4
Operating loss	287	(323)
Income taxation expense	(64)	(63)
Profit/(loss) for the year	223	(386)

14. LONG-TERM RECEIVABLES

	2014	2013
Amounts receivable	-	283
- Short-term portion (within one year) (refer note 20)	-	283
- Long-term portion (after one year)	-	-

A transaction with a customer for an amount of R646,336 was concluded with the arrangement that the amount will be paid over a term of 24 months. The amount was fully repaid in the current year.

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

15. INVESTMENT IN SUBSIDIARIES

	Company 2014 R'000	Company 2013 R'000
Shares at cost	12 514	12 514
Amount owing by subsidiary companies	138 006	133 858
	150 520	146 372

Name of subsidiary / Principal activity	Issued share capital 2014	Issued share capital 2013	Effective percentage held 2014 %	Effective percentage held 2013 %	Shares at cost 2014 R'000	Shares at cost 2013 R'000	Net receivable 2014 R'000	Net receivable 2013 R'000
Datacentrix Proprietary Limited *ICT technology and managed services*	2	2	100	100	10 857	10 857	138 006	133 858
Datacentrix Solutions Proprietary Limited *Dormant*	200	200	100	100	#	#	-	-
Datacentrix Infrastructure Optimisation Proprietary Limited *Dormant*	22 200	22 220	100	100	1 657	1 657	-	-
Dezzo Trading Proprietary Limited *Dormant*	100	100	100	100	#	#	-	-
Datacentrix Properties Proprietary Limited* *Property*	100	100	100	100	-	-	-	-
Styleprops Services 18 Proprietary Limited* *Dormant*	100	100	100	100	-	-	-	-
Datacentrix Outsourcing Proprietary Limited *Dormant*	100	100	100	100	#	#	-	-
Dirigible IT Proprietary Limited* *Dormant*	100	100	100	100	-	-	-	-
Nokusa Engineering Informatics Proprietary Limited* (Note 15.1) *Enterprise Information Management*	210	210	100	100	-	-	-	-
eNetworks Proprietary Limited* (Note 15.2) *Internet service provider*	100	-	100	-	-	-	-	-
					12 514	12 514	138 006	133 858

* Indirect holding, i.e. through a subsidiary
# Amount less than R1,000

The amounts owing by subsidiary companies are interest-free. There is no intention of the amounts being repaid within the next 12 months and accordingly they are considered to be long term in nature.

The interest of the Group in the net income before taxation of its subsidiary companies is:

	Group 2014 R'000	Group 2013 R'000
Datacentrix Proprietary Limited	119 636	105 917
Nokusa Engineering Informatics Proprietary Limited	2 098	7 939
Datacentrix Holdings Share Trust	128	1 362
eNetworks Proprietary Limited	6 950	-
Datacentrix Properties Proprietary Limited	(518)	50
	128 294	115 268

The equity-settled scheme of the Group is operated by the Datacentrix Holdings Share Trust, which has been consolidated into the Group. The Group has control of the trust as the cash flow of the trust is funded by Datacentrix Holdings Limited. The deficit of the trust on termination, should this occur, will be settled by Datacentrix Holdings Limited. The trustees of the trust are appointed by the directors of the Group.

15.1 Acquisition of subsidiary – Nokusa Engineering Informations Proprietary Limited

On 3 December 2012 a group company obtained control of Nokusa Engineering Informatics Proprietary Limited ("NokusaEI"), a company specialising in EIM strategies, solutions and implementations, by acquiring 100% of the shares and voting interests in the company.

The carrying amounts, included in the consolidated financial statements of Datacentrix Holdings Limited immediately before the acquisition, were as follows:

	Fair values recognised on acquisition R'000	Previous carrying values R'000
Customer relationships	5 302	-
Property plant and equipment	21	21
Trade and other receivables	7 364	7 364
Bank and cash balances	3 030	3 030
Deferred taxation	584	584
Total assets	16 301	10 999
Trade and other payables	(4 282)	(4 282)
Deferred taxation on customer relationships	(1 484)	-
Taxation payable	(814)	(814)
Total liabilities	(6 580)	(5 096)
Net assets	9 721	5 903
Goodwill	36 029	
Consideration, satisfied by cash	45 750	
Net cash outflow	42 720	

90% of the consideration was settled on 14 March 2013, with the remaining 10% held in an Escrow account until 3 December 2013 when the full consideration was settled in cash.

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

15. INVESTMENT IN SUBSIDIARIES (continued)

15.2 Acquisition of subsidiary – eNetworks Proprietary Limited

On 1 May 2013 a group company obtained control of eNetworks Proprietary Limited, a company specialising in internet provisioning and related services, by acquiring 100% of the shares and voting interests in the company.

The capacity to source network connectivity and bandwidth at wholesale prices and deploy bespoke fibre networks enables Datacentrix to build fully integrated end-to-end solution for customers.

In the 10 months to 28 February 2014, eNetworks contributed revenue of R31.3 million and profit of R5.7 million to the Group's results. If the acquisition had occurred on 1 March 2013, eNetworks would have contributed revenue of R37.1 million and profit of R5.1 million to the Group's results.

The carrying amounts, included in the consolidated financial statements of Datacentrix Holdings Limited immediately before the acquisition, were as follows:

	Fair values recognised on acquisition R'000	Previous carrying values R'000
Customer relationships	7 820	-
ICASA licences	1 000	-
Property plant and equipment	1 206	1 206
Inventories	647	647
Trade and other receivables	4 351	4 351
Bank and cash balances	2 598	2 598
Deferred taxation	220	220
Total assets	17 842	9 022
Trade and other payables	(6 241)	(6 241)
Deferred taxation on intangible assets	(2 469)	-
Taxation payable	(350)	(350)
Total liabilities	(9 060)	(6 591)
Net assets	8 782	2 431
Goodwill	28 218	
Consideration, to be satisfied by cash	37 000	
Net cash outflow	34 402	

R15 million of the total consideration was settled in cash in November 2013, with the remaining consideration payable over the next 3 years based on the audited results of the company for the 2014, 2015 and 2016 financial years. The consideration payable bears interest equal to interest received by the Group on cash balances held with its commercial bankers. The consideration due has been recorded as a loan payable, with the expected payment due during the 2015 financial year being reflected as a short-term liability, in the statement of financial position.

The fair values have been determined on a provisional basis. If any new information obtained within a year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date then the acquisition accounting will be revised.

