

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 CONDENSED CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2014, FINAL DIVIDEND DECLARATION AND NOTICE OF ANNUAL GENERAL MEETING

Key financial indicators

- Revenue increased by 19% to R2.3 billion
- EBITDA increased by 21% to R152.4 million
- Headline earnings per share increased by 15% to 45.6 cents
- Cash generated from operations of R142.6 million
- Cash on hand of R203 million, with no interest-bearing debt related to operations
- Net asset value per share increased by 9% from 251.1 to 274.7 cents

Condensed Consolidated Statement of Comprehensive Income for the year ended 28 February 2014

	Audited 2014 R'000	Audited 2013 R'000
Revenue	2 279 512	1 919 487
Operating profit	125 290	106 163
Net interest received	1 174	6 356
Profit before taxation	126 464	112 519
Taxation	(37 539)	(35 199)
Total comprehensive income attributable to ordinary shareholders	88 925	77 320
Basic earnings per ordinary share (cents)	45.4	39.5
Diluted basic earnings per ordinary share (cents)	45.2	39.0
Total declared dividend per share (cents)	20.49	19.7
Earnings before interest, taxation, depreciation and amortisation (“EBITDA”)	152 398	126 341
Headline earnings per ordinary share (cents)	45.6	39.6
Diluted headline earnings per ordinary share (cents)	45.4	39.1
Weighted average number of shares in issue* (000s)	195 798	195 798
Weighted average number of shares in issue for the purpose of dilution* (000s)	196 804	198 024
<i>*adjusted for treasury shares</i>		
Reconciliation between earnings attributable to ordinary shareholders and headline earnings		
Earnings attributable to ordinary shareholders	88 925	77 320
Loss on sale of property and equipment	374	142
Headline earnings	89 299	77 462

Condensed Consolidated Statement of Financial Position as at 28 February 2014

	Audited 2014 R'000	Audited 2013 R'000
ASSETS		
Non-current assets	206 109	190 216
Property and equipment	69 006	66 682
Intangible assets – business combination	91 516	56 927
Intangible assets – software	9 646	10 277
Investment in joint venture	914	744
Finance lease receivables – long-term	7 191	30 266
Deferred taxation assets	27 836	25 320
Current assets	756 190	707 815
Current taxation assets	11 844	-
Finance lease receivables – short-term	19 271	24 661
Inventories	44 408	36 500
Trade and other receivables	478 130	372 893
Cash and cash equivalents	202 537	273 761
TOTAL ASSETS	962 299	898 031
EQUITY AND LIABILITIES		
Capital and reserves	537 943	491 630
Share capital	21	21
Share premium	36 079	35 962
Treasury shares	(42 766)	(42 335)
Equity-settled share scheme reserve	43 161	37 801
Retained earnings	501 448	460 181
Non-current liabilities	39 125	47 800
Deferred revenue – long-term	13 175	18 126
Loan payable – long-term	18 793	-
Finance lease payables – long-term	7 157	29 674
Current liabilities	385 231	358 601
Trade and other payables	306 872	237 420
Deferred revenue – short-term	53 284	43 775
Finance lease payables – short-term	18 565	22 591
Current tax liabilities	112	6 028
Loans payable – short-term	3 517	45 750
Lease smoothing liability	2 881	3 037
TOTAL EQUITY AND LIABILITIES	962 299	898 031
Net asset value (adjusted for treasury shares) per share (cents)	274.7	251.1
Tangible net asset value (adjusted for treasury shares) per share (cents)	223.1	216.8
Weighted average number of shares in issue (000s)	195 798	195 798

Condensed Consolidated Statement of Changes in Equity for the year ended 28 February 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
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 payment	-	-	-	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 payment	-	-	-	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

Condensed Consolidated Statement of Cash Flows for the year ended 28 February 2014

	Audited 2014 R'000	Audited 2013 R'000
Profit before taxation	126 464	112 519
Adjusted for non-cash items	28 076	11 765
Working capital changes	(11 913)	(67 737)
- Inventories	(7 261)	(1 736)
- Trade and other receivables	(100 886)	(75 402)
- Finance lease receivables	28 465	(26 222)
- Trade and other payables	67 769	35 623
Cash generated from operations	142 627	56 547
Net interest received	4 727	10 653
Dividend paid	(47 658)	(60 268)
Taxation paid	(60 414)	(28 406)
Net cash inflow/(outflow) from operating activities	39 282	(21 474)
Net cash outflow from investing activities	(60 092)	(89 462)
Net cash (outflow)/inflow from financing activities	(50 414)	71 320
Net decrease in cash and cash equivalents	(71 224)	(39 616)
Cash and cash equivalents at the beginning of the year	273 761	313 377
Cash and cash equivalents at the end of the year	202 537	273 761

Basis of preparation

The audited condensed consolidated financial statements for the year ended 28 February 2014 were prepared under the supervision of Mrs Elizabeth Naidoo CA (SA), the Group Financial Director.

This preliminary report is extracted from audited information, but is not itself audited. The board of directors of Datacentrix (“the Board”) take full responsibility for the preparation of this preliminary report and that the financial information has been correctly extracted from the underlying annual financial statements.

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

Auditor's opinion and subsequent events

The auditor, SizweNtsalubaGobodo Inc., has issued its opinion on the Group's financial statements for the year ended 28 February 2014. The audit was conducted in accordance with International Standards on Auditing. SizweNtsalubaGobodo has issued an unmodified audit opinion. These condensed consolidated financial statements have been derived from the Group financial statements and are consistent in all material respects with the Group financial statements. A copy of the audit report is available for inspection at the Company's registered office. The auditor's report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the audit report together with the accompanying financial information from the Company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditor. Other than mentioned in this report, there were no material subsequent events that required disclosure.

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. The Group consists of three operational divisions: Managed Services, Business Solutions and Technology (previously Infrastructure division).

Overview

Datacentrix seeks to focus on enhancing 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. The Group has largely completed the implementation of its organic growth strategy having built the competencies required to become an effective player in the systems integrator and solutions provider space. The Group will complement this strategy with focused acquisitions, which will require cash resources.

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. 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.

Group revenue of R2.3 billion was achieved for the year. 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 tax obligations (R60.4 million). Capital expenditure has resulted in higher depreciation and amortisation charges of 38%.

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 which 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 tax ("PBT").

Segmental analysis

	Managed Services		Technology		Business Solutions		Corporate		Total Group	
	28 Feb 2014 R'000	28 Feb 2013 R'000	28 Feb 2014 R'000	28 Feb 2013 R'000	28 Feb 2014 R'000	28 Feb 2013 R'000	28 Feb 2014 R'000	28 Feb 2013 R'000	28 Feb 2014 R'000	28 Feb 2013 R'000
Revenue	518 222	414 690	1 596 935	1 375 218	164 355	129 579	-	-	2 279 512	1 919 487
EBITDA	80 695	55 169	56 322	47 747	15 381	23 425	-	-	152 398	126 341
Operating profit	65 766	44 314	46 923	39 074	13 975	23 161	(1 374)	(386)	125 290	106 163
Net interest (paid)/received	(3 349)	(3 884)	-	-	-	-	4 523	10 240	1 174	6 356
Profit before taxation	62 417	40 430	46 923	39 074	13 975	23 161	3 149	9 854	126 464	112 519
Taxation	(18 538)	(11 320)	(13 935)	(12 113)	(4 150)	(6 486)	(916)	(5 280)	(37 539)	(35 199)
Total comprehensive income	43 879	29 110	32 988	26 961	9 825	16 675	2 233	4 574	88 925	77 320

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) solution, adding a new dimension to its existing cloud services.

The division's portfolio further encompasses: service aggregation; always-on service desk; managed systems; managed networks; managed entry point; network and system monitoring and control; managed hosting; colocation; managed print and document solutions; security operations centre (SOC); 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.

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.

Datacentrix is supported by top-level vendor accreditations with best of breed vendors and has managed to secure and retain some of the scarcest and capable skills in the market; which investments are starting to yield returns. The organisation is a significant player in HP's Europe, Middle East and Africa partner programme. The division garnered no less than 10 of the 12 top awards at the HP partner event held in November 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 client, 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 ("BI") and analytics; and enterprise resource planning ("ERP").

The EIM business is one of the leading EIM solutions providers in the country. 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.

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. 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.

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 expand the 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.

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%.

Changes to the Board

The following changes to the Board occurred during the period under review:

- 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 Peter 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.
- Ms Nolitha Fakude was appointed as an independent non-executive director and chairperson of the Board with effect from 1 March 2014.

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 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.

Declaration date:	Tuesday, 15 April 2014
Last day to trade:	Friday, 9 May 2014
Shares 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.

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 Landing, 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.

For and on behalf of the Board:

Nolitha Fakude Chairman	Ahmed Mahomed Chief Executive Officer
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15 April 2014

Nolitha Fakude* (Chairman), Ahmed Mahomed (Chief Executive Officer), Alwyn Martin*, Arnold Fourie[#], Dudu Nyamane*, Elizabeth Naidoo (Group Financial Director), (*independent, non-executive) ([#]non-executive)

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