



Mission

Datacentrix strives to maximise stakeholder wealth by providing leading solutions in the core IT areas of infrastructure, business solutions, outsourcing and other related IT 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 and representing premier technology partners with distinction.

Find out more

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 website.



Additional information available in this report



Additional information available online

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Business Overview

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Key financial indicators

R1.919 billion

Revenue increased 9% to R1.919 billion

39.5 cents

Basic earnings per share ("EPS") decreased 15% to 39.5 cents per share

39.6 cents

Headline earnings per share ("HEPS") decreased 16% to 39.6 cents per share

Cash on hand

Cash on hand of R274 million, with no interest-bearing debt

R57 million

Cash generated from operations of R57 million

Final dividend

Gross final dividend of 12.02 cents per share declared

Overview

Datacentrix, incorporated in the Republic of South Africa, is a leading, empowered IT integrator that provides complete, high performing and secure IT solutions to its corporate and public services sector clients. The company has been listed on the main board of the Johannesburg Stock Exchange ("JSE Limited") in South Africa since 1998 (JSE Share Code: DCT).

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 Witbank.

The company structure comprises three divisions that integrate their offerings to provide an end-to-end technology offering for local enterprise. These are:

- Infrastructure;
- Managed Services; and
- Business Solutions.

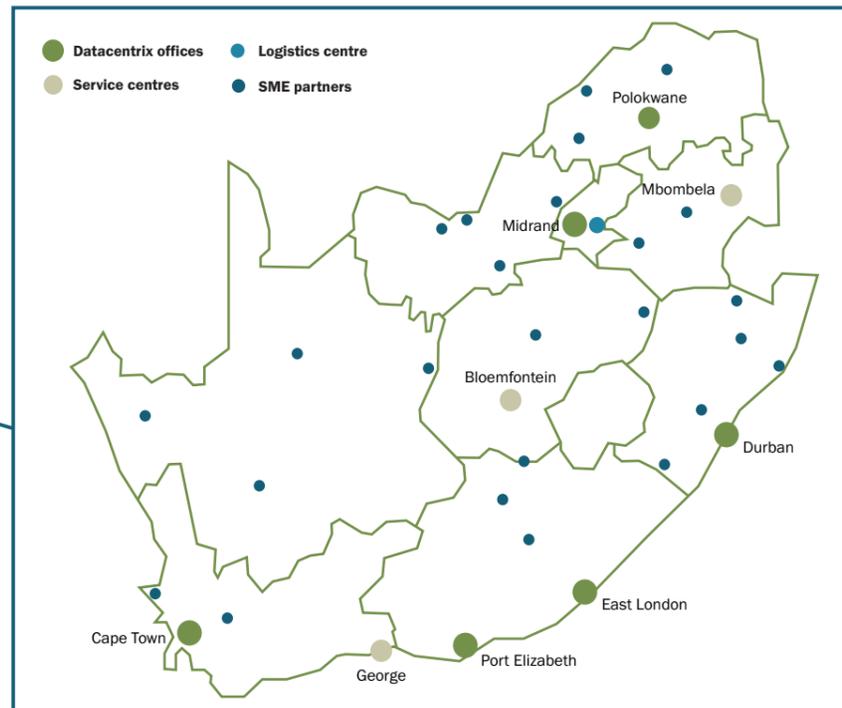
As a best of breed solution and services-led integrator, Datacentrix provides IT solutions that match its clients' needs. The company focuses on improving processes and systems every day with passion and expertise, empowering its clients to make meaningful management decisions and operate their businesses effectively. Datacentrix' seamless approach has proven its success and value across its respected client base.

Vision

Datacentrix strives to be the preferred partner for complete IT solutions and services to corporate and public sector organisations in South Africa. The company plans to grow in a profitable, yet responsible manner and will continue delivering complete solutions to its clients, maximising value, and utilising the latest technology complimented by the talent of its in-house resources.

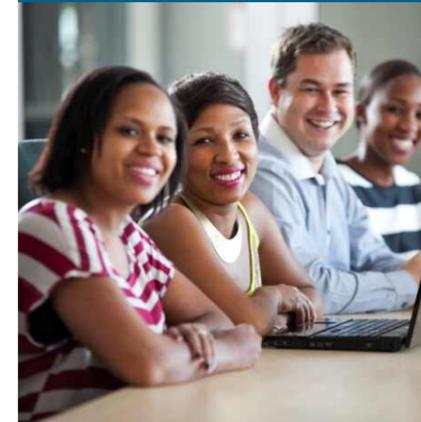
The company's vision is underscored by its shared values of pride, passion, professionalism and performance.

Operational footprint



Datacentrix: The smart investment choice

- Leading, integrated IT services and solutions partner
- Significant execution capability
- Top vendor accreditations
- Sound growth strategy
- Evolving business that changes with industry dynamics
- Investment in skills and workforce
- Solid and reliable business relationships
- First-in-Africa technology
- Investment in BEE: Level two (AAA)



Value offering

Datacentrix' client focus is set on enabling its clients to grow their businesses - helping them to achieve their strategic objectives, deliver quality services, and attain a competitive market position.

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

- **Simplify** [using leading technology solutions to enhance and automate systems and processes]
- **Integrate** [offering a complete IT service]
- **Optimise** [maximising client resources, processes and technology with best of breed solutions]
- **Grow** [using technical excellence and business acumen to contribute to business growth and productivity]
- **Invest** [providing business advantage through a unique and complimentary product and service portfolio, while saving on non-essential investment]
- **Provide expertise** [encompassing leading skills and the highest technical accreditations to exceed client requirements]
- **Conserve** [implementing sustainable business practices]
- **Partner** [above all, our business is about valuing relationships - we are committed to our stakeholders, our clients and our technology partners so that we can deliver top value and become leaders in our industries]

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 2012 to 28 February 2013.

This is the company's third 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 30-45 for more information on corporate governance

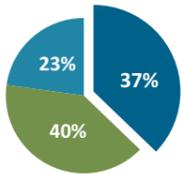
Operations

Datacentrix operates through three divisions: Infrastructure, Managed Services and Business Solutions, providing best of breed technology solutions and services-led IT integration. The company's offering ranges from end-user computing solutions to complete fit-for-purpose outsource solutions. Our integrated approach underlines the services orientated technology partnership model that has boosted client satisfaction levels, scoring the company an unprecedented 98.8% in its in-house client audit conducted during the year.

Investment

Significant investment in technical capabilities

Infrastructure's contribution to earnings



Infrastructure division

The Infrastructure division offers large-scale IT infrastructure hardware and software solutions, providing professionally managed infrastructure cycles from design to operation.

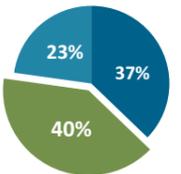
Key features

- Revenue showed marginal growth
- Earnings were impacted by competitive market forces
- Continued decline in public sector revenue
- Profitability derived primarily from the private sector
- Significant investment in technical capabilities; this increased cost base is ahead of expected revenue generation
- Significantly tightened margins, especially in the commoditised end of the market

Revenue growth

26%

Managed Service's contribution to earnings



Managed Services division

The Managed Services division ensures maximum infrastructure, value for money uptime through the provision of systems deployment, on-going management, and maintenance and support services.

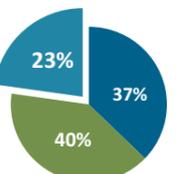
Key features

- Encompasses Managed Print Services ("MPS"), Outsourcing and Resourcing
- Achieved 26% revenue growth
- Contributed 40% to group earnings
- Areas of investment have begun to contribute to profitability and operational effectiveness
- Strong, positive reputation due to excellent execution capacity

Acquisition

Nokusa Engineering Informatics (Pty) Ltd

Business Solutions' contribution to earnings



Business Solutions division

The Business Solutions division offers business management solutions that automate and streamline business processes including the customisation and integration of software applications and data.

Key features

- Comprises Enterprise Resource Planning ("ERP"), Business Intelligence ("BI") and Enterprise Information Management ("EIM")
- Achieved revenue growth of 53% and contributed 23% to earnings
- Acquisition of Nokusa Engineering Informatics Proprietary Limited ("NokusaEI") has strengthened our EIM offering and positioned the EIM business unit as a leader in this space
- Specialised solutions have resulted in clients receiving multiple awards for innovation and excellence

Western Cape Government Transport and Public Works

"Datacentrix' change management approach, which allowed for excellent user adoption, has provided us with exceptional improvements in service. Our programme has consistently achieved its short and long-term objectives, and we feel that Datacentrix has always provided us with outstanding services and continues to do so."

J A du Plessis, acting Assistant Executive Manager: Strategic Planning, Integration & Co-ordination

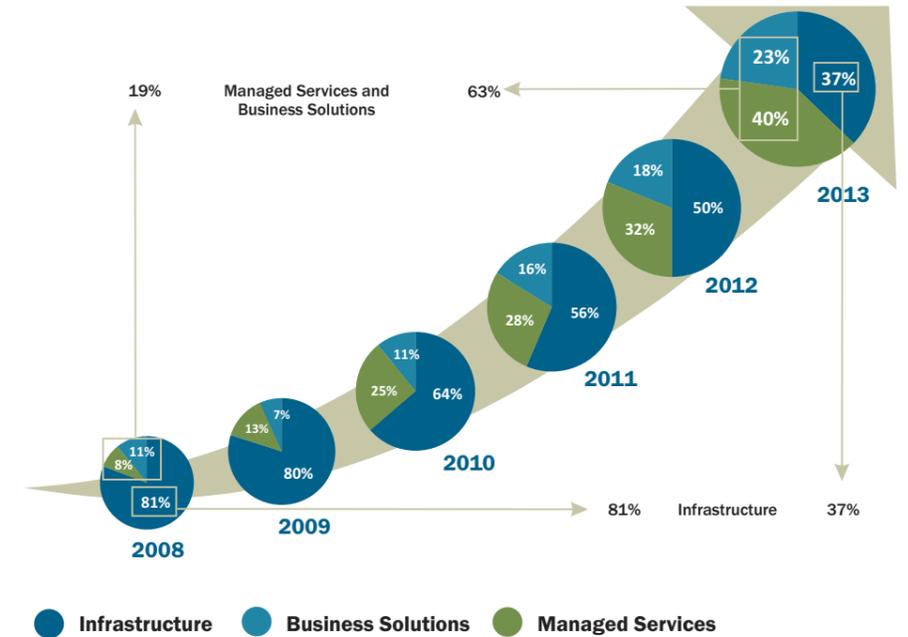
(Region: Datacentrix Western Cape)

Partnership is a vital pillar that supports the implementation of the services orientated technology partnership model. The company has the focus, commitment and expertise to forge productive and creative partnerships with technology vendors and clients, providing mutual and long-lasting benefits. The benefits extend to the client, helping them to reach their full potential and to investors by maximising the return on their investment.