16. FINANCE LEASE RECEIVABLES

	Group 2014 R'000	Group 2013 R'000
Total finance lease receivables at beginning of the year	54 927	28 705
New lease contracts during the year	-	42 465
Total capital payments received	(28 465)	(16 243)
Total finance lease receivables at the end of the year	26 462	54 927

	2014			2013		
	Future minimum lease payments R'000	Interest R'000	Present value of minimum lease payments R'000	Future minimum lease payments R'000	Interest R'000	Present value of minimum lease payments R'000
The finance lease receivables are payable as follows:						
Short-term (within 1 year)	20 613	1 342	19 271	29 539	4 878	24 661
Long-term (within 2-5 years)	7 359	168	7 191	32 900	2 634	30 266
	27 972	1 510	26 462	62 439	7 512	54 927

Terms of finance lease receivables

			2014		2013	
	Currency	Nominal interest rate	Face value	Carrying value	Face value	Carrying value
Finance leases	ZAR	5% - 15%	27 972	26 462	62 439	54 927

The company has previously entered into finance leases in respect of customer transactions in the Managed Print and Document Solutions business unit. These leases are covered in back-to-back transactions with vendors. The leases have a maturity timeline of between 24 and 36 months.

17. DEFERRED TAXATION ASSETS

	Group 2014 R'000	Group 2013 R'000
Provisions, forward exchange contract and lease liabilities	25 261	20 622
Intangible assets - business combinations	(3 269)	(1 484)
Property and equipment	3 571	3 217
Calculated taxation loss	398	253
Prepayments	(1 444)	(554)
Deferred revenue on long-term contracts and finance lease receivables	3 319	3 266
	27 836	25 320

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

17. DEFERRED TAXATION ASSETS (continued)

	Group	
	2014 R'000	2013 R'000
Movement in deferred taxation:		
Carrying amount at the beginning of the year	25 320	23 774
Movement in:		
Provisions, forward exchange contract and lease liabilities	4 462	1 955
Intangible assets - business combinations	(1 784)	(1 484)
Property and equipment	354	682
Calculated taxation loss	145	(14)
Prepayments	(715)	(169)
Deferred revenue on long-term contracts and finance lease receivables	54	576
Carrying amount at the end of the year	27 836	25 320

The taxation effects of temporary timing differences of the company and subsidiary companies resulted in deferred taxation assets. It is probable that future taxable income will be sufficient to allow the taxation benefit to be realised.

18. LOAN TO SHARE TRUST

	Company	
	2014 R'000	2013 R'000
Loan to Datacentrix Holdings Share Trust	6 627	6 627

The loan is unsecured, interest-free and there are no fixed terms of repayment. Refer to note 28 for details in respect of the share trust. The fair value equates the carrying value of the loan.

19. INVENTORIES

	Group	
	2014 R'000	2013 R'000
Finished goods	11 470	5 153
Work in progress	31 474	28 776
Consumables	1 464	2 571
	44 408	36 500

Consumables stock relates to cartridges, which are supplied by our Managed Print and Document Solutions business unit to customers. It was not necessary to adjust any inventories to net realisable value.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Trade receivables	465 423	362 237	-	-
Allowance for impairment	(3 300)	-	-	-
Short-term portion of long-term receivables (refer note 14)	-	283	-	-
Prepayments	14 883	9 092	-	-
Other receivables	1 124	1 281	181	200
	478 130	372 893	181	200

The average credit period on sales of goods is 45 days (2013: 45 days). No interest is charged on the trade receivables. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. Before accepting any new customers, the Group checks bank and trade references to assess the potential customer's credit quality and defines credit limits by. There are no customers who represent more than 10% of the total balance of trade receivables. Included in the Group's trade receivable balance is debtors with a carrying amount of R46 million (2013: R37 million), which is past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 61 days (2013: 69 days).

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Bank balances and cash	200 989	272 531	433	389
Bank guarantees/deposits	1 548	1 230	-	-
	202 537	273 761	433	389

The Group and company had no overdrawn bank accounts at year end and therefore no off-setting of bank accounts occurred on the statements of financial position. All cash resources are placed with reputable bankers.

22. SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND EQUITY-SETTLED SHARE SCHEME RESERVE

Share capital				
Authorised 400,000,000 (2013: 400,000,000) ordinary shares of R0,0001 each	40	40	40	40
Issued 205,265,683 (2013: 205,265,683) ordinary shares of R0,0001 each	21	21	21	21

Unissued shares are under the control of the directors in terms of the Group's Memorandum of Incorporation.

Share premium				
Carrying amount at the beginning of the year	35 962	37 522	39 280	39 280
Movement relating to treasury shares	117	(1 560)	-	-
Carrying amount at the end of the year	36 079	35 962	39 280	39 280
Treasury shares	(42 766)	(42 335)	-	-
Equity-settled share scheme reserve				
Carrying amount at the beginning of the year	37 801	30 101	37 801	30 101
Expensed during the year	5 360	7 700	5 360	7 700
Carrying amount at the end of the year	43 161	37 801	43 161	37 801

The share-based payments expense in terms of IFRS 2: Share-based Payments, has been expensed to the statements of comprehensive income as part of the employee benefits and credited to this equity account.

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

23. DEFERRED REVENUE

	Group 2014 R'000	Group 2013 R'000
Carrying amount at the beginning of the year	61 901	73 246
Long-term portion	18 126	25 241
Short-term portion	43 775	48 005
Deferral of revenue during the year	272 631	181 116
Realisation of revenue during the year	(268 073)	(192 461)
Carrying amount at the end of the year	66 459	61 901
Long-term portion	13 175	18 126
Short-term portion	53 284	43 775

Deferred revenue relates to service and maintenance contracts contracted for a 12 to 36 month period. The related revenue, which has been deferred, is recognised on a systematic basis over the remainder of the contract in terms of actual services rendered.

24. FINANCE LEASE LIABILITIES

	2014	2013
Total finance lease liabilities at the beginning of the year	52 265	24 080
New lease contracts during the year	-	42 465
Total capital repayments	(26 543)	(14 280)
Total finance lease liabilities at the end of the year	25 722	52 265

	2014			2013		
	Future minimum lease payments R'000	Interest R'000	Present value of minimum lease payments R'000	Future minimum lease payments R'000	Interest R'000	Present value of minimum lease payments R'000
The finance lease liabilities are payable as follows:						
Short-term (within 1 year)	19 881	1 316	18 565	27 280	4 689	22 591
Long-term (within 2-5 years)	7 323	166	7 157	32 288	2 614	29 674
	27 204	1 482	25 722	59 568	7 303	52 265

Terms of finance lease liabilities			2014		2013	
	Currency	Nominal interest rate	Face value	Carrying value	Face value	Carrying value
Finance leases	ZAR	5% - 15%	27 204	25 722	59 568	52 265

The company has previously entered into finance leases in respect of customer transactions in the Managed Print and Document Solutions business unit. These leases are covered in back-to-back transactions with vendors. The leases have a maturity timeline of between 24 and 36 months.

25. TRADE AND OTHER PAYABLES

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Trade payables	203 733	154 114	-	-
Other accruals and payables	26 998	20 949	39	429
VAT payable	21 314	13 036	-	-
Employee related liabilities	53 353	47 521	-	-
Audit fee accrual	1 474	1 800	-	-
	306 872	237 420	39	429

26. CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND LITIGATION STATEMENT

The directors of the company are not aware of any legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, from 1 March 2014 up to the date of this notice, a material effect on the Group's financial position.

