

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

PRELIMINARY AUDITED SUMMARISED CONSOLIDATED RESULTS FOR THE FOUR-MONTH PERIOD ENDED 30 JUNE 2016

Key financial indicators

- Revenue of R961.7 million
- Earnings attributable to shareholders of R41.1 million
- Earnings per share and headline earnings per share of 21.0 cents respectively
- Cash on hand of R122.5 million

Change in financial reporting period end

Shareholders were advised that the financial year-end of the Company was changed from February to June as per the announcement released on SENS on 18 April 2016. The comparative information in the summarised financial statements represents the twelve-month reporting period ended 29 February 2016. The current period information in the summarised financial statements represents the four-month reporting period ended 30 June 2016.

Supplementary information provided

Except for supplementary information provided in the commentary of the preliminary report, the unaudited interim results for the six-month period ended 31 August 2015 have been included in the summarised consolidated financial statements and segmental reporting analysis as supplementary information. The supplementary information has not been audited by the Group’s auditor as indicated.

Summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income for the four-month period ended 30 June 2016

	Audited 4 months ended 30 June 2016 R'000	Audited 12 months ended 29 Feb 2016 R'000	Unaudited 6 months ended 31 Aug 2015 R'000
Revenue	961 738	2 609 256	1 227 418
Operating profit	54 753	164 300	70 361
Net investment income	3 253	9 180	6 649
Profit before tax	58 006	173 480	77 010
Tax	(16 871)	(50 309)	(22 542)
Total comprehensive income attributable to ordinary shareholders	41 135	123 171	54 468
Basic earnings per ordinary share (cents)	21.0	62.9	27.8
Diluted basic earnings per ordinary share (cents)	20.9	62.7	27.7
Total declared dividend per share (cents)	-	9.23	9.23
Earnings before interest, taxation, depreciation and amortisation (“EBITDA”)	65 694	196 237	86 894
Headline earnings per ordinary share (cents)	21.0	62.8	27.7
Diluted headline earnings per ordinary share (cents)	20.9	62.6	27.6
Weighted average number of shares in issue* (000s)	196 098	195 848	195 798
Weighted average number of shares in issue for purpose of dilution* (000s)	196 713	196 320	196 689
<i>*adjusted for treasury shares</i>			
Reconciliation between earnings attributable to ordinary shareholders and headline earnings			
Earnings attributable to ordinary shareholders	41 135	123 171	54 468
Profit on sale of property and equipment net of taxation effect	(26)	(241)	(161)
Headline earnings	41 109	122 930	54 307

Summarised Consolidated Statement of Financial Position as at 30 June 2016

	Audited 30 June 2016 R'000	Audited 29 Feb 2016 R'000	Unaudited 31 Aug 2015 R'000
ASSETS			
Non-current assets	242 021	251 260	261 959
Property and equipment	58 798	61 778	67 213
Intangible assets – business combinations	144 974	146 467	148 873
Intangible assets – software	9 957	6 458	10 684
Long-term receivable	3 574	4 173	-
Finance lease receivables	-	-	1 965
Deferred tax assets	24 718	32 384	33 224
Current assets	878 355	933 775	823 803
Current tax assets	3 855	1 146	2 633
Finance lease receivable	763	489	1 289
Inventories	110 907	154 766	38 563
Trade and other receivables	640 328	656 897	520 472
Cash and cash equivalents	122 502	120 477	260 846
TOTAL ASSETS	1 120 376	1 185 035	1 085 762
EQUITY AND LIABILITIES			
Capital and reserves	728 596	690 734	649 297
Share capital	21	21	21
Share premium	58 295	58 365	36 020
Treasury shares	(45 542)	(45 439)	(36 585)
Equity-settled share scheme reserve	15 023	18 123	40 808
Retained earnings	700 799	659 664	609 033
Non-current liabilities	29 230	29 382	14 937
Deferred revenue	29 213	29 097	12 958
Finance lease payables	-	-	1 965
Deferred tax liabilities	17	285	14
Current liabilities	362 550	464 919	421 528
Trade and other payables	267 368	351 334	335 085
Deferred revenue	85 902	96 677	69 517
Finance lease payables	763	489	1 289
Current tax liabilities	6 201	602	1 086
Loan payable	-	13 658	13 362
Operating lease liability	2 316	2 159	1 189
TOTAL EQUITY AND LIABILITIES	1 120 376	1 185 035	1 085 762
Net asset value (adjusted for treasury shares) per share (cents)	371.6	352.7	331.6
Tangible net asset value (adjusted for treasury shares) per share (cents)	292.5	274.6	250.1
Total number of shares in issue (adjusted for treasury shares) (000s)	196 098	195 848	195 798

Summarised Consolidated Statement of Changes in Equity for the four-month period ended 30 June 2016