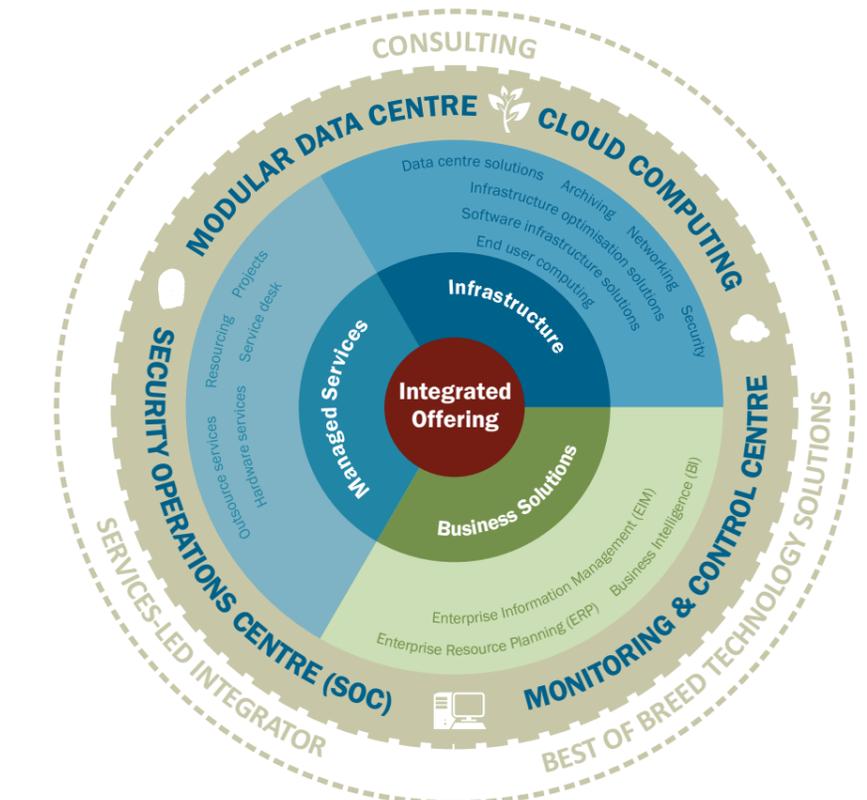


Change in segmental contributions to earnings due to repositioning

Datacentrix has strategically repositioned itself in the market, moving from being a pure hardware supplier to a fully-fledged systems integrator and solutions provider.



Datacentrix' operations and integrated solution offering can be illustrated as follows:

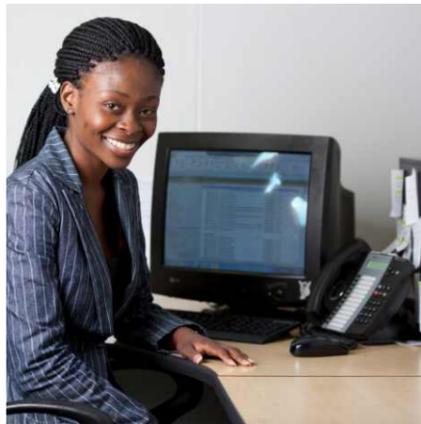


Operational highlights

Technology development

Datacentrix remains at the leading edge of technology development, bringing promising new technologies to South African enterprise to benefit and transform information management as we know it.

- Monitoring and control centre:** Datacentrix has invested in a multi-million rand monitoring and control centre, to improve client satisfaction and availability on 24X7 basis. The centre has centralised all support offerings and involves shared, world class facilities and sophisticated monitoring and control tools. The company can now provide on-demand provisioning, risk and compliance management facilities, statutory compliance for availability, disaster recovery and information security, and end-to-end service monitoring and reporting.
- Cloud computing:** Datacentrix introduced its cloud computing offering, aimed at assisting enterprise-level clients in meeting their off-premise outsourcing needs. The offering tackles the inefficient use of internal computing resources, the spiralling costs of power and space, and the obstacles related to modifying technology in support of changing organisational needs. The company caters for both 'private' and 'public' cloud service models in addition to the three primary cloud architectures: Infrastructure as a Service ("IaaS"); Platform as a Service ("PaaS"); and Software as a Service ("SaaS").
- Modular data centre:** Datacentrix is driving down data centre operational costs by decreasing energy consumption and optimising floor space through its recently launched modular data centre. The state-of-the-art, energy saving, Tier 4 capable modular data centre exceeds the demands of modern enterprise. The data centre won the Datacentre Dynamics 2012 EMEA (Europe, Middle East and Africa) award for the most extreme data centre deployment.
- Security Operations Centre ("SOC"):** Datacentrix' SOC, one of the first of its type deployed within the southern hemisphere, provides clients with access to a host of dynamic security services. The state-of-the-art SOC integrates security information and event management with its governance, risk and compliance suite, allowing for true enterprise security intelligence.



RCS Group

"Our SLA is in the high 90s percentile; our users extremely happy and we are in the process of migrating to a cloud environment with full virtualisation and fully up to date platforms. The depth of knowledge and expertise within Datacentrix is truly impressive and an industry leader."

Anthony Preston Head of ICT Architecture at RCS Group

(Region: Datacentrix Western Cape)



Refer to pages 11-13 for more information on these areas of technology development



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

Technology partnerships

Datacentrix' dedication to its partners and its on-going investment in skills has played a key role in becoming a complete solution and service-focused provider. 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 penetrating new markets, focusing on core skills, capabilities and competencies that keep the company at the forefront of technology.

The following information highlights some of the partner accreditations attained and the recognition received from some of the company's technology partners during the year.



Datacentrix was recognised as a gold level partner with the highest overall revenue, at HP's annual partner awards event. In addition, one of Datacentrix' enterprise managers was named "Outstanding Services Channel Champion", acknowledging his commitment to HP at all levels.



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").



Datacentrix was named the solution provider with the highest revenue growth of all local IBM business partners for the 2011 fiscal year at the IBM Business Partner Executive Interlock and Recognition dinner held in 2012. The company also won the title of the top growth contributor for IBM maintenance services, for excellence in IBM storage, and for excellence in the area of System z, more commonly known as the mainframe.



Datacentrix is one of only three Tier 1 value added resellers for Lenovo in South Africa and is a fully certified authorised warranty services provider for all Lenovo products.



Datacentrix has been named OpenText's local partner of the year for 2012, based on its exceptional revenue contributions. In addition to this, OpenText announced the Western Cape Provincial Government Health's Khayelitsha Hospital as the overall winner of the global user adoption award at a separate, international ceremony held in Orlando, Florida in November 2012. The title recognises this Datacentrix client for their outstanding efforts in deriving business value from innovative and successful OpenText' deployments. Datacentrix, OpenText implementation partner, nominated the client for the award.



Datacentrix has been named the first and only Riverbed Diamond partner in Africa and 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 clients. The company was recently recognised as the RASP of the year. This recognition and the level of accreditation highlights the strength of the partnership that we have maintained with Riverbed over the past seven years and our dedicated focus on the areas of Wide Area Network ("WAN") optimisation, network performance management and cloud storage solutions.



Datacentrix holds the highest level within Symantec's Partner Programme as a Platinum Partner.

Operational highlights

(continued)

Other operational highlights during 2013

Black economic empowerment

Datacentrix is a Level Two (AAA) B-BBEE Contributor, with 125% procurement recognition, one of only a few JSE-listed IT companies to reach this position. The company's exceptional performance, with particular reference to the areas of skills development, preferential procurement and enterprise development, are aptly reflected by the updated scorecard.

Learnership programme

Datacentrix has provided a number of learners from Gauteng, the Western Cape and KwaZulu-Natal with a year of practical and theoretical IT training. The end result encompasses a Microsoft Certified IT Professional ("MCITP") qualification and on the job experience. The company is currently in the process of opening a training centre for current and future learners, as well as other internal employees to enhance their qualifications and broaden their scope.

Acquisition bolsters enterprise information management competency

Datacentrix bought Enterprise Information Management ("EIM") specialist NokusaEI for R45.75 million in December 2012 to strengthen its position in the EIM space. NokusaEI is part of an EIM partner network including SAP, OpenText, AIIIM, Cideon Software, Collaborit and Pitney Bowes and is the only SAP EIM partner in Africa. The acquisition will sharpen Datacentrix' capacity to deliver leading EIM solutions; extend its offering to sharing information management best practices; and see the delivery of AIIIM training courses solidified in Southern Africa.

The AIIIM training is vital for IT specialists, for individuals working with communications technology, for professionals who manage information, and for human resources specialists who manage complex information systems, helping users to understand the challenges associated with managing documents, content, records, and business processes. The AIIIM training ensures user and vendor access to independent insight and information around all aspects of EIM.

Datacentrix will also benefit substantially from the resources and skills set obtained through the acquisition.

Green IT

Datacentrix continues to support environmentally sustainable computing by building and maintaining IT systems that reduce the impact on the environment and that use state-of-the-art energy saving solutions. These practices involve disposing of IT equipment responsibly, recycling equipment where feasible, and improving energy and space efficiencies through power management, consolidation and virtualisation techniques. Datacentrix supplies performance optimised data centres that feature complete "cocooning" solutions for aisle-containment, and more efficient management of cooling and power usage effectiveness.



Refer to our website for the NokusaEI acquisition article at www.datacentrix.co.za

Ubank

"Datacentrix' national footprint and ability to respond to problems immediately makes them an extremely attractive partner. They understand our business' requirements, and solutions were implemented flawlessly. Working with Datacentrix has enabled our entire working environment to be simplified. Our experience with them has always been painless, and the process handled in a first class manner – slick and professional."

Anton Giacometti, Head of IT Service and Support at Ubank

(Region: Datacentrix Gauteng)



Refer to pages 18-19 for more information on black economic empowerment



Technology that meets evolving business needs

Datacentrix has built and upgraded its own infrastructure over the past year, positioning itself as one of the leading and most forward thinking solution providers in South Africa. The company can now deliver improved availability and performance levels to clients.

The technology development will help to solve IT resourcing issues and provide more proactive monitoring and support in a highly customisable package.

The new offering allows clients to future-proof their technology and was driven by:

- an increasingly demanding environment as a result of the rise in cloud computing;
- the consumerisation of IT;
- escalating infrastructure costs and complexity; and
- a mobilised, multigenerational workforce.