The following bank guarantees were in place for subsidiary companies:

- Rnil (2013: R126,566) for rental payments for Datacentrix Proprietary Limited with the beneficiary being Acucap Investments Proprietary Limited;
- R697,010 (2013: R697,010) for rental payments for Datacentrix Proprietary Limited with the beneficiary being IFOUR Properties Three Proprietary Limited;
- R533,376 (2013: R533,376) for rental payments for Datacentrix Proprietary Limited with the beneficiary being Parch Properties 74 Proprietary Limited;
- R315,700 (2013: R315,700) for rental payments for Datacentrix Proprietary Limited with the beneficiary being United African Marine Insurance Proprietary Limited.

There are unlimited cross-suretyships between all the subsidiaries and the company for bank facilities. There were no contingent liabilities or capital commitments at year end.

27. OPERATING LEASE ARRANGEMENTS

Operating leases relate to office facilities with lease terms of between one to three years, with an option to extend for a further three years, as well as leases relating to the rental of equipment used in delivering services to customers. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

At the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases relating to office facilities, which fall due as follows:

	Group 2014 R'000	Group 2013 R'000
Within one year	16 993	15 685
In the second to fifth year	32 730	28 887
	49 723	44 572

At the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases relating to equipment, which fall due as follows:

	2014	2013
Within one year	13 910	-
In the second to fifth year	18 710	-
	32 620	-

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

28. SHARE-BASED PAYMENTS

Equity-settled share option plan

The Group plan provides for a grant price equal to the average quoted market price of the Group shares on the date of grant. The vesting period is 12 to 54 months for employees and 12 to 36 months for directors. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the option vests. Share options exercised are equity settled through the share trust. Datacentrix Holdings Limited funds the cash flow of the trust and has the obligation to fund the deficit of the trust on termination. The financial year in which an employee may exercise his/her options are indicated below.

The inputs into the binomial model are as follows:

Exercise price	2014	2015	2016	2017	2018	2019	Total
240 cents	50 000	-	-	-	-	-	**50 000**
250 cents	28 750	-	-	-	-	-	**28 750**
270 cents	343 548	-	-	-	-	-	**343 548**
285 cents	15 000	-	-	-	-	-	**15 000**
300 cents	212 500	-	-	-	-	-	**212 500**
305 cents	50 000	-	-	-	-	-	**50 000**
310 cents	15 000	-	-	-	-	-	**15 000**
311 cents	1 600 000	-	-	-	-	-	**1 600 000**
315 cents	20 000	-	-	-	-	-	**20 000**
324 cents	-	2 500	2 500	2 500	2 500	-	**10 000**
330 cents	50 000	-	-	-	-	-	**50 000**
331 cents	20 000	-	-	-	-	-	**20 000**
339 cents	1 875	3 750	3 750	3 750	1 875	-	**15 000**
340 cents	25 000	-	-	-	-	-	**25 000**
343 cents	2 750 000	-	-	-	-	-	**2 750 000**
350 cents	50 000	-	-	-	-	-	**50 000**
360 cents	25 000	5 000	5 000	5 000	5 000	-	**45 000**
370 cents	35 000	-	-	-	-	-	**35 000**
376 cents	8 750	1 250	-	-	-	-	**10 000**
386 cents	2 500	5 000	5 000	5 000	2 500	-	**20 000**
390 cents	-	5 000	5 000	5 000	5 000	-	**20 000**
391 cents	48 125	6 875	-	-	-	-	**55 000**
393 cents	26 250	3 750	-	-	-	-	**30 000**
394 cents	31 250	6 250	2 500	-	-	-	**40 000**
397 cents	3 691 668	241 667	-	-	-	-	**3 933 335**
399 cents	2 500	5 000	5 000	5 000	2 500	-	**20 000**
400 cents	80 000	12 500	2 500	-	-	-	**95 000**
401 cents	8 750	1 250	-	-	-	-	**10 000**
410 cents	73 750	17 500	7 500	7 500	3 750	-	**110 000**
411 cents	5 000	2 500	2 500	-	-	-	**10 000**
412 cents	3 750	2 500	2 500	1 250	-	-	**10 000**
418 cents	3 750	2 500	2 500	1 250	-	-	**10 000**
419 cents	2 500	1 250	1 250	-	-	-	**5 000**
420 cents	30 000	-	-	-	-	-	**30 000**
422 cents	2 587 499	808 333	558 333	279 167	-	-	**4 233 331**
428 cents	10 000	10 000	10 000	7 500	2 500	-	**40 000**
430 cents	1 250	2 500	2 500	2 500	1 250	-	**10 000**
431 cents	3 000 000	-	-	-	-	-	**3 000 000**
436 cents	-	625	1 250	1 250	1 250	625	**5 000**
437 cents	18 750	12 500	12 500	6 250	-	-	**50 000**
449 cents	6 250	2 500	1 250	-	-	-	**10 000**
450 cents	20 000	625	1 250	1 250	1 250	625	**25 000**
456 cents	2 500	2 500	2 500	2 500	-	-	**10 000**
458 cents	3 750	2 500	2 500	1 250	-	-	**10 000**
460 cents	23 750	4 375	1 250	625	-	-	**30 000**
463 cents	4 792	4 167	4 167	1 875	-	-	**15 000**
467 cents	1 250	2 500	2 500	2 500	1 250	-	**10 000**
470 cents	26 250	3 750	-	-	-	-	**30 000**
471 cents	3 750	2 500	2 500	1 250	-	-	**10 000**
473 cents	10 000	5 000	5 000	-	-	-	**20 000**
475 cents	3 750	2 500	2 500	1 250	-	-	**10 000**
476 cents	1 042	1 667	1 667	625	-	-	**5 000**
480 cents	24 375	5 625	2 500	2 500	-	-	**35 000**
482 cents	11 250	7 500	6 250	5 000	-	-	**30 000**
484 cents	2 500	2 500	2 500	2 500	-	-	**10 000**
485 cents	25 000	-	-	-	-	-	**25 000**
487 cents	5 000	2 500	2 500	-	-	-	**10 000**
488 cents	12 500	5 000	2 500	-	-	-	**20 000**
490 cents	1 336 111	1 336 111	1 336 111	225 000	-	-	**4 233 334**
495 cents	25 625	1 250	1 250	1 250	625	-	**30 000**
499 cents	70 000	2 500	2 500	-	-	-	**75 000**
500 cents	51 250	2 500	3 750	3 750	2 500	1 250	**65 000**
505 cents	1 250	1 250	1 250	1 250	-	-	**5 000**
512 cents	5 000	5 000	5 000	5 000	-	-	**20 000**
520 cents	5 000	5 000	5 000	5 000	-	-	**20 000**
530 cents	30 000	-	-	-	-	-	**30 000**
538 cents	5 000	2 500	2 500	-	-	-	**10 000**
539 cents	13 750	6 250	5 000	-	-	-	**25 000**
546 cents	18 750	7 500	3 750	-	-	-	**30 000**
550 cents	15 000	-	-	-	-	-	**15 000**
Total	**16 692 160**	**2 587 569**	**2 041 528**	**597 292**	**33 750**	**2 500**	**21 954 798**

Expected volatility: The historical volatility percentages used were calculated over the entire period of each grant from listing date of the share.

Expected life: 12 to 54 months for employees, with 12 to 36 months for executive directors.

Risk free rate: The zero-coupon bond curve interest rate was used for each grant date in determining this rate.

Expected dividends: A dividend yield of 7.5% (2013: 7.5%), continuously compounded, was used based on industry averages.

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

28. SHARE-BASED PAYMENTS (continued)

Equity-settled share option plan (continued)

	Group 2014 Options	Group 2013 Options
Outstanding at the beginning of the year	23 294 173	20 423 634
Granted during the year	75 000	4 773 334
Exercised during the year	(403 750)	(1 320 125)
Forfeited during the year	(1 010 625)	(582 670)
Outstanding at the end of the year	21 954 798	23 294 173

The weighted average share price at the date of exercise for share options exercised during the year was R4.40 (2013: R3.16).

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous years since listing. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The estimated fair value of the options at year end amounts to R30,025,382 (2013: R27,088,094). The trust has a potential future exposure of Rnil (2013: Rnil) since the shares owned by the trust and shares available for issue to the trust in terms of the trust deed, are more than the options not yet exercised. The trust deed makes provision for additional shares to be issued to the trust in the event of the options exercised exceeding the shares held by the trust.

29. RETIREMENT BENEFIT PLANS

The Alexander Forbes Provident Fund with 1,094 members (2013: 1,063 members) and the Momentum Wealth Provident Fund with 27 members (all ex-Nokusa Engineering Informatics (Pty) Ltd employees) are defined contribution funds of which the majority of the Group's permanent employees are members. These funds have been registered by the Registrar of Pension Funds and are governed by the Pension Funds Act 24 of 1956. The Group does not provide any post-retirement medical benefits to its employees.

30. EVENTS AFTER YEAR END

Other than the changes in the board composition disclosed in the Corporate Governance report, there are no material events after year end that require additional disclosure.

31. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2013.

Significant accounting policies

Policy details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 1 to the financial statements.

Categories of financial instruments

GROUP 2014	Loans and receivables R'000	Total R'000	Fair value R'000
Financial assets			
Finance lease receivables	26 462	26 462	26 462
Trade and other receivables	478 130	478 130	478 130
Cash and cash equivalents	202 537	202 537	202 537
	707 129	707 129	707 129
2013			
Financial assets			
Finance lease receivables	54 927	54 927	54 927
Trade and other receivables	372 893	372 893	372 893
Cash and cash equivalents	273 761	273 761	273 761
	701 581	701 581	701 581

GROUP 2014	Liabilities at amortised cost R'000	Total R'000	Fair value R'000
Financial liabilities			
Finance lease liabilities	25 722	25 722	25 722
Loans payable	22 310	22 310	22 310
Trade and other payables, excluding VAT payable	285 558	285 558	285 558
	333 590	333 590	333 590
2013			
Financial liabilities			
Finance lease liabilities	52 265	52 265	52 265
Loans payable	45 750	45 750	45 750
Trade and other payables, excluding VAT payable	224 384	224 384	224 384
	322 399	322 399	322 399

COMPANY 2014	Loans and receivables R'000	Total R'000	Fair value R'000
Financial assets			
Loan to share trust	6 627	6 627	6 627
Trade and other receivables	181	181	181
Amounts owing by subsidiary companies	138 006	138 006	138 006
Cash and cash equivalents	433	433	433
	145 247	145 247	145 247
2013			
Financial assets			
Loan to share trust	6 627	6 627	6 627
Trade and other receivables	200	200	200
Amounts owing by subsidiary companies	133 858	133 858	133 858
Cash and cash equivalents	389	389	389
	141 074	141 074	141 074

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

31. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments (continued)

COMPANY 2014	Liabilities at amortised cost R'000	Total R'000	Fair value R'000
Financial liabilities			
Trade and other payables	39	39	39
	39	39	39
2013			
Financial liabilities			
Trade and other payables	429	429	429
	429	429	429

Financial risk management objectives

The Group's financial function provides services to the business and co-ordinates access to domestic and international financial markets. The Executive Committee monitors and manages the financial risks relating to the operations of the Group through monthly analysis reports, which analyses risks. These risks include market risk (currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group only enters into derivative financial instruments to manage its exposure to foreign currency risk; being forward foreign exchange contracts to hedge the exchange rate risk arising on the import of electronic equipment. Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover all foreign currency payments and receipts within 100% of the exposure generated.

Foreign exchange contracts are entered into for most transactions as frequent purchases are made from foreign entities. On short-term contracts, currency fluctuations are passed onto customers. Limited currency risks related to long-term contracts exist. At year end, the Group held no foreign denominated cash balances.

2014	Foreign currency amount FC'000	Spot rate	R'000	Fair value R'000
US Dollar	3 729	10.70	39 900	48 526
GBP	-	17.95	-	-
Euro	24	14.77	354	358
			40 254	48 884
2013				
US Dollar	2 232	9.06	20 222	22 628
GBP	5	13.63	68	68
Euro	6	11.82	71	66
			20 361	22 762

Foreign currency sensitivity

The following table indicates the Group's sensitivity at year end to the indicated movements in foreign exchange on financial instruments excluding forward foreign exchange contracts. The rates of sensitivity are the rates used when reporting the currency risk to the Group and represents management's assessment of the possible change in the reporting foreign currency exchange rates. The Group is exposed to movements in the exchange rates related to the British Pound Sterling, the Euro and the US Dollar. The US Dollar is the primary currency to which the Group is exposed.

2014	USD 1: R10.70	R11.55	R12.48	R13.47
Forex loss	769	830	897	968
Forward exchange contracts	1 095	1 182	1 277	1 379
Creditors	(326)	(352)	(380)	(411)
2013	**USD 1: R9.06**	**R9.78**	**R10.57**	**R11.41**
Forex loss	(180)	(194)	(209)	(226)
Forward exchange contracts	(299)	(323)	(348)	(376)
Creditors	119	129	139	150
2014	**Euro 1: R14.77**	**R15.95**	**R17.23**	**R18.61**
Forex loss	48	52	56	60
Forward exchange contracts	49	53	57	62
Creditors	(1)	(1)	(1)	(2)
2013	**Euro 1: R11.82**	**R12.77**	**R13.79**	**R14.89**
Forex loss	28	30	32	35
Forward exchange contracts	17	18	20	21
Creditors	11	12	12	14
2014	**GBP 1: R17.89**	**R19.32**	**R20.86**	**R22.53**
Forex loss	(7)	(7)	(8)	(9)
	(7)	(7)	(8)	(9)
2013	**GBP 1: R13.63**	**R14.72**	**R15.90**	**R17.17**
Forex loss	(17)	(18)	(19)	(21)
Forward exchange contracts	(17)	(18)	(19)	(21)

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

31. FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

The Group's exposure to interest rate risk is on a floating rate basis. At reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Group 2014 R'000	2013 R'000
Interest bearing financial assets	26 462	54 927
Interest bearing financial liabilities	(48 032)	(98 015)
Cash and cash equivalents	202 537	273 761
	180 967	230 673

Cash flow sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit and loss by the amounts shown below. This analysis assumes that the other variables remain constant and is based on closing balances compounded annually.

	Profit or (loss) 100 basis point increase R'000	100 basis point increase R'000
Variable interest rate instruments	18	23

Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Group has the following amounts due from major customers:

2014	Number of customers	Value R'000	%
Greater than R5 million	17	231 542	50
Greater than R2 million but less than R5 million	27	77 542	17
Less than R2 million	853	153 039	33
	897	462 123	100
2013			
Greater than R5 million	16	188 095	52
Greater than R2 million but less than R5 million	18	52 146	14
Less than R2 million	571	121 996	34
	605	362 237	100

Liquidity risk

Liquidity risk is mainly attributable to the trade and other payables, but current cash and cash equivalents are sufficient to ensure payment of these balances.

32. SHAREHOLDER ANALYSIS

Major shareholders	2014 Number of shares	%	2013 Number of shares	%
Aka Capital Proprietary Limited [Co-ordinated Network Investments Proprietary Limited]	-	-	61 152 467	30
DCT Holdings Proprietary Limited [Pinnacle Group]	68 520 048	33	-	-
Eglin Investments Number 31 Proprietary Limited	20 000 000	10	20 000 000	10
Directors, management and staff	790 509	1	1 252 594	1
Datacentrix Holdings Share Trust	9 467 692	4	9 467 692	4
General public and corporate investors				
- Major banks	966 102	1	1 475 912	1
- Old Mutual Funds	17 642 377	9	28 363 011	14
- Investec	9 645 525	4	8 983 232	4
- Canon	-	-	1 854 011	1
- Other	78 233 430	38	72 716 764	35
	205 265 683	100	205 265 683	100

2014	Number of shareholders	%	Number of shares	%
1 to 10 000 shares	1 000	75	2 827 263	1
10 001 to 50 000 shares	181	14	4 266 452	2
50 001 to 100 000 shares	29	2	2 353 655	1
100 001 to 500 000 shares	65	5	14 159 948	7
500 001 to 1 000 000 shares	29	2	21 119 312	10
1 000 001 shares and over	24	2	160 539 053	79
	1 328	100	205 265 683	100
2013				
1 to 10 000 shares	1 164	78	3 423 952	2
10 001 to 50 000 shares	188	13	4 322 004	2
50 001 to 100 000 shares	35	2	2 661 122	1
100 001 to 500 000 shares	68	5	15 198 731	7
500 001 to 1 000 000 shares	17	1	11 923 049	6
1 000 001 shares and over	22	1	167 736 825	82
	1 494	100	205 265 683	100

Public and non-public shareholders

2014	Number of shareholders	%	Number of shares	%
Non-public shareholders	6	0.4	10 258 201	5.0
- Directors, management and staff	5	0.3	790 509	0.4
- Datacentrix Holdings Share Trust	1	0.1	9 467 692	4.6
Public shareholders	1 322	99.6	195 007 482	95
	1 328	100	205 265 683	100
2013				
Non-public shareholders	6	0.4	10 720 286	5.2
- Directors, management and staff	5	0.3	1 252 594	0.6
- Datacentrix Holdings Share Trust	1	0.1	9 467 692	4.6
Public shareholders	1 488	99.6	194 545 397	94.8
	1 494	100	205 265 683	100

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

33. BORROWING POWERS OF THE COMPANY AND ITS SUBSIDIARIES

The borrowing powers of Datacentrix Holdings Limited's directors are unlimited. The directors of the subsidiaries are governed by an approval framework, which is renewed by the board of directors on an annual basis.

34. SEGMENTAL ANALYSIS

All the Group's activities are conducted within South Africa. For reporting purposes, the Group is organised into three operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Technology (previously Infrastructure) - supply of ICT infrastructure and integrated solutions;
- Managed Services - supply of IT services;
- Business Solutions - supply of business solutions; and
- Corporate - remaining subsidiaries, special purpose entities of the Group.

Segment assets and liabilities and segment cash flows are not separately reported to the chief operating decision maker (CEO).

2014	Managed Services R'000	Technology R'000	Business Solutions R'000	Corporate R'000	Group R'000
Revenue	518 222	1 596 935	164 355	-	2 279 512
EBITDA	80 695	56 322	15 381	-	152 398
Operating profit	65 766	46 923	13 975	(1 374)	125 290
Net interest (paid)/received	(3 349)	-	-	4 523	1 174
Profit before taxation	62 417	46 923	13 975	3 149	126 464
Income taxation expense	(18 538)	(13 935)	(4 150)	(916)	(37 539)
Earnings for the year attributable to ordinary shareholders	43 879	32 988	9 825	2 233	88 925

2013	Managed Services R'000	Technology R'000	Business Solutions R'000	Corporate R'000	Group R'000
Revenue	414 490	1 375 218	129 579	-	1 919 487
EBITDA	55 169	47 747	23 425	-	126 341
Operating profit	44 314	39 074	23 161	(386)	106 163
Net interest (paid)/received	(3 884)	-	-	10 240	6 356
Profit before taxation	40 430	39 074	23 161	9 854	112 519
Income taxation expense	(11 320)	(12 113)	(6 486)	(5 280)	(35 199)
Earnings for the year attributable to ordinary shareholders	29 110	26 961	16 675	4 574	77 320

35. RELATED PARTY TRANSACTIONS

During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with related parties. These transactions with related parties occurred under terms that are not less favourable than those arranged with third parties.

Subsidiaries
Details of investments in subsidiaries are disclosed in note 15. No goods and services were sold by the company to its subsidiaries. Transactions between subsidiaries are eliminated on consolidation for Group results.

Shareholders
The principal shareholders of the company are detailed in the shareholders' analysis in note 32. Details on dividends paid to shareholders are disclosed in the statement of changes in equity and note 9.

Share trust
The details of the loan between the company and the Datacentrix Holdings Share Trust is set out in note 18.

Notes to the annual financial statements

for the year ended 28 February 2014 (continued)

36. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM/(UTILISED IN) OPERATIONS

	Group		Company	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Profit before taxation	126 464	112 519	49 165	83 604
Adjusted for:	28 076	11 765	(50 008)	(85 008)
Loss on sale of property, equipment and intangibles	374	142	-	-
Depreciation of property and equipment	16 388	12 927	-	-
Amortisation of intangibles	10 943	6 865	-	-
(Profit)/loss from joint venture	(223)	386	-	-
Interest received	(8 737)	(14 539)	(8)	(8)
Dividend received from subsidiary	-	-	(50 000)	(85 000)
Smoothing of leases	(156)	253	-	-
Reversal of spares provision	-	(4 295)	-	-
Share-based payments	5 360	7 700	-	-
Profit/(loss) on sale of treasury shares	117	(1 560)	-	-
Interest paid	4 010	3 886	-	-
Operating profit before working capital changes	154 540	124 284	(843)	(1 404)
Working capital changes	(11 913)	(67 737)	(371)	(67)
Inventories	(7 261)	(1 736)	-	-
Trade and other accounts receivable	(100 886)	(75 402)	19	(37)
Finance lease receivables	28 465	(26 222)	-	-
Trade, other accounts payable and deferred revenue	67 769	35 623	(390)	(30)
Cash generated from (utilised in) operations	142 627	56 547	(1 214)	(1 471)

37. TAXATION PAID

Opening balance	(6 028)	4 025	(3)	(2)
Statement of comprehensive income charge - current and withholding taxation	(37 539)	(35 199)	(1)	(1)
Current taxation charge acquired	(350)	(814)	-	-
Movement in deferred taxation balance	(2 516)	(1 546)	-	-
Deferred taxation acquired in business combinations	(2 249)	(900)	-	-
Closing balance	(11 732)	6 028	4	3
	(60 414)	(28 406)	-	-

Notice of the annual general meeting

Datacentrix Holdings Limited
Incorporated in the Republic of South Africa
(Registration number: 1998/006413/06)
JSE share code: DCT, ISIN: ZAE000016051
("Datacentrix" or "the company" or "the group")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given of the sixteenth annual general meeting ("AGM") of members of the company, which will be held at the registered office of the company, Corporate Park North, 238 Roan Crescent, 1685, Old Pretoria Road, Midrand, on Friday, 27 June 2014 at 10:00 to deal with the business as set out below and to consider and if deemed fit, to pass, with or without modification, the ordinary and special resolutions as set out in this notice.

Record date
The board of directors of the company has determined that the record date in terms of section 59(1) of the Companies Act, No 71 of 2008, as amended ("the Companies Act"), for the purpose of determining which shareholders of the company are entitled to participate in and vote at the AGM is Friday, 20 June 2014. Accordingly, the last day to trade Datacentrix shares in order to be recorded in the Register to be entitled to vote will be Thursday, 12 June 2014.

Presentation of annual financial statements
The audited annual financial statements of the company for the year ended 28 February 2014, including the directors' report, the independent auditor's report and the report of the Audit and Risk Committee, to be presented as required in terms of section 30(3)(d) of the Companies Act, 2008 (Act 71 of 2008), as amended.

Report from the Social, Ethics and Remuneration Committee
In accordance with Companies Regulation 43(5)(c), issued in terms of the Companies Act, 2008 (Act 71 of 2008), as amended, the chairman of the Social, Ethics and Remuneration Committee, or in the absence of the chairman any member of the committee, will present the committee's report to shareholders at the AGM.

Ordinary resolutions 1.1 to 1.4: Re-election of directors
In accordance with the provisions of the company's Memorandum of Incorporation the appointment of any directors appointed by the board shall be confirmed by shareholders at the first AGM following such appointment. In terms hereof, the appointments of Ms N Fakude and Mr A Fourie will be confirmed at the AGM. In addition, one third of the non-executive directors, excluding the newly appointed directors, must retire from office at the AGM and may, if eligible and willing, offer themselves for re-election. In terms hereof, Mr A Martin and Ms D Nyamane will be retiring from office at the AGM. Mr A Martin and Ms D Nyamane have confirmed their willingness to continue to serve as members of the board. Brief biographical details of each of the above directors and the remaining members of the board are contained on page 21 of the integrated report of which this notice forms part.

Ordinary resolution 1.1
"**RESOLVED THAT** Ms N Fakude be and is hereby elected as a director and chairman of the company."

Ordinary resolution 1.2
"**RESOLVED THAT** Mr A Fourie be and is hereby elected as a director of the company."

Ordinary resolution 1.3
"**RESOLVED THAT** Mr A Martin be and is hereby re-elected as a director of the company."

Ordinary resolution 1.4
"**RESOLVED THAT** Ms D Nyamane be and is hereby re-elected as a director of the company."

Notice of annual general meeting continued

Ordinary resolutions 2.1 to 2.2: Appointment to Audit and Risk Committee
In terms of section 94(2) of the Companies Act, 2008 (Act 71 of 2008), as amended, a public company must at each annual general meeting ("AGM") elect an audit committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. Regulation 42 to the Companies Act specifies that one third of the members of the audit committee must have appropriate academic qualifications or experience in the areas as listed in the regulation. It is duly noted that the Companies Act requires a minimum of three members to be proposed to shareholders for appointment as members of the audit committee. A recent vacancy on the board and Audit and Risk Committee of Datacentrix has resulted in the board having to appoint an additional independent non-executive director with the requisite skills and experience to also act as a member of this committee. At the time of publication of this integrated annual report, the process of identifying an appropriate candidate was still underway and the vacancy will be filled by the board within the statutory timeframe.

The board of directors of the company is satisfied that the proposed members of the Audit and Risk Committee meet all relevant requirements, including being independent non-executive directors as defined by King III. The appointment of Mr A Martin and Ms D Nyamane as members of the Audit and Risk Committee will be subject to their re-election as directors of the company.

Ordinary resolution 2.1
"**RESOLVED THAT** Mr A Martin be and is hereby elected as a member and chairman of the Audit and Risk Committee."

Ordinary resolution 2.2
"**RESOLVED THAT** Ms D Nyamane be and is hereby elected as a member of the Audit and Risk Committee."

Ordinary resolution 3: Appointment of external auditors
SizweNtsalubaGobodo Incorporated, appointed by the board following the last AGM, has indicated its willingness to continue in office and ordinary resolution 3 proposes the re-appointment of that firm as the company's auditors by shareholders. Section 90(3) of the Companies Act, 2008 (Act 71 of 2008), as amended, requires the designated auditor to meet the criteria as set out in section 90(2) of the Act. The board of directors of the company is satisfied that both SizweNtsalubaGobodo Inc. and the designated auditor, Alex Philippou, meet all relevant requirements.

"**RESOLVED THAT** SizweNtsalubaGobodo Inc. be and is hereby re-appointed as the company's external auditors until the next AGM."

Ordinary resolution 4: Authority to issue shares
In terms of the Companies Act, directors are authorised to allot and issue the unissued shares of the company, unless otherwise provided in the company's Memorandum of Incorporation or in instances as listed in section 41 of the Act. In accordance with the provisions of the company's Memorandum of Incorporation, shareholders in a general meeting may authorise the directors to issue unissued securities and/or grant options to subscribe for unissued securities as the directors in their discretion, provided that such transaction(s) has/have been approved by JSE Limited and are subject to the JSE Listings Requirements. Directors confirm that there is no specific intention to issue any shares, other than as part of and in terms of the rules of the company's share incentive schemes, as at the date of this notice.

"**RESOLVED THAT** the board of directors be and are hereby authorised by way of a general authority to allot and issue at their discretion up to 5% (five percent) of the total issued share capital of the company as at 28 February 2014 and/or to grant options to subscribe for such authorised but unissued shares, for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by JSE Limited and are subject to the JSE Listings Requirements and the requirements of the Companies Act of 2008."

Ordinary resolution 5: Authority to issue shares, and to sell treasury shares, for cash
"**RESOLVED THAT** the directors of Datacentrix Holdings Limited ("the company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –
- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the company purchased by subsidiaries of the company.

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE Listings Requirements") from time to time, subject to the following conditions as required by the JSE Listings Requirements:

- this general authority will be valid until the earlier of the company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the securities which are the subject of a general issue for cash may not exceed 5% (five percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 9 789 899 securities. Any securities issued under this authorisation will be deducted from the aforementioned 9 789 899 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;
- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing being the issue and the parties subscribing for the securities and the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the company has issued securities representing, on a cumulative basis within the earlier of the company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- whenever the company wishes to use repurchased shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, ordinary resolution number 5 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the AGM.

Ordinary resolution 6: Group remuneration philosophy
The King Report on Corporate Governance for South Africa, 2009 (King III) recommends that the remuneration philosophy of the company be submitted to shareholders for consideration and for an advisory, non-binding vote to provide shareholders with an opportunity to indicate should they not be in support of the material provisions of the remuneration philosophy and policy of the company. Shareholders are referred to the remuneration philosophy as contained on page 35 of the integrated report of which this notice forms part.

"**RESOLVED**, by way of a non-binding, advisory vote, that the remuneration philosophy of the company be and is hereby approved."

Special resolution 1: Non-executive directors' fees
In terms of section 66(8) and s66(9) of the Companies, 2008 (Act 71 of 2008), as amended, companies may pay remuneration to directors for their services as directors unless otherwise provided by the Memorandum of Incorporation and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the company and as such, the resolution as included in the notice requests approval of the remuneration paid to non-executive directors for their services as directors of the company. In terms of the provisions of the Companies Act, special resolution number 1 requires the approval of a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the annual general meeting for this resolution to become effective.

Notice of annual general meeting continued

"**RESOLVED** by special resolution that the company be and is hereby authorised to pay remuneration to its directors for their services as directors, as contemplated in s66(8) and 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, and that the remuneration structure and amounts as set out below, be and is hereby approved with effect from the current financial year for a period of two years until such time as rescinded or amended by shareholders by way of a special resolution:

	Proposed	**Present**
Chairman of the board – annually	R600 000	R985 680
Lead independent director – annually	-	R197 415
Chairman of the Social, Ethics and Remuneration Committee – per meeting	R40 000	R40 720
Chairman of the Audit and Risk Committee – per meeting	R47 000	R40 720
Members of the board and Social, Ethics and Remuneration Committee – per meeting	R27 000	R27 150
Members of the Audit and Risk Committee – per meeting	R28 800	R27 150

A fee of R1,250 for every half an hour will be payable to directors for any board or board committee meetings being called in addition to meetings as per the annual meeting schedule."

Special resolution 2: Financial assistance to all related and inter-related companies

"**RESOLVED THAT**, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of Datacentrix Holdings Limited ("the company") hereby approve of the company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 2, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation provided that –

(a) the board of directors of the company ("the board"), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and

(b) the board may not authorise the company to provide any financial assistance pursuant to this special resolution number 2 unless the board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 2 is to grant the board the authority to authorise the company to provide financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation.

Special resolutions to be adopted at this annual general meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Notice given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the board authorising the company to provide such direct or indirect financial assistance in respect of special resolution number 2:

(a) By the time that this notice of annual general meeting ("AGM") is delivered to shareholders of the company, the board will have adopted a resolution ("Section 45 Board Resolution") authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 2 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a related or inter-related company or corporation;

(b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 2 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the board being satisfied that (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the Section 45 Board Resolution to shareholders of the company. Such notice will also be provided to any trade union representing any employees of the company.

Special resolution 3: General approval to acquire shares

"**RESOLVED THAT**, by way of a general approval that Datacentrix Holdings Limited ("the company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE"), as amended from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- this general authority shall only be valid until the earlier of the company's next AGM or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital;
- the company may only effect the repurchase once a resolution has been passed by the board of directors of the company ("the board") confirming that the board has authorised the repurchase, that the company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- the company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- an announcement will be published once the company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Explanatory note

The purpose of this special resolution number 3 is to obtain an authority for, and to authorise, the company and the company's subsidiaries, by way of a general authority, to acquire the company's issued ordinary shares.

It is the intention of the directors of the company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

Special resolutions to be adopted at this AGM require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in the annual report of which this notice forms part:

- directors and management – pages 21-22;
- major shareholders of the company – page 87;
- directors' interests in securities – pages 43-44;
- share capital of the company – page 77; and
- litigation statement – page 79.

Notice of annual general meeting continued

Material change
There have been no material changes in the affairs or financial position of the company and its subsidiaries since the company's financial year end and the date of this notice.

Directors' responsibility statement
The directors, whose names are given on page 21 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 3 that have been omitted which would make any statement in relation to special resolution number 3 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 3 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 3.

Adequacy of working capital
At the time that the contemplated repurchase is to take place, the directors of the company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and its subsidiaries;
- the issued share capital and reserves of the company and its subsidiaries will be adequate for the purpose of the ordinary business of the company and its subsidiaries; and
- the working capital available to the company and its subsidiaries will be sufficient for the Group's requirements.

The company may not enter the market to proceed with the repurchase until its sponsor, Merchantec Proprietary Limited, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

Ordinary resolution 7: Signing authority
"**RESOLVED THAT** each director of Datacentrix Holdings Limited ("the company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed and duly passed at this annual general meeting ("AGM")."

Electronic participation
Should any shareholder of the company wish to participate in the annual general meeting by way of electronic participation, that shareholder shall be obliged to make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate, to the company secretary at the applicable address set out below at least 5 (five) business days prior to the AGM in order for the company secretary to arrange for the shareholder (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the company secretary to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The company reserves the right not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder so accessing the electronic participation.

Voting and proxies
On a show of hands, each shareholder who, being a natural person, is present in person or by proxy or, being a body corporate, is present by representative or proxy, shall have one vote. On a poll, if requested, each shareholder, whether present in person or by proxy or by representation, is entitled to one vote for each ordinary share held.

Special resolutions to be adopted at this AGM require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. Ordinary resolutions to be adopted at this annual general meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting, with the exception of ordinary resolution number 5 which require approval from 75% (seventy five percent) of the votes exercised on such resolution by shareholders present or represented by proxy at the meeting, as required by JSE Limited.

A form of proxy is included for completion by registered certificated shareholders and dematerialised shareholders with own name registration that are unable to attend the AGM and wish to be represented thereat. Forms of proxy must be completed and received by the company secretary no later than 10:00 on Wednesday, 25 June 2014. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the AGM to the exclusion of their appointed proxy(ies) should such member wish to do so.

Dematerialised shareholders, other than with own name registration, must inform their CSDP or broker of their intention to attend the AGM and obtain the necessary Letter of Representation from their CSDP or broker to attend the AGM or provide their CSDP or broker with their voting instructions should they not be able to attend the AGM. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and to vote in his/her stead. **Shareholders and proxies attending the AGM on behalf of shareholders are reminded that section 63(1) of the Companies Act of 2008 requires that reasonably satisfactory identification be presented in order for such shareholder or proxy to be allowed to attend or participate in the meeting.**

By order of the board

Annamarie van der Merwe
iThemba Governance and Statutory Solutions Proprietary Limited
Company Secretary
Midrand
15 April 2014

Shareholder information

Shareholders' diary

Financial year end	28 February 2015
Annual General Meeting	27 June 2014

Results Announcements

Interim results for six months to 31 August 2014	7 October 2014
Announcement of annual results to 28 February 2015	April 2015
Annual financial statements for the year ended 28 February 2015	May 2015

Dividend

Declaration date:	Tuesday, 15 April 2014
Last day to trade:	Friday, 9 May 2014
Share trade ex-dividend:	Monday, 12 May 2014
Record date:	Friday, 16 May 2014
Payment date:	Monday, 19 May 2014

Share certificates may not be dematerialised or rematerialised between Monday, 12 May 2014 and Friday, 16 May 2014, both days inclusive.

Contact information

Datacentrix Holdings Limited
(Incorporated in the Republic of South Africa)
Registration number: 1998/006413/06
JSE code: DCT
ISIN: ZAE000016051

Business address and registered office
Corporate Park North
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Tel: +27 87 741 5000
Fax: +27 87 741 5100
Email: info@datacentrix.co.za
Website: www.datacentrix.co.za

Company secretary
iThemba Governance and Statutory Proprietary Limited
Suite 102, Block 5, Monument Office Park
79 Steenbok Avenue, Monument Park
PO Box 25160, Monument Park, 0105
Tel: +27 86 111 1010
Fax: +27 86 60 4 1315

Share transfer secretaries
Computershare Investor Services Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Tel: +27 11 370 5000
Fax: +27 11 688 7717

Auditors and reporting accountants
SizweNtsalubaGobodo Inc. Registered Auditor
Building 4, Summit Place Office Park
220 Thys Street West, Debeers, Waterkloof, 0181
Private Bag X2008, Menlyn, 0063
Tel: +27 86 117 6782

Commercial bankers
Absa Bank Limited
2nd Floor, Loerie Place, Hillcrest Office Park
177 Dyer Road, Hillcrest, Pretoria, 0083
PO Box 4210, Pretoria, 0001
Tel: +27 12 366 6000
Fax: +27 12 362 3997

Sponsor
Merchantec Capital
2nd Floor, North Block, Hyde Park Office Tower
Corner 6th Road and Jan Smuts Avenue
PO Box 41480 Craighall 2024
Tel: +27 11 325 6363
Fax: +27 11 325 6362

Proxy form

Datacentrix Holdings Limited ("Datacentrix" or "the company" or "the group")
Incorporated in the Republic of South Africa, (Registration number: 1998/006413/06), Share code: DCT, ISIN: ZAE000016051

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the sixteenth annual general meeting ("AGM") of shareholders of the company to be held at the office of the company, Corporate Park North, 238 Roan Crescent, 1685, Old Pretoria Main Road, Midrand, at 10:00 on Friday, 27 June 2014 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the AGM must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the AGM in person or by proxy and vote. If they do not wish to attend the AGM in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

These ordinary shareholders must not use this form of proxy.

Proxy form continued

I/We (name in block letters) ______________________________

of (address) ______________________________

Telephone (work) ____________ Telephone (home) ____________ Cellphone ____________

Being the holder(s) of [   ] ordinary shares in the company, hereby appoint:

1. ______________ of ______________ or failing him/her

2. ______________ of ______________ or failing him/her

3. the chairman of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the AGM of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

Agenda item	Number of ordinary shares		
	For	Against	Abstain
Ordinary resolution number 1.1 - The election as director and chairman of Ms N Fakude			
Ordinary resolution number 1.2 - The election as director of Mr A Fourie			
Ordinary resolution number 1.3 - The re-election as director of Mr A Martin who retires by rotation			
Ordinary resolution number 1.4 - The re-election as director of Ms D Nyamane who retires by rotation			
Ordinary resolution number 2.1 - The appointment of Mr A Martin as member and chairman of the Audit and Risk Committee			
Ordinary resolution number 2.2 - The appointment of Ms D Nyamane as member of the Audit and Risk Committee			
Ordinary resolution number 3 - The appointment of SizweNtsalubaGobodo Inc. as external auditors of the company for the ensuing financial year			
Ordinary resolution number 4 - Authority to issue shares			
Ordinary resolution number 5 - Approval to issue ordinary shares, and to sell treasury shares, for cash			
Ordinary resolution number 6 - Approval of the Group remuneration philosophy			
Special resolution number 1 - Approval of the non-executive directors' fees			
Special resolution number 2 - Financial assistance to related and inter-related companies			
Special resolution number 3 - General approval to acquire shares			
Ordinary resolution number 7 - Signing authority			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable. A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and act in his/her stead. A proxy so appointed need not be a member of the company.

Signed at ______________ on ______________ 2014

Signature ______________ Assisted by (if applicable) ______________

Notes to the proxy form

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the chairman of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty-eight hours before the commencement of the AGM.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the chairman of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of ordinary shares:

12.1. any one holder may sign the form of proxy;

12.2. the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

13. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

Hand deliveries to:	Postal deliveries to:
Computershare Investor Services Proprietary Limited	Computershare Investor Services Proprietary Limited
70 Marshall Street	PO Box 61051
Johannesburg, 2001	Marshalltown, 2107

to be received by no later than 10:00 on Wednesday, 25 June 2014.

14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Notes to the proxy form continued

Summary of the rights of a shareholder to be represented by proxy as set out in section 58 of the Companies Act:

- A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid until the end of the relevant shareholders' meeting.
- A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
- The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
- If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder, must be delivered by the company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the "Notes to proxy". The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.

SMart Strategic Marketing

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