	Share capital R'000	Share premium R'000	Treasury shares R'000	Equity-settled share scheme reserve R'000	Retained earnings R'000	Total R'000
Audited balance at 28 February 2015	21	36 092	(35 983)	39 208	573 087	612 425
Total comprehensive income for the year#	-	-	-	-	54 468	54 468
Treasury shares – movement during the year	-	(72)	(602)	-	-	(674)
Share-based payments	-	-	-	1 600	-	1 600
Dividend paid	-	-	-	-	(18 522)	(18 522)
Unaudited balance at 31 August 2015	21	36 020	(36 585)	40 808	609 033	649 297
Total comprehensive income for the year#	-	-	-	-	68 703	68 703
Treasury shares – movement during the year	-	(8 159)	(2 638)	-	-	(10 797)
Share-based payments	-	-	-	1 603	-	1 603
Transfer between reserves*	-	30 504	(6 216)	(24 288)	-	-
Dividend paid	-	-	-	-	(18 072)	(18 072)
Audited balance at 29 February 2016	21	58 365	(45 439)	18 123	659 664	690 734
Total comprehensive income for the period#	-	-	-	-	41 135	41 135
Treasury shares – movement during the period	-	(70)	(103)	-	-	(173)
Share-based payments	-	-	-	(3 100)	-	(3 100)
Audited balance at 30 June 2016	21	58 295	(45 542)	15 023	700 799	728 596

* The transfer of shares between reserves relates to treasury shares and the equity-settled share-based payment reflecting the correct value.

The total comprehensive income for the period/year represents profit for the reporting period as no element of other comprehensive income exists.

Summarised Consolidated Statement of Cash Flows for the four-month period ended 30 June 2016

	Audited 4 months ended 30 June 2016 R'000	Audited 12 months ended 29 Feb 2016 R'000	Unaudited 6 months ended 31 Aug 2015 R'000
Profit before tax	58 006	173 480	77 010
Adjusted for non-cash items	4 625	17 426	10 225
Working capital changes	(33 872)	(167 304)	19 344
- Inventories	43 859	(120 540)	(4 337)
- Trade and other receivables	17 168	(163 955)	(23 357)
- Finance lease receivables	(274)	6 702	(3 903)
- Deferred revenue and trade and other payables	(94 625)	110 489	50 941
Cash generated from operations	28 759	23 602	106 579
Net interest received	3 268	9 245	6 805
Dividend paid	-	(36 594)	(18 522)
Tax paid	(6 583)	(47 921)	(22 275)
Net cash inflow/(outflow) from operating activities	25 444	(51 668)	72 587
Net cash outflow from investing activities	(9 932)	(94 470)	(91 303)
Net cash outflow from financing activities	(13 487)	(24 877)	(11 930)
Net increase/(decrease) in cash and cash equivalents	2 025	(171 015)	(30 646)
Cash and cash equivalents at the beginning of the period	120 477	291 492	291 492
Cash and cash equivalents at the end of the period	122 502	120 477	260 846

Financial instruments information

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

Related-party transactions

The Company and its subsidiaries entered into various sale and purchase transactions with related parties in the ordinary course of business. These transactions occurred under terms that are not any different than those arranged with third parties.

Management's responsibility

The audited summarised consolidated financial statements for the period ended 30 June 2016 were prepared under the supervision of Mrs Elizabeth Naidoo, CA (SA), the Group Financial Director. The audited summarised consolidated financial statements comprise the summarised statement of financial position at 30 June 2016 and the summarised statements of profit or loss and other comprehensive income, changes in equity and cash flows for the reporting period ended then.

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

Basis of preparation

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

The preliminary audited summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the information as required by *IAS 34: Interim Financial Reporting*, the Listings Requirements of JSE Limited, and the Companies Act of South Africa (Act 71 of 2008), as amended. The principal accounting policies, which comply with IFRS, have been consistently applied in all material respects in the current and comparative periods. The accounting policies applied in the audited summarised consolidated financial statements are the same as those applied in the Group's consolidated financial statements. All new interpretations and standards were assessed and adopted with no material impact.

These preliminary audited summarised consolidated financial statements should be read in conjunction with the Group's audited consolidated financial statements for the period ended 30 June 2016, which have been prepared in accordance with IFRS. A copy of the full set of the Group's audited consolidated financial statements can be obtained from the Company's registered office.

Auditor's opinion

The preliminary summarised consolidated financial statements have been derived from the Group's audited consolidated financial statements and have been audited by SizweNtsalubaGobodo Inc. The auditor, SizweNtsalubaGobodo Inc., has issued its opinion on the Group's audited consolidated financial statements for the period ended 30 June 2016. The audit was conducted in accordance with International Standards on Auditing. SizweNtsalubaGobodo Inc. has issued an unmodified audit opinion on the Group's audited consolidated financial statements. The auditor issued an unmodified audit opinion on the summarised consolidated financial statements stating that these summarised consolidated financial statements are consistent in all material respects with the Group's audited consolidated financial statements.

The auditor's report issued in terms of the summarised consolidated financial statements does not necessarily report on all the information contained in this announcement. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditor. This includes the supplementary information provided in terms of the summarised consolidated financial statements and segmental reporting analysis.

A copy of the auditor's report on the summarised consolidated financial statements and of the auditor's report on the consolidated financial statements are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports. Shareholders are advised to obtain the relevant auditor's report to gain a full understanding of the nature of the respective auditor's engagement.

Subsequent events

The following non-adjusting events took place after the reporting date:

Change in company secretary

Ms L Grobler was appointed as the company secretary on 4 July 2016, replacing Mr JV Parkin.

Share buy-back

After 11 July 2016, the Board has exercised its authority, obtained in June from its regulator and at the last two AGMs from its shareholders by way of special resolution in terms of Sections 46 and 48 of the Companies Act of South Africa (Act 71 of 2008), as amended, and mandated a buy-back of issued ordinary shares of the Company, to a maximum of 5% of the issued ordinary shares. Since the mandate, 5 091 472 ordinary shares have been bought back totalling 2.48% of the total issued share capital (excluding treasury shares).

Inventory

On 8 August 2016, inventory items were stolen from the Samrand warehouse. As per the Group policy, all items are adequately insured and covered against theft. No potential operating losses are expected to be incurred in terms of the theft of these items.

Legal proceedings

Datacentrix Proprietary Limited (a wholly-owned subsidiary) has been cited in an application in the High Court of South Africa seeking to review and to set aside a bid awarded to the company in January 2015, as communicated in the SENS announcement issued by the Board on 18 April 2016. Datacentrix Proprietary Limited and the Department of Justice and Constitutional Development (“DOJ”) are opposing the matter. Subsequently a hearing has been scheduled for 15 September 2016, to decide on a further application for an urgent interim interdict, preventing the DOJ from further executing the contract related to the awarded bid pending the outcome of the first application. Both the DOJ and Datacentrix Proprietary Limited are opposing this application as well. Material developments will be appropriately communicated.

Other than mentioned in this report, there were no other material events after the reporting date that require disclosure.

The business of Datacentrix

Datacentrix is an ICT solutions provider that uses leading technologies to deliver sustainable value to corporate and public sector organisations. The Group strategically partners with its customers, equipping them with valuable insight and helping them to align their technology undertakings with their business strategy. It offers a holistic value proposition by delivering integrations between technologies that help safeguard the future of its customers.

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

Group financial performance

The change in financial year-end resulted in no comparable comparative financial statements being published for the four-month period under review. The last financial results published were for the full twelve-month period ended 29 February 2016. The users of the summarised financial statements are cautioned to be attentive when comparing current financial results to the comparative financial results and to note that all financial information is not necessarily comparable.

The Board is pleased to report that the Group achieved revenue for the four months ended 30 June 2016 of R961.7 million and earnings attributable to shareholders of R41.1 million. Group operating margin was 5.7% with earnings per share and headline earnings per share of 21.0 cents respectively. The Group generated R25.4 million cash. The Group’s closing cash balance was R122.5 million.

Datacentrix continues to focus on the fundamental principles of business: quality skills; leading vendor partnerships; sound and prudent financial management; resilient operations; strong technical and execution capability; and a commitment to black economic empowerment imperatives.

The Managed Services and Business Applications divisions contributed 39.5% and 9.9% respectively to the Group’s profit after tax (“PAT”), with the Technology Solutions division contributing 47.1% for the current four-month reporting period ended 30 June 2016.

Segmental analysis

The reader is reminded that the current reporting period ended 30 June 2016 represents only a four-month period, whereas the comparative period ended 29 February 2016 represents a twelve-month period. The supplementary information included, for the interim reporting period ended 31 August 2015, represents a six-month period.

			Revenue	EBITDA	Operating profit	Net interest	Profit before tax	Taxation	Total income
Managed Services									
30 June 2016	Audited	R'000	224 367	27 710	22 927	-	22 927	(6 668)	16 259
29 Feb 2016	Audited	R'000	622 840	96 956	78 477	28	78 505	(22 834)	55 671
31 Aug 2015	Unaudited	R'000	277 526	34 301	26 173	(108)	26 065	(6 853)	19 212
Technology Solutions									
30 June 2016	Audited	R'000	680 004	31 834	27 306	-	27 306	(7 942)	19 364
29 Feb 2016	Audited	R'000	1 823 717	81 979	73 005	-	73 005	(21 171)	51 834
31 Aug 2015	Unaudited	R'000	871 864	43 220	36 113	-	36 113	(11 120)	24 993
Business Applications									
30 June 2016	Audited	R'000	57 367	6 150	5 726	-	5 726	(1 666)	4 060
29 Feb 2016	Audited	R'000	162 699	17 302	15 840	-	15 840	(4 594)	11 246
31 Aug 2015	Unaudited	R'000	78 028	9 373	8 075	-	8 075	(2 488)	5 587

			Revenue	EBITDA	Operating profit	Net interest	Profit before tax	Taxation	Total income
Corporate									
30 June 2016	Audited	R'000	-	-	(1 206)	3 253	2 047	(595)	1 452
29 Feb 2016	Audited	R'000	-	-	(3 022)	9 152	6 130	(1 710)	4 420
31 Aug 2015	Unaudited	R'000	-	-	-	6 757	6 757	(2 081)	4 676
Total Group									
30 June 2016	Audited	R'000	961 738	65 694	54 753	3 253	58 006	(16 871)	41 135
29 Feb 2016	Audited	R'000	2 609 256	196 237	164 300	9 180	173 480	(50 309)	123 171
31 Aug 2015	Unaudited	R'000	1 227 418	86 894	70 361	6 649	77 010	(22 542)	54 468

The total comprehensive income for the period/year represents profit for the reporting period/year as no element of other comprehensive income exists.

* The segments of the entity is based on the information reported to the chief operating decision maker (CEO) and has not changed from the prior reporting period.

Managed Services

The Managed Services division accounted for 39.5% of Group PAT, at R16.3 million. The division achieved an operating margin of 10.2%.

The division delivered a strong performance, specifically in the outsourcing, ICT facility services, Internet Service Provider (“ISP”) and Network Service Provider (“NSP”) businesses. New outsource contracts transitioned in the previous financial year contributed positively to the period under review. Improved service delivery and efficiencies have enhanced the division’s ability to address customer needs more cost effectively and efficiently.

The Managed Services division is a progressive centre of excellence that delivers end-to-end ICT services. It provides customers with a constantly measured environment that ensures that what is being done today is both pertinent to customer needs and supports their relevance into the future.

Technology Solutions

The Technology Solutions division performed well over the four-month period. Good growth was achieved in the storage, data centre and networking businesses. The division delivered revenue of R680 million and PAT of R19.4 million in the four-month period. The division contributed 47.1% to Group PAT for the period.

The division increased its revenue from longer-term service delivery projects; kick-started the period with the formalisation of a number of complex, longer-cycle deals; focused on managing costs; and ensured a high repeatability of service delivery in the face of a slower economy.

The Group upgraded its security operations centre and enhanced its execution capability in the security business. Management is encouraged by the opportunities in this area of the market and the business is well positioned to capitalise on these.

The Technology Solutions division is a trusted technology solutions integrator, recognised by all top leading technology vendors globally. The division leads in visionary technology innovation that delivers real business value from traditional compute, storage and networking, to a software-defined, data-driven world where the infrastructure adapts around customer demands.

Business Applications

PAT in the Business Applications division was R4.1 million. The division contributed 9.9% to Group earnings for the period. Operating margin was 10.0%.

Good growth was achieved in the Enterprise Information Management (“EIM”) business over the four-month period. The business closed out one of its large projects in the education domain, signed up a substantial, enterprise licence agreement in the public sector, rolled out the initial project phase for a regional healthcare provider, and acquired new business across various industries.

The Enterprise Resource Planning (“ERP”) business performance improved for the period. The Business Intelligence and Analytics capability has now been integrated into the broader EIM offering.

The Business Applications division enables organisations to take advantage of the information that is created and stored in their ICT infrastructures by applying leading EIM, ERP solutions and professional services. The division enables informed business management and growth through solutions that automate; integrate; and monitor and control business processes.

Prospects

In the period under review, the Group secured new business that will be executed in the new financial year. The Company will continue bidding for higher value business and exploring opportunities in Africa.

Datacentrix differentiates its offering through its service-focused culture, and its service offering flexibility, which enables customers to flex or shrink their service requirements and expenditure in line with the demands of their business.

The Group's deliberate strategy to build a cohesive, efficient, agile and skilled organisation that is focused on service delivery has positioned it as a formidable competitor in the market. This bodes well for the organisation in a market that remains challenging, offering only single-digit growth.

Broad-based Black Economic Empowerment

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

Dividend

The Group previously indicated that as it expands and secures the provisioning of complex turnkey solutions, working capital requirements will increase. As a result, investment is required not only to support this organic growth strategy, but also potential acquisitions. Consequently, the Board has decided not to declare a dividend payment for the four-month period ended 30 June 2016.

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

For and on behalf of the Board:

Arnold Fourie, Chairman

Ahmed Mahomed, Chief Executive Officer

6 September 2016

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

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Transfer secretaries:
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