These new pressures mean that IT staff need to focus on high level, business-changing applications, rather than the nuts and bolts of infrastructure. The key is to provide access and services to any device at any time to employees, while freeing up IT resources. This is where Datacentrix assists by allowing its clients to focus on more strategic initiatives than on these evolving technology needs.

Areas of technology development

Datacentrix' strategic capital outlay focuses on four specific areas:

- a Tier 4 capable, high availability modular data centre;
- a cloud computing offering;
- a SOC that is the first of its kind within the EMEA region; and
- a state-of-the-art 24X7 monitoring and control centre that has enabled the Group to centralise all its support offerings.

Cloud computing

Cloud computing can be defined as computing services that are customised and delivered according to the needs of customers across the web. Datacentrix' cloud offering addresses the following IT challenges:

- the inefficient use of internal computing resources, resulting in wasted IT investments;
- the operational overheads associated with managing applications and related platforms;
- the spiralling costs of power and space;
- the sometimes paralysing effect of strategic decisions; and
- a lack of the agility needed to modify technology to support changing organisational needs.

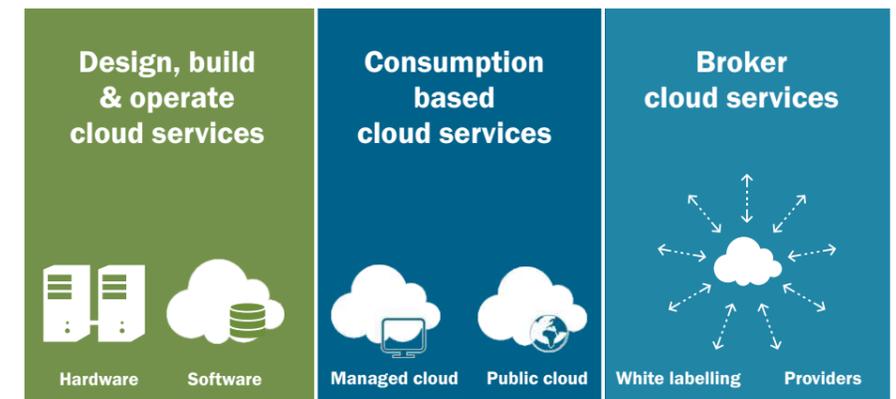
Datacentrix' cloud computing offering provides enterprise-level clients with a complete set of mature services that provide value at each stage of the cloud computing lifecycle, while remaining simple, practical and effective.

Benefits

The cloud computing offering encompasses all of the people, processes, technology and service components needed to ensure the optimal design, implementation and management of a cloud service that will deliver measurable benefits.

The tangible benefits of Datacentrix' cloud service offering include:

- A structured costing model that allows different service types to be billed out on a "pay as you use" basis;
- The stringent monitoring of all cloud services to allow for reporting on utilisation, availability, performance, capacity and demand;
- Simpler strategic planning through detailed analyses of current and future requirements;
- Customised service level agreements ("SLAs") that are managed in accordance with service catalogues, service levels and performance indicators; and
- An advanced service delivery framework that provides end-to-end support, including a contact centre, mature service desk, advanced IT service management system, monitoring tools, certified and experienced skills and proven processes.



Technology that meets evolving business needs (continued)

Modular data centre

To meet the demands of today's modern enterprise, Datacentrix has launched the country's first state-of-the-art, energy saving, Tier 4 capable modular data centre. With energy bills expected to consume more than 20% of total data centre spend, organisations are paying more attention to the efficiencies and cost effectiveness of their data centres than ever before. Add to this that 40% of this energy cost will be consumed by cooling existing infrastructures alone, and it becomes clear that the optimisation of the data centre has become increasingly important.

Benefits

The benefits provided by this high availability solution include:

- Rapid deployment;
- High availability;
- Adaptability;
- Security;
- Energy efficiency; and
- Redundancy.

The Group is able to help drive down the costs of operating a data centre, while also decreasing energy costs and maximising precious floor space for its clients.

Photos below and right:
Modular data centre at Datacentrix



Security operating centre

ICT security is complex and expensive and is usually not the core competency or focus of most companies, leading to expensive mistakes being made when investing in this type of solution. Even when appropriate investments are made, many organisations do not have the internal knowledge and skills to apply the solution effectively to maximise the value that can be gained.

For these reasons, Datacentrix built a SOC, providing 24X7X365 protection through the use of leading technologies and highly skilled security support engineers – all at a fraction of the cost and effort of having an in-house solution.

The SOC is offered as a diverse set of services that can be applied as building blocks to effectively manage the information security risks that increasingly threaten organisations. Its powerful analytical tools deliver advanced functionality that simplifies compliance, enhances security and risk mitigation and optimises IT and network operations.

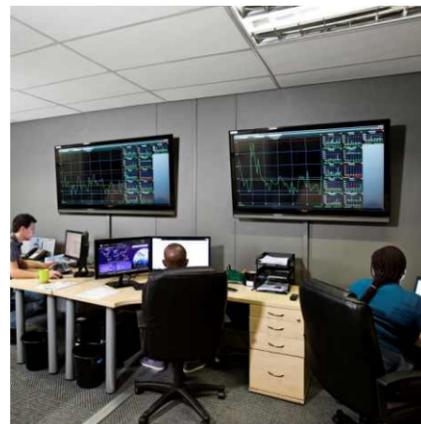
Benefits

Benefits delivered by the Datacentrix SOC include:

- Around the clock protection;
- The right skills at the right time;
- Best of breed solutions;
- A holistic view on security posture; and
- Compliance.

Clients that subscribe to the Datacentrix SOC will also have the correct governance structures in place, can practise stringent risk management, will have access to a pool of highly trained ICT security specialists, will receive an independent perspective on the security of an organisation and will only pay for those services to which they are subscribed.

Photo below:
The SOC at Datacentrix



British American Tobacco

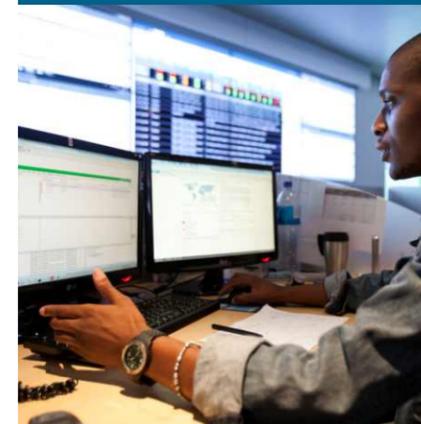
"Datacentrix is not seen as a national outsource service provider, but rather as a business partner and an integral part of the IT Services team, ensuring that all services are delivered to the highest standards and within the required SLA."

"Datacentrix' management team is always open to the challenges that it is presented with and challenges that we as a business are faced with seeing these challenges as an opportunity to invest in the client with value added initiatives and services. It has been a pleasure to work with the team and we look forward to continuing our relationship and strengthening our partnership."

Nadir Kahn, Commercial Service Level Manager SA, Group Service Delivery at British American Tobacco

(Region: Datacentrix Western Cape)

Photos below and right:
Monitoring and control centre at Datacentrix



Monitoring and control centre

To further improve client satisfaction and availability on 24X7 basis, Datacentrix invested in a state-of-the-art monitoring and control centre, allowing the company to centralise all support offerings at its Midrand-based offices, underpinned by shared world class facilities and sophisticated monitoring and control tools.

High availability is critical to address business service readiness, as is risk and compliance regulations and proactive service monitoring ensuring quick fault resolution. These needs identified in the local marketplace, spurred the decision to expand the company's monitoring services.

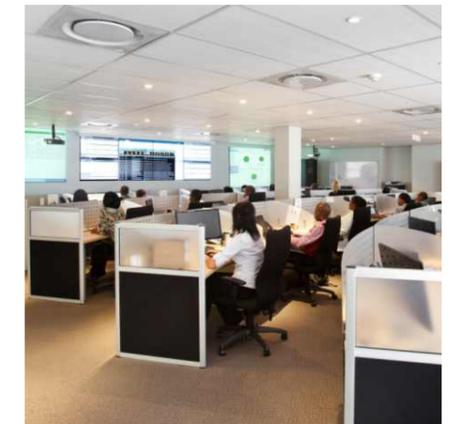
Monitoring is an important activity that takes place to record and track the status of various elements of an IT environment, including systems, services, processes and technology. The purpose of monitoring is to collect data about these elements so that informed and strategic business decisions can be made during the IT lifecycle.

Benefits

Datacentrix is able to reduce reactive support calls, increase efficiency and production through auto-healing. Additional benefits include:

- Monitoring a total environment end-to-end with a single view on where the problematic areas may reside;
- Being able to rectify problems before a critical event takes place;
- Managing infrastructure proactively;
- Enhancing the visibility of client environments by providing a management view of the total environment
- Increasing uptime and worker productivity;
- Extending the continuity of IT infrastructure;
- Improving infrastructure utilisation resulting in better infrastructure decisions;
- Supporting risk identification within the business;
- No investment in tools and infrastructure, monitoring as a service with flexibility to use any existing tools; and
- Leading technology that allows for virtually any IT infrastructure to be monitored.

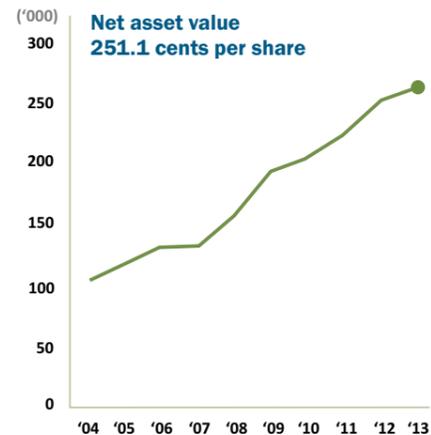
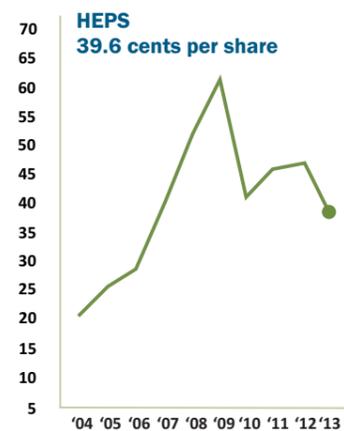
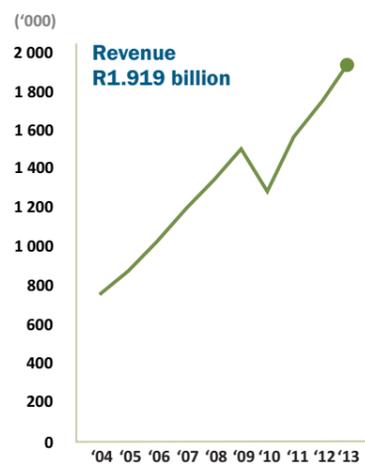
The company is now equipped to significantly improve service level reporting and client satisfaction, delivering the same quality of service for both day and night shifts.



Ten-year review

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|
| Revenue (R'000) | 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 | 763 782 |
| EBITDA (R'000) | 126 341 | 145 226 | 150 091 | 126 619 | 165 534 | 157 096 | 124 564 | 88 661 | 78 084 | 59 009 |
| Total assets (R'000) | 898 031 | 757 333 | 662 441 | 590 254 | 610 333 | 548 529 | 457 345 | 450 141 | 367 709 | 321 329 |
| Cash holdings (R'000) | 273 761 | 313 377 | 321 170 | 284 836 | 232 841 | 221 896 | 173 841 | 165 615 | 167 146 | 131 022 |
| HEPS (cents) | 39.6 | 46.9 | 46.3 | 41.0 | 61.5 | 52.0 | 40.4 | 28.7 | 25.7 | 21.3 |
| EPS (cents) | 39.5 | 46.4 | 46.1 | 41.1 | 61.5 | 52.0 | 40.0 | 25.5 | 21.5 | 16.9 |
| Net asset value (cents) | 251.1 | 240.6 | 214.5 | 195.7 | 184.2 | 150.4 | 127.0 | 124.9 | 109.4 | 95.8 |
| Tangible net asset value (cents) | 216.8 | 229.0 | 205.4 | 186.9 | 175.4 | 141.3 | 118.6 | 116.2 | 96.6 | 79.1 |
| Actual number of shares in issue ('000) | 195 798 | 195 798 | 195 798 | 195 798 | 195 785 | 195 785 | 195 655 | 195 647 | 195 801 | 195 024 |
| Number of employees | 1 060 | 1 025 | 980 | 876 | 820 | 707 | 670 | 568 | 567 | 453 |
| Group EE: % Black staff | 59% | 56% | 54% | 55% | 53% | 51% | 51% | 51% | 51% | 45% |
| Group EE: % Designated staff | 69% | 67% | 67% | 68% | 66% | 66% | 66% | 67% | 66% | 66% |

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



Integrated strategy

Datacentrix is pleased to present its 2013 integrated report as recommended in the King III Report, with the aim being to provide stakeholders a better insight into the way the business is managed. The ongoing 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 new Companies Act. In line with Datacentrix' vision and

mission statement, the company has provided clients with complete business solutions that have enhanced their business efficiencies and maximised business value.

In compliance with the requirements of King III, the Audit Committee plays a 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 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



Refer to the Chairman's report, CEO's report and the corporate governance report for more information on these strategic themes

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, underpinned 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, especially within the South African context. 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 our 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 upliftment of 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:



At end of the financial year 2013, the Group trained 110 previously unemployed learners and gave them technical qualification at the end of the programme. Out of this group, 40 were appointed within Datacentrix. This initiative did not just give a lifelong training/qualification opportunity to these individuals, but also an opportunity in the labour market.

Photo below:
The Datacentrix learners

Job creation by implementing internships and learnerships

Datacentrix adopted the philosophy that to fight poverty and crime, South African youth, especially previously disadvantaged youth, need 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 company invested over 10% of profit after tax in the development of these trainees.

Our 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.

Job creation by implementing a graduate programme

In South Africa, the rate of unemployment remains very high. This is not only because people are not qualified, but because opportunities for people who are qualified, but who have little work experience, are limited. Datacentrix' graduate programme provides appropriate experience to candidates that are qualified, but that lack practical experience in their field of expertise. This is evident in the IT 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 Sithians Foundation that addresses the critical issues pertaining to the teaching of Maths and Science in schools in and around Gauteng.

Engen

"Datacentrix was awarded the Service Desk Outsource contract with Engen in October 2011. Service Level Agreements have been averaging 98% and the overall customer satisfaction has been very good. There is truly a good partnership between Engen IT specifically in the Service Management Division."

Trudy Kumalo IT Manager, End User Support

(Region: Datacentrix Western Cape)



The Wits School of Education ("WSoE")

Datacentrix has helped fund the development of approximately 220 previously disadvantaged student teachers since 2010 through its association with the WSoE. Over 70 students will be graduating from the WSoE with a four year Bachelor of Education Foundation Phase, Intermediate and Senior Secondary Degree in 2013.

Bathshua Community Focus

This youth centre supports and encourages youth development in an effort to build a generation of leaders. Datacentrix' financial support assists with the implementation of educational programmes, including drug and suicide seminars, career days, a youth development conference, entrepreneurial month and youth inspired camps. Bathshua targets youth within Ekurhuleni, specifically in areas near to Dalpark where drug abuse amongst youth is on the increase.

Action for blind and disabled children ("Action")

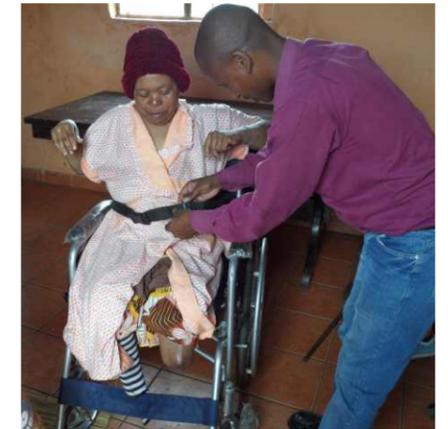
Action is an institution that receives funding from Datacentrix for the development and training of life skills amongst children that are visually and physically impaired.

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.

Photos left and below: Teachers in training from the Thandulwazi Maths and Science academy

Photo right: Action provided a wheelchair to double amputee Thandazile Mabaso



Safety

Management is committed to the principles of the Occupational Health and Safety Act. In this regard:

- The safety commitments and leadership principles have been revisited and refreshed in all business units;
- Reviews of safety systems and practices have been conducted in specific business units to identify improvement opportunities; and
- The design of the safety, health and environment function has been improved and will strengthen governance and standardisation of best practices across the Group.

Our commitment to safety is two-pronged and the company is committed to:

- Developing performance indicators in applicable areas; and

- Ensuring that in its relationships with clients, time is taken to understand the client's environment and that staff are properly informed of safety regulations specific to that environment.

Environmental development

Datacentrix is committed to responsible environmental stewardship and sustainable business practices. In the interest of all, the company is firmly committed to minimising the impact that it may have on the environment by continually improving business practices and developing and implementing Green IT solutions and services that assist in preventing pollution, that conserve energy and optimise floor space.

Black economic empowerment

An updated rating was obtained from Empowerdex in May 2012, confirming a Level 2 BEE certificate for Datacentrix.

| Scorecard | Details | Target Score | Actual Score |
|---------------------------|--|--------------|--------------|
| Ownership | <ul style="list-style-type: none"> Shareholding settled at a totally unencumbered equity of 10% with full economic benefit and exercise voting control with 40% of the vote. Further indirect black ownership via institutional shareholding and the share incentive scheme. | 20.00 | 17.47 |
| Management control | <ul style="list-style-type: none"> Management control by black shareholders. Includes active participation in various processes of governance and operations, ranging from the board to management committees. The two most senior positions in the company are occupied by black individuals. | 10.00 | 11.00 |
| Employment equity | <ul style="list-style-type: none"> Current permanent employees: 1,060 (2012: 1 025). 59% (2012: 56%) of permanent employees are black. 69% (2012: 67%) of the staff complement is previously disadvantaged individuals. Employment equity continues to be the biggest challenge, though significant strides have been made to maintain the levels despite growth of staff. Various programmes have been initiated to grow management potential. Focus is also being given to attracting black professional and managerial staff. | 15.00 | 8.72 |
| Skills development | <ul style="list-style-type: none"> Learnership programme is managed in conjunction with various accredited educational institutions that develop and provide the theoretical component of the programme. Investment in existing staff and development of skills continue to be a focus area to empower employees and the company. The scarcity of resources has prompted Datacentrix to attract new talent and to develop existing staff with different mentorship and development programmes. One such example is the implementation of the Management Development Programme ("MDP"), which aims to develop a management pool. by focusing on and developing middle managers, especially technical specialists. | 15.00 | 8.23 |

| Scorecard | Details | Target Score | Actual Score |
|-----------------------------------|---|---------------|--------------|
| Affirmative procurement | <ul style="list-style-type: none"> Procurement policies are structured to ensure that procurement is aligned to support the B-BBEE principles. Relationships and partnerships have been set up with various vendors to help support and build their businesses. Commitment has been made to procure directly from suppliers who have made significant progress in developing and supporting B-BBEE. | 20.00 | 20.00 |
| Enterprise development | <ul style="list-style-type: none"> Programme involves partnering with a pool of black owned and empowered small, medium and micro enterprises ("SMMEs") to service and cover the company's footprint. Programme objective involves building capacity within these enterprises and accelerating the development, sustainability, financial and operational independence of the SMME partners. | 15.00 | 15.00 |
| Socio-economic development | <ul style="list-style-type: none"> A means by which Datacentrix gives back to society. Datacentrix believes in actively investing in socio-economic initiatives that have the potential to deliver a positive, long-term impact on the South African community. The programme's support is biased towards education and training, old age and health projects. Datacentrix strives to provide a platform for the communities to become economically active. | 5.00 | 5.00 |
| Total Score | | 100.00 | 85.42 |



Datacentrix is now a Level two (AAA) B-BBEE Contributor, with 125% procurement recognition. The Group was recently ranked 18th most empowered organisation in a group of over 100 JSE listed companies.

Ahmed Mahomed, Chief Executive Officer

Chairman's report



Gary Morolo
Non-executive Chairman

Datacentrix has now completed its implementation of the strategy of the last 3 to 4 years of organic growth by building and strengthening competencies required to become an effective player higher up the value chain. In the process, Datacentrix consciously sacrificed current bottom-line growth in favour of improving the company's long-term growth and sustainability by investing heavily in skills and competencies, and other organisational capacities required to be a first rate service provider at the highest levels.

Both the board and management have been guided in this strategy by considerations of securing and improving sustainable shareholder wealth over the long-term.

The company is in a strong, healthy position, with robust operations and a sound balance sheet. Execution capacity has been strengthened in all important areas. Operating cash flows remain strong and positive and working capital management continues to be excellent. Revenue growth has been achieved in a tough trading environment.

Our difficulties in securing significant government business continue, however our successes and growth in private sector business has resulted in net positive revenue growth, more than making up for the loss in revenue in the public sector. While we remain invested in public sector delivery capacity, we have trimmed our sails accordingly, given that we are currently not obtaining positive returns for this continued investment. We believe the public sector is too large not to have an effective dedicated focus and expect an upturn at some time.

Lack of growth on the bottom-line can be attributed largely to costs associated with conscious investment expenditure on the future of the company. We believe this phase has been completed. No further significant organic investments are envisaged in the short to medium term.

While organic growth strategy has its merits, it has also meant that the company has perhaps not grown at the rate that the market would have liked, leading to a lacklustre rating and poor share price performance. It is worth emphasising in light of this, that Datacentrix continues to run a healthy, profitable business, with all the fundamentals in place:

- the governance structures and processes are in place, especially with the appointment during the year of two experienced businessmen, Pete Backwell and Antony Ball;
- an excellent, unblemished reputation with respect to business ethics;
- a strengthened management team;
- scarce high-end skills brought on-board and retained;
- sound operations with strong 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 confidence in the company and its capability by its partners, i.e. clients and the technology vendors;
- level two rating achieved in terms of DTI Codes for empowerment;
- strong balance sheet with positive cash flows; and lastly,
- the hunger and determination to make Datacentrix a strong, profitable, first tier company.

Segmentally, our Business Solutions and Managed Services business currently constitute more than 50% of Datacentrix' profitability. However we have yet to be positioned firmly in the perceptions of the market as a company with significant capabilities in the managed services and solutions space.

A major objective of the coming year is to achieve significant repositioning in the market place through a combination of achieving scale in the relevant areas through acquisitions and client wins in specific targeted areas.

Organic growth

Datacentrix built and strengthened competencies required to become an effective player higher up the value chain.

Strong, healthy company

The company has strong operations and a sound balance sheet.

Exxaro Resources

"As Exxaro's strategic infrastructure support partner for the past three years and main supplier of infrastructure for more than five years, Datacentrix has a good understanding of our business and has aligned itself to be our technology partner of choice."

Ian Brown, General Manager of Information Management (CIO) at Exxaro Resources

(Region: Datacentrix Gauteng)



Datacentrix intends to adopt a more proactive investor relations approach to assist the market in understanding the company's operations and prospects better.

Consolidation has been a feature in our market space for the last couple of years and we believe it will still feature strongly in the coming year. Datacentrix intends to utilise this opportunity to bulk up through judicious acquisitions and achieve scale in its areas of interest. The process has already started, with one acquisition recently announced and other opportunities under active consideration.

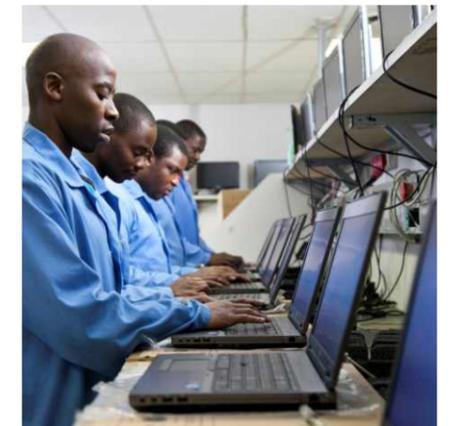
Importantly, Datacentrix intends to adopt a more proactive investor relations approach to assist the market in understanding the company's operations and prospects better.

As with the rest of the players in this sector, in the coming year Datacentrix will have to contend with the external challenges presented by an uncertain economic environment and tightening budgets, ever increasing commoditisation of products and services and tightening margins, uncertainty regarding the final provisions of the pending regulations relating to empowerment, and challenges in terms of an effective, predictable, and transparent, public sector IT procurement process.

I would like to take this opportunity to announce the resignation of Joan Joffe, who served the board most diligently for the last 14 years, with effect from 21 June 2013. The board would like to take this opportunity to thank Joan for her wise counsel and her guidance in this very important phase of transition of Datacentrix. Her significant experience and contribution to the board will be sorely missed.

I would like to thank the board for their wise counsel, and for giving management space and support to implement its strategy and stay the course over these past few years. With their guidance the company will now be looking to accelerate growth, and importantly, to begin showing appreciable results for its investments to date.

Gary Morolo
Non-executive Chairman



Chief Executive Officer's report



Ahmed Mahomed
Chief Executive Officer

The market

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

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

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

Commentary

The past few years, though profitable, have been challenging for the Group. As a consequence of both market dynamics and the change in the technology landscape,

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

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

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

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

Operational review

The Group has seen an improvement in trading conditions in the second half of the

Enhanced capabilities

Managed Services

- Cloud
 - Design, implement/deploy and management
 - Hosted solutions
 - Cloud package offering (mail & archiving)
 - Cloud brokerage (offering third party cloud solutions)
- Outsourcing
 - Outsourcing
 - Managed Print Solutions
 - Security Operations Centre ("SOC")
 - Service desk management
 - Command centre services
 - Resourcing (skilled resources provisioning)

Business Solutions

- EIM – building additional capacity
- Business Intelligence
- ERP – Microsoft Dynamics & SAGE X3

Data centre expertise

- Design/architecture capability
- Multivendor capability (HP & IBM)
- Modular Data Centre
- Virtualisations
- Storage solutions
- Networking (HP & Cisco)
- Microsoft services



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

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

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

The Group is a systems integration partner that has the required skills to successfully compete in providing a range of solutions - from basic infrastructure provisioning through to complex specialised solutions. This capability is further enabled through the Company's consulting, design, deployment, management expertise and



comprehensive vendor networks. Importantly, the Company has laid the framework to provide its own cloud offering, positioning it well within this space.

Infrastructure

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

This division's revenue and profitability is derived primarily from the private sector, which showed growth despite tighter margins. Assuming these competitive pressures stabilise, it is anticipated that operating margins should improve as the new businesses that have been established begin contributing to profitability and our share of government spend improves.

Datacentrix retains adequate sales and delivery infrastructure for public sector business and several sizeable tenders have been submitted.

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



Operating margin

Infrastructure: 2.8%
Managed Services: 10.7%
Business Solutions: 17.9%

Investment

The Group continued to strategically invest in both capital expenditure and resources.

Chief Executive Officer's report (continued)



As a consequence of both market dynamics and the change in the technology landscape, Datacentrix has strategically repositioned itself in the market, moving from being a pure hardware supplier to a fully-fledged systems integrated and solutions provider.

Managed Services

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

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

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

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

Business Solutions

The Business Solutions division, comprising the ERP, BI and EIM business units, achieved revenue growth of 53% and contributed 22% to Group earnings.

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

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

Vendor partnerships

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

In addition, Datacentrix won the title of OpenText (EIM solution) local partner of the year and became the first Riverbed

Accredited Support Partner in Africa, joining the ranks of a select, invitee-only programme that allows the Group to provide high-value support services to local Riverbed clients.

Management structure

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

Black economic empowerment

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

In addition to this, the Group's corporate social responsibility projects have helped improve the performance and life

Barloworld Automotive

"Barloworld Automotive is selective about who it engages with for ICT solutions; our partnership with Datacentrix has been open, honest and refreshing."

Mike Groenewald, Chief Technology Officer at Barloworld Automotive

(Region: Datacentrix Gauteng)

Virgin Active South Africa

"Datacentrix now plays a key role in our Service Delivery Strategy and as such has crossed the divide from vendor to partner. This could not have transpired without the professionalism brought to the table by the Datacentrix team."

Andre Mostert, National IT Manager at Virgin Active South Africa (Pty) Ltd

(Region: Datacentrix Gauteng)



Key prospects

- Focus towards extracting benefits from investments
- Opportunities in public sector
- Migration from commoditised areas of business with margin pressures
- Targeted acquisitions

opportunities of a significant number of school learners and teachers.

Prospects

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

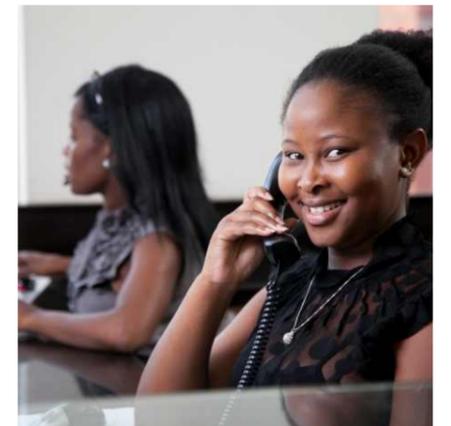
Datacentrix maintains its view that benefits could be derived from targeted acquisitions and will continue exploring suitable opportunities.



Dividend

In respect of the current year, the directors declared a gross final dividend of 12.02 cents, which is a departure from the normal two times headline earnings per share cover. The final dividend has not been included as a liability in these financial statements as it was declared subsequent to year end. The proposed dividend for February 2013 is payable to all shareholders on the Register of Members on 17 May 2013.

Ahmed Mahomed
Chief Executive Officer



Board of directors

Non-executive directors



Gary Morolo (54)

Chairman
BA, MBA, AEP
Date of appointment: August 1998
Committee: Nominations Committee (Chairman)
Other directorships: Aka Capital (Pty) Ltd, Vametco Holdings



Joan Joffe (75)

Lead Independent Director
BA (Mathematics)
Date of appointment: September 1998
Retiring: June 2013
Committees: Risk Committee, Nominations Committee



Alwyn Martin (74)

Independent Director
BCom, CA (SA)
Date of appointment: May 2005
Committees: Audit Committee (Chairman), Risk Committee
Other directorships: Trans Hex Group Limited, Petmin Limited, Northam Platinum Limited, Nozala Investments (Pty) Ltd



Dudu Nyamane (56)

Independent Director
BA (Social Sciences), MBA
Date of appointment: June 2009
Committee: Social, Ethics and Remuneration Committee (Chairman)
Other directorships: South African Roads Agency Limited ("SANRAL"), Kapele Appointments (Pty) Ltd



Thenjiwe Chikane (47)

Independent Director
BCom Honours, Chartered Accountant
Date of appointment: April 2009
Committees: Audit Committee, Risk Committee (Chairman), Social, Ethics and Remuneration Committee
Other directorships: Nedbank Group and Nedbank Limited, Murray and Roberts Holdings Limited, Africa Rice Board of Trustees, Institute of Directors of Southern Africa

Governance

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Board of directors (continued)

Non-executive directors (continued)



Pete Backwell (53)

Independent Director
 BCom, BAcc, MCom, CA (SA), HDip BDP, AMP (Harvard and Insead)
 Date of appointment: October 2012
 Committee: Audit Committee
 Other directorships: Bridgehead Real Estate (Pty) Ltd, Comcorp Holdings (Pty) Ltd, Deltamune (Pty) Ltd, Halls Technologies (Pty) Ltd, H,G&H Pharmaceuticals (Pty) Ltd, HL Hall & Sons Holdings Limited, Ivy Capital (Pty) Ltd, Lightstone (Pty) Ltd, RGT Smart Market Intelligence Limited, Signio (Pty) Ltd, Warburton Technology Limited (Republic of Ireland)



Antony Ball (55)

Independent Director
 BCom Honours, CA (SA), M.Phil (Oxon)
 Date of appointment: October 2012
 Committee: Risk Committee
 Other directorships: Aldabara Village, Ascension Partners Limited, Brait Capital Partners (SA) (Pty) Ltd, Brait Capital Partners Trustees (Pty) Ltd, Brait Capital Partners Trustees II (Pty) Ltd, Brait IV Team Partnership, Brait Private Equity GP IV (Pty) Ltd, Brait Private Equity GP V (Pty) Ltd, Brait SA, Brait South Africa Limited (and subsidiaries), Braitic Manager (Pty) Ltd, Farmco, Harith GP (Pty) Ltd, Lortsul, PJA Farming Enterprises, SAPEF Limited, SAPEF Manager Limited

Executive directors



Ahmed Mahomed (51)

Chief Executive Officer/Group Managing Director
 Date of appointment: March 2003
 Appointed CEO: March 2008
 Committees: Risk Committee



Elizabeth Naidoo (39)

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

Senior management



Johann Coetzee (50)

Managing Director: Commercial
 BEng (Industrial Engineering), MBA



Vernon Tutton (54)

Managing Director: Managed Services - Traditional and Print Services, Gauteng
 Diploma in Electronic Engineering



Juane Peacock (54)

Managing Director: Coastal Infrastructure and Enterprise Information Management



Kenny Nkosi (52)

Managing Director: Government
 Diploma in Business Administration, Executive Development Programme



Rainer Jeske (60)

Managing Director: Transformational Solutions



Rejoice Mamphitha (37)

Head: Human Resources
 BCom (HR)



Werner Lindemann (40)

Managing Director: Technology Solutions
 BEng (Industrial Engineering), MEng (Engineering Management) (Cum Laude), MBL (UNISA)



Abrie Peens (52)

Managing Director: Managed Services - Outsourcing, Gauteng
 Post graduate certificate in Management

Corporate governance report

Corporate governance entails the framework of rules and practices by which the board of directors ensures accountability, fairness, and transparency in a company'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.

King III

The Datacentrix Group remains committed to compliance with the regulatory requirements of sound corporate governance principles. The Group 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 provisions of King III became effective on 1 March 2010. The Group is committed to applying these principles to all its subsidiaries and joint ventures as appropriate. We continue to improve our well-established corporate governance processes and remain abreast of the latest industry developments.

A number of these principles are reflected in the Group's internal controls and policy procedures. In 2013 we conducted a re-review to ascertain the Group's compliance with King III. The board is satisfied that every effort has been made to comply in all material aspects with King III. Where we do not comply, this is stated and explained. 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 following matrix was compiled to indicate the level of compliance 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 | Compliance | 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 | ✓ | Corporate governance report: Board charter |
| 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 |
| The board should be responsible for the governance of risk | ✓ | Corporate governance report: Board committees – 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 – Risk |
| The board should ensure that there is an effective risk-based internal audit | ✓ | Corporate governance report: Board committees – Audit |
| The board should appreciate that stakeholder perceptions affect the company's reputation | ✓ | Corporate governance report: Board committees – Risk |

| Description of principle | Compliance | Details |
|---|---------------------------|---|
| The board should ensure the integrity of the company's integrated report | ✓ | Corporate governance report: Board committees – Audit |
| The board should report on the effectiveness of the company's system of internal controls | ✓ | Corporate governance report: Board committees – Audit |
| 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 | Lead Independent Director | 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 | ✓ | Corporate governance report: Board composition, performance and independence |
| The induction and on-going training and development of directors should be conducted through formal processes | ✓ | Corporate governance report: Board composition, performance and independence |
| 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 Committee |
| 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 Committee |

Structure, governance and operation of the board of directors

The Group's board consists of the chairman, seven non-executive directors, all of whom are independent, and two executive directors. In the current year the board appointed two new independent non-executive directors, Pete Backwell and Antony Ball. Both individuals 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 pages 27-28.

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.

Key processes

The board is ultimately accountable and responsible for the key governance processes and the sustainable growth, performance and affairs of the Group.

Corporate governance report (continued)

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 board charter is reviewed by the board on an annual basis and was revised in the year under review to ensure it incorporates King III principles adopted by the board.

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

- Board leadership, and defines the separate responsibilities of the chairman and the chief executive and the role of the lead independent director;
- 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;
- 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 board is chaired by Gary Morolo, a non-executive director. The board chairman is not considered to be independent, as he is a shareholder and director of Aka Capital Proprietary Limited, which is a material shareholder of the company. Though the board chairman cannot be classified as independent in terms of the governance criteria, the board is of the view that the board chairman brings valuable expertise, experience and skill to the board and exercises independent judgement in relation to board matters.

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. The CEO is responsible for the leadership and operational management of the Group within the strategy agreed upon with the board. The CEO ensures that there are appropriate management structures to effectively implement the Group's strategy and business plans.

Lead Independent Director ("LID")

In response to the board charter requirements, Joan Joffe was appointed LID in March 2010 in that the board chairman does not meet the criteria for

independence in terms of the relevant governance criteria. 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.

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 chairman, two executive and six non-executive directors, of whom six are considered independent in terms of the criteria contained in the governance requirements. In line with the King III recommendation, both the Chief Executive Officer and Group Financial Director are 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 nomination 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, at least one-third of the directors retire from the board. Directors appointed since the previous annual general meeting are also expected to stand down for election by shareholders at the first annual general meeting 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 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.

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.

Roles and responsibilities

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 six 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 50 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. As required in terms of the JSE Listings Requirements, the board has satisfied itself with the competence, qualifications and experience 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 the 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. During the 2013 financial year, none of the company's directors were materially interested in any company that the Group does business with.

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. The IT steering committee is represented at an Executive Committee level, which reports to the board and oversees 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. Annual 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 radio and television 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, bi-annual newsletters that are aimed at clients and technology partners and annual events that enjoy participation by staff, clients and technology suppliers.

Board committees

Subject to those matters reserved for its decision, the board delegates certain responsibilities to a number of committees: The Audit; 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 2013 to incorporate the relevant provisions advocated by King III and the requirements of the Companies Act where applicable. The Chairman of the board attends Risk Committee and Social, Ethics and Remuneration Committee meetings at his own discretion in a non-voting capacity.



Refer to pages 27-28 for the qualifications and abridged curriculum vitae of the committee members

Meetings of the board of directors

| Name | 18 Jul '12 | 27 Sep '12 | Special 1 Oct '12 | 28 Nov '12 | 19 Mar '13 | Special 15 Apr '13 |
|------------------|------------|------------|-------------------|------------|------------|--------------------|
| Gary Morolo | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ahmed Mahomed | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Alwyn Martin | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Elizabeth Naidoo | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dudu Nyamane | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Joan Joffe | ✓ | ✓ | ✓* | ✓ | ✓ | ✓ |
| Thenjiwe Chikane | ✓ | ✓ | X | X | ✓ | ✓ |
| Antony Ball | N/A | N/A | N/A | ✓ | ✓ | ✓ |
| Pete Backwell | N/A | N/A | N/A | ✓ | ✓ | ✓ |

* Attended via teleconference; X Apology; N/A Not Applicable



"The committee enables the board to give shareholders the necessary assurances and creates value by supporting meaningful business decisions."

Alwyn Martin, Chairman Audit Committee

Audit Committee

Composition*

The Audit Committee composition is compliant with the Companies Act and comprises only independent, non-executive directors who are financially proficient with the necessary expertise to discharge their responsibilities:

- Alwyn Martin (Chairman); Thenjiwe Chikane; Pete Backwell; Ahmed Mahomed (invitee); Elizabeth Naidoo (invitee)

Roles and responsibilities

- 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
- 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 (in consultation with the Risk Committee), 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
- Ensuring compliance by management with constraints imposed by the board

Frequency

- Four scheduled meetings per annum



"We continue to improve our well-established risk management processes and remain abreast of the latest developments."

Thenjiwe Chikane, Chairman, Risk Committee

Risk Committee

Composition*

The Risk Committee comprises both independent, non-executive directors and executive directors with the knowledge and expertise to carry out the committee's mandate:

- Thenjiwe Chikane (Chairman); Alwyn Martin; Joan Joffe; Antony Ball; Ahmed Mohamed; Elizabeth Naidoo

Roles and responsibilities

- 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 Audit and Social, Ethics and Remuneration 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
- Reporting to the board on risk management

Frequency

- Four scheduled meetings per annum

* The qualifications and abridged curriculum vitae of the committee members are available on pages 27-28 of this report.

Corporate governance report (continued)



"The committee aims to set stretching targets to ensure that our directors are appropriately remunerated and that our top skills are retained."

Dudu Nyamane,
Chairman: Social,
Ethics and
Remuneration
Committee

Social, Ethics and Remuneration Committee

Composition*

The members of the Social, Ethics and Remuneration Committee are considered by the company to be independent, non-executive directors.

- Dudu Nyamane (Chairman); Antony Ball; Thenjiwe Chikane

Roles and responsibilities

- 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
- Compliance with applicable legal and regulatory requirements associated with human resources matters such as skills development and employment equity

Frequency

- Four scheduled meetings per annum



"Having attracted fresh skills, the committee has defined the requirements of the new board members to further enhance the board's value."

Gary Morolo,
Chairman:
Nominations
Committee

Nominations Committee

Composition*

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

- Gary Morolo (Chairman); Joan Joffe; Ahmed Mahomed (invitee)

Roles and responsibilities

- 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")
- 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
- Give due consideration to the Listings Requirements of JSE Limited and the principles of governance and the Code of Governance Principles

Frequency

- Ad hoc basis

* The qualifications and abridged curriculum vitae of the committee members are available on pages 27-28 of this report.

Audit Committee

The Audit Committee is primarily 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 committee as required by section 94 of the Companies Act 71 of 2008 ("Companies Act").

Mandate and duties

The Audit Committee has adopted written terms of reference approved by the board and has satisfied its responsibilities in 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 and to incorporate the relevant provisions of King III as approved by the board.

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 Committee functions effectively and complies with its terms of reference.

Composition and meetings

Nominations of members for appointment to the Audit Committee by shareholders at the Annual General Meeting ("AGM") are based on the independence, financial acumen and industry experience of the non-executive director to aid the effective supervision of the company's financial reporting process. The Audit Committee has four scheduled meetings annually.

Meetings of the Audit Committee:

| Name | 3 Jul '12 | 27 Sep '12 | 21 Nov '12 | 4 Feb '13 | 12 Apr '13 |
|----------------------------|-----------|------------|------------|-----------|------------|
| Alwyn Martin* (Chairman) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Joan Joffe* | ✓ | ✓ | N/A | N/A | N/A |
| Thenjiwe Chikane* | ✓ | ✓ | ✓ | ✓ | ✓ |
| Pete Backwell* | N/A | N/A | N/A | ✓ | ✓ |
| Ahmed Mahomed (invitee) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Elizabeth Naidoo (invitee) | ✓ | ✓ | ✓ | ✓ | ✓ |

*Independent, non-executive director

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 Committee.

External audit

The Audit Committee recommended, for re-election at the AGM, the appointment of Deloitte & Touche (incumbents since the listing in 1998) to perform an independent and objective audit on the Group's financial statements. These financial statements are prepared in terms of International Financial Reporting Standards ("IFRS"). Interim financial reports to shareholders are not audited.

The external auditors provide the board and the Audit Committee with their independent observations and suggestions on the Group's internal controls, as well as suggestions for the improvement of the financial reporting and operations of the business. There is close co-operation between internal and external audit and reliance is placed, where possible, on the work of internal audit, therefore minimising the duplication of effort. A combined assurance plan is being worked on and will be formalised for the new financial year. The annual external audit plan is placed before the Audit Committee for review and approval.

Internal audit

KPMG 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 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;
- Financial reporting mechanisms and records;
- Information systems and operations;
- Reporting on the adequacy of these controls;
- Providing additional assurance regarding the safeguarding of assets and financial information; and
- Monitoring and evaluating operating procedures and processes.

Corporate governance report (continued)

Audit Committee (continued)

Internal audit (continued)

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

The chairman of the Audit Committee is required to attend the AGM to deal with

enquiries relative to the committee's mandate.

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 to be professional and ethical in all company dealings. Staff workshops are held sporadically 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 a whistleblowing programme in place for a number of years. The programme has been managed by the Audit Committee and was designed to enable employees, clients, 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.

To further support the company's commitment to honest business practices, Datacentrix subscribes to a totally independent and anonymous whistleblowing service from Deloitte called "Deloitte Tip-offs Anonymous". The Datacentrix Fraud Line consists of dedicated telephone number, e-mail, generic FreePost and fax facility on a 24x7 basis. 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. 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 outlined above.

The Datacentrix Telkom Process Control Release ("PCR") Quality Management System ("QMS") is aligned to the ISO9001:2008 Standard. Datacentrix received its first PCR accreditation in December 2005 and successively obtained renewed certification annually after assessment from Telkom. 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 client expectations.

Public reporting

As advocated by King III, the Audit 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 2013, and has recommended the approval of the integrated report for the financial year ended 28 February 2013 by the board.

Risk Committee

Mandate and duties

The board is responsible for the governance of risk and has established an on-going process for identifying, assessing and managing the significant risks faced by the Group. The 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 provisions of King III. 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.

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 Risk Committee functions effectively and complies with its terms of reference.

Appointments

Appointments to the Risk Committee 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. The committee consists of both executive and a majority non-executive members.

Meetings

The Risk Committee has four scheduled meetings annually. Meetings are attended by the external and internal auditors, the divisional managing directors (when required), and individuals involved in risk management and finance. The chairman of the board attends the meetings by invitation.

It is the view of the 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.

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

Risk management

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

Meetings of the Risk Committee:

| Name | 3 Jul '12 | 27 Sep '12 | 21 Nov '12 | 4 Feb '13 | 12 Apr '13 |
|------------------------------|-----------|------------|------------|-----------|------------|
| Thenjiwe Chikane* (Chairman) | ✓ | ✓ | X | ✓ | ✓ |
| Alwyn Martin* | ✓ | ✓ | ✓ | ✓ | ✓ |
| Joan Joffe* | ✓ | ✓ | ✓ | ✓ | ✓ |
| Antony Ball* | N/A | N/A | N/A | ✓ | ✓ |
| Ahmed Mahomed | ✓ | ✓ | ✓ | ✓ | ✓ |
| Elizabeth Naidoo | ✓ | ✓ | ✓ | ✓ | ✓ |
| Gary Morolo (in attendance) | ✓ | ✓ | ✓ | ✓ | ✓ |

*independent, non-executive director

control effectiveness 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 perspective 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 quarterly 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.

Corporate governance report (continued)

Risk Committee (continued)

Risk management (continued)

The Group's annual internal audit plan incorporates the outcomes of the risk management process and the top risks in the Group have been incorporated into the internal audit plan and internal audit investigates the effectiveness of risk controls. These risks are addressed by the plan at least once a year. The internal auditors attend risk committee meetings where risk is addressed in order to verify that the risk management process is appropriate. The internal audit function formally reviews the effectiveness of the Group's risk management processes once a year and reports on its findings to the Audit Committee and the Risk Committee.

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

The Social, Ethics and Remuneration 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.

HR was previously more of a personnel department largely focused on the administration and management of policies. In line with the growth of the company, HR is now transforming to be a more strategic unit focused on aligning HR practices with the business strategy.

The main focus of HR is to drive measures and implement strategies aimed at

attracting, developing and retaining key skills, creating a competent workforce for business sustainability.

The committees terms of reference were reviewed and amended by the board during the year to ensure compliance with regulatory changes and best practice and to incorporate the relevant provisions of King III as approved by the board.

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.

Appointments

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

The Social, Ethics and Remuneration Committee has four scheduled meetings annually. Meetings are attended by the CEO, Group Financial Director and senior human resources manager. The chairman of the board attends the meetings by invitation. 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 our business strategy. We are committed to addressing areas of under-representation across occupational levels by:

- Identifying and fast tracking the development of identified employees;
- Holding culture change workshops to educate staff and management on diversity management;

- 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 our business, attracts employees through acquisition 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.

Employee retention plan

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.

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.

Skills development

Skills development is an integral part of human capital management that ensures the deployment of the best skills to clients 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; and

Employment equity

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



SAPREF

I would like to take the opportunity to highly commend Datacentrix' KwaZulu-Natal branch for a superb implementation of our K2 Black Pearl electronic workflow application. This 'first time right' implementation was a result of particularly good teamwork and excellent K2 technical developer skills on Datacentrix' side. Attention to detail, good communication and client satisfaction remained a key focus throughout the project ensuring that the new application was very well received, and readily embraced by approximately 100 users. Significant benefits are already being experienced and appreciated only three months post going live.

Mark Skea, Senior ICT Project Manager at SAPREF, Durban

(Region: Datacentrix KwaZulu-Natal)



- 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, we use relevant training to develop employees.

- MDP: A Group of employees enrolled in the MDP programme. These individuals role model the company's values and display the behaviours that will drive the organisation's transformation. Performance, drive, and ambition to succeed are the attributes that demonstrate the capacity and potential to reach senior positions in the organisation.

- 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 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 the best talent in the country before our competitors. 110 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 qualifications or candidates who are about to complete their studies. Key focus of this programme is for divisions that have high shortage and scarcity of skills like EIM and ERP.

Corporate governance report (continued)

Social, Ethics and Remuneration Committee (continued)

Further to the above, the committee also covered the following:

| Requirements | Description | Compliance |
|---|---|--|
| <p>The 10 principles set out in the United Nations (“UN”) Global Compact Principles. These principles are summarised in the adjacent column.</p> <p>The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.</p> | <p><u>Human Rights:</u> Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p> | <p>Datacentrix complies with International Human Rights by adhering to labour legislation, which is largely derived from South African Constitution that is required in terms of Human Rights standards. Our Occupational Health and Safety policy ensures that the human right of being safe at the workplace is adhered to.</p> |
| | <p><u>Labour:</u> Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p> | <p>Datacentrix ascribes to the philosophy of political, religious and cultural association of our staff. Our HR policy and general practice does not allow for under age employees and unreasonable/unsafe work instructions. The company has an Employment Equity policy that is aligned with the Employment Equity Act.</p> |
| | <p><u>Environment:</u> Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p> | <p>Datacentrix has an Occupational Health and Safety committee that ensures that safety standards in the workplace are adhered to. This committee monitors the environment and reports on a regular basis. Safety awareness in the event of emergency is part of the deliverables of this committee.</p> <p>Datacentrix is committed to ensuring that business practices and solutions are environmentally friendly.</p> |
| | <p><u>Anti-corruption:</u> Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p> | <p>Datacentrix has established a Code of Conduct that is in line with the recommendations of the King III Report. There is also a whistle blowing hotline for all staff members to report any unbecoming conduct.</p> |

| Requirements | Description | Compliance |
|--|--|--|
| <p>The Organisation for Economic Co-operation and Development (“OECD”) recommendations regarding corruption</p> <p>The guidelines for multinational enterprises, adopted by the OECD are a set of social, labour, environmental and anti-corruption standards developed for transnational countries. These guidelines are being seen as useful for promoting corporate accountability. The guidelines are defined as recommendations on responsible business conduct. In addition to broad human rights and sustainability provisions, specific areas focus on different aspects of a company's operations:</p> <ul style="list-style-type: none"> Information disclosure Employment and industrial relations The environment Combating bribery Consumer interests Science and technology Competition Taxation | <p>According to Chapter VI (Combating Bribery) enterprises should not, directly or indirectly, offer, promise, give or demand a bribe or other undue advantage to obtain or retain business or other improper advantage.</p> <p>In particular, enterprises should:</p> <ul style="list-style-type: none"> Not pay bribes to public officials or the employees of business partners. This includes not using subcontracts, purchase orders or consulting agreements to channel such payments. Ensure remuneration of agents is appropriate and for legitimate services only. Enhance the transparency of their activities in the fight against bribery including fostering openness and dialogue with the public so as to promote its awareness of and cooperation with the fight against bribery and extortion. Promote employee awareness of and compliance with company policies against bribery through training programmes and disciplinary procedures. Adopt management control systems including financial, tax, accounting and auditing practices. Eliminate the use of illegal contributions to political parties or candidates for public office. | <p>Datacentrix has taken this into consideration in the daily operations of the business and the values that are promoted to all staff. The Code of Ethics and Zero Tolerance policy provide the framework for this and governs the behaviour throughout the business.</p> |
| <p>Employment Equity Act</p> | <p>The Employment Equity Act, 55 of 1998 imposes a duty on employers to eliminate unfair discrimination. It also provides a framework for the attraction, development, advancement and retention of an employer's human resource talent. This is secured by eliminating the historical barriers that prevent the advancement of the designated groups (Black people including African, Coloured and Indian, Women and People with disabilities). This ensures that positive or affirmative action measures are in place to expedite their growth and advancement.</p> | <p>Datacentrix' employment policy is compliant to the national Employment Equity Act with the evidence of annual submission of the Employment Equity report to the Department of Labour.</p> |
| <p>Broad based economic empowerment</p> | <p>“Broad-based black economic empowerment” means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic policies.</p> | <p>This has been high priority in the previous financial year as is evident by achieving level 2 DTI rating conducted by a reputable rating agency (Empowerdex). The scorecard is available on pages 18-19.</p> |

Corporate governance report (continued)

Social, Ethics and Remuneration Committee (continued)

| Requirements | Description | Compliance |
|---|---|--|
| Good corporate citizenship | <p>Promotion of equality, prevention of unfair discrimination and reduction of corruption.</p> <p>Contribution to the development of those communities in which the Group operates.</p> <p>Company's records of sponsorship, donations and charitable giving.</p> | <p>The Group prides itself on not just having policies in place but also practicing equality and ensuring that there is no discrimination in the workplace. The Zero Tolerance policy sent out by the CEO sets the tone for the environment in which employees are expected to operate, stressing that bribery and corruption will not be accepted at any level.</p> <p>Datacentrix has formulated a strategy to align its corporate social investment ("CSI") programme to its core business objectives and imperatives. This approach moves CSI from the level of charitable sphere into one of business benefit. This is all about true partnerships with beneficiaries, government and NGOs bringing about long-term sustainable development to the benefit of all. It is against this background, and guided by the key social development needs highlighted by government, that Datacentrix has selected its CSI projects.</p> |
| Environment, health and public safety, including the impact of the company's activities and its products and services | Compliance with the necessary regulations and policies are imperative to ensure that employees are cognisant of the impact of their decisions. | Time has been invested by the Quality Team in terms of policies and training, and ensuring the correct understanding of the requirements of the relevant legislation. There is a committee that meets quarterly to review all necessary requirements and ensures that all standards are maintained. Consumer relationships are managed throughout the business. |
| Consumer relationships, including advertising, public relations and compliance with Consumer Protection Laws | | Customer satisfaction is emphasised continuously and is measured in various aspects. On a monthly basis, this is measured through internal customer surveys and every two years through an independent company to assess this. |
| Labour and employment | <p>The company's standing in terms of the International Labour Organisation protocol on Decent Work and Working Conditions.</p> <p>Employment relationships and its contribution to the education development of its employees.</p> | <p>Compliance with Consumer Protection Laws, such as the Consumer Protection Act or the National Credit Act, is a necessity, and which is adhered to. Datacentrix 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.</p> <p>As a company, Datacentrix is committed to developing a culture of learning that contributes positively to business.</p> |

Group remuneration philosophy and policy

The remuneration philosophy reflects Datacentrix' commitment to be compliant with best practice in the areas of remuneration, retention and reward in an effort to attract and retain exceptional talent. The remuneration packages and incentives are regularly evaluated against market-related surveys. Packages are structured on a cost-to-company basis and include contributions to healthcare, disability, life insurance and retirement benefits. Our 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.

In line with the Group's remuneration philosophy, remuneration is reviewed annually by the Social, Ethics and Remuneration Committee. The Group's primary executive remuneration objective is to reward executive directors and other members of the executive management team to ensure that their interests 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. Details of the remuneration of the directors and prescribed officers and information on share options are set out in the Directors' Report.

Meetings of the Social, Ethics and Remuneration Committee:

| Name | 4 Jul '12 | 25 Sep '12 | 22 Nov '12 | 11 Apr '13 |
|-----------------------------|-----------|------------|------------|------------|
| Dudu Nyamane* (Chairman) | ✓ | ✓ | ✓ | ✓ |
| Joan Joffe* | ✓ | ✓ | ✓ | N/A |
| Thenjiwe Chikane* | ✓ | ✓ | ✗ | ✓ |
| Antony Ball* | N/A | N/A | N/A | ✓ |
| Gary Morolo (in attendance) | ✓ | ✓ | ✓ | ✓ |
| Ahmed Mahomed (invitee) | ✓ | ✓ | ✓ | ✓ |
| Elizabeth Naidoo (invitee) | ✓ | ✓ | ✓ | ✓ |
| Rejoice Mamphitha (invitee) | ✓ | ✓ | ✓ | ✓ |

*independent, non-executive director

Group employees receive a total guaranteed package that is based on the role of the employee, market value, individual personal performance and level of competence. Employer contributions towards retirement, life and medical benefits are included in the total guaranteed package. Members have the option to structure their pensionable income and monthly contributions to the Datacentrix Provident Fund, however membership is compulsory. In the case of employees whose remuneration was below the median level, adjustments have been made to bring them in line with the median, proportionate with their experience.

Short-term incentives are not guaranteed, are paid in cash and are based on both individual and Group achievement against 12-month targets. The conditions for earning a bonus consist of two elements, namely personal objectives (incorporating non-financial measures) and, financial performance targets. 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.

It is essential for the Group to retain skills over the longer term and to motivate and incentivise executive management and other 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 achievement of 85% 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 payout on an annual basis. The employee

has to remain in the employment of the company to retain the right to be paid the bonus.

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.

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. Fifty percent of the non-executive director's fee is structured as an annual fixed fee and the other 50% is paid as an attendance fee for board and committee meetings. 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 annual general meeting.

Nominations Committee

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.

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

Directors' report

The directors have pleasure in presenting their report on the activities of the Group and company for the year ended 28 February 2013.

General review

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

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, Dudu Nyamane and Gary Morolo, both 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 29.

Subsidiaries

Details of principal subsidiary companies appear within note 15.

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 33.

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. There were no material subsequent events that required disclosure.

Capital expenditure

The company spent R37.3 million (2012: R20.6 million) on assets. R3.4 million (2012: R6.7 million) was spent on spares stock, also classified as equipment.

Auditors

Deloitte & Touche were the auditors for the year ended 28 February 2013 and will be proposed for re-appointment as auditors for the forthcoming year at the 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. Further details relating to the directors' and prescribed officers' remuneration is reported in note 2. Details on the directors' and prescribed officers' options are reported below. According to the company's Memorandum of Incorporation, three 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.

Annual Financial Statements

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The company and group annual financial statements for the year ended 28 February 2013, have been prepared under the supervision of the Group Financial Director, Elizabeth Naidoo (CA)SA.

Directors' report (continued)

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 as a whole. 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 the financial records are reliable.

Audit Committee and Risk Committee

Details of the Audit Committee 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 2013 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 no material contracts were entered into which directors of the company had an interest and which significantly affected the business of the Group.

Directors' and prescribed officers' remuneration

Refer to note 2 of the Notes to the Annual Financial Statements for details regarding the remuneration of directors and prescribed officers.

Directors' shareholding

Executive directors

| | 2013 | | 2012 | |
|---------------|-------------------|---------------------|-------------------|---------------------|
| | Beneficial Direct | Beneficial Indirect | Beneficial Direct | Beneficial Indirect |
| Ahmed Mahomed | 119 800 | - | 119 800 | - |

Non-executive directors

| | 2013 | | | 2012 | | |
|-------------|-------------------------|-------------------|---------------------|-------------------------|-------------------|---------------------|
| | Non-beneficial Indirect | Beneficial Direct | Beneficial Indirect | Non-beneficial Indirect | Beneficial Direct | Beneficial Indirect |
| Joan Joffe | - | 454 545 | - | - | 454 545 | - |
| Gary Morolo | 61 152 467 | - | 20 000 000 | 61 152 467 | - | 20 000 000 |
| | 61 152 467 | 454 545 | 20 000 000 | 61 152 467 | 454 545 | 20 000 000 |

Gary Morolo is a shareholder in and director of major shareholder Aka Capital Proprietary Limited (Co-ordinated Network Investments Proprietary Limited and Eglin Investments Number 31 Proprietary Limited). There has been no change in shareholding up to 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, ensure the highest quality of service. The team represents over 20 listed clients, a number of which have been clients 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 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 Committee is appointed annually by shareholders at the AGM. During the year under review, this committee comprised of Alwyn Martin (Chairman), Thenjiwe Chikane, Joan Joffe and Pete Backwell.

During the financial year ended 28 February 2013, in addition to the duties set out in the Audit Committee's terms of reference, the Audit Committee carried out its functions as follows:

- Nominated the appointment of Deloitte & Touche as the registered independent auditor after satisfying itself through enquiry that Deloitte & Touche is independent as defined in terms of the Companies Act;
- Determined the fees to be paid to Deloitte & Touche and their terms of engagement;
- Ensured that the appointment of Deloitte & Touche 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 Deloitte & Touche may provide to the company; and
- Pre-approved any proposed contract with Deloitte & Touche for the provision of non-audit services to the company.

The Audit Committee has satisfied itself through enquiry that Deloitte & Touche and Muhammad Osman, the designated auditor, are independent of the company. The Audit Committee recommended the annual financial statements for the year ended 28 February 2013 for approval to the board. The board has subsequently approved the annual financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

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, Elizabeth Naidoo, appears on page 28 of the Integrated Annual Report.



Alwyn Martin

Chairman, Audit Committee

Midrand
16 April 2013

Certificate of 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 2013 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
16 April 2013

Directors' statement of responsibility

The annual financial statements are prepared in accordance with the appropriate accounting policies based on International Financial Reporting Standards ("IFRS") 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 51.

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 2013.

The directors of the Group, whose names are given on pages 27 and 28 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 52 to 92 were approved by the board of directors on 16 April 2013, and are signed on its behalf by:



Gary Morolo
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 52 to 92, which comprise the consolidated and separate statements of financial position as at 28 February 2013, 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.

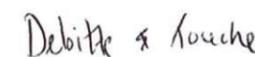
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated and separate financial position of Datacentrix Holdings Limited as at 28 February 2013, 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 financial statements for the year ended 28 February 2013, we have read the Directors' Report, the Audit 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.



Deloitte & Touche
Registered Auditor
Per M Osman
Partner
16 April 2013

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens X6, Pretoria, 0081, South Africa, PO Box 11007, Hatfield, 0028

National Executive: LL Bam Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Risk Advisory, NB Kader Tax, TP Pillay Consulting, K Black Clients & Industries, JK Mazzocco Talent & Transformation, CR Beukman Finance, M Jordan Strategy, S Gwala Special Projects, TJ Brown Chairman of the Board, MJ Comber Deputy Chairman of the Board
Office Managing Partner: X Botha

A full list of partners and directors is available on request
Member of Deloitte Touche Tohmatsu Limited

Statements of Comprehensive Income

for the year ended 28 February 2013

| | Notes | Group | | Company | |
|---|-------|----------------|----------------|---------------|---------------|
| | | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| Revenue | 3 | 1 919 487 | 1 757 762 | - | - |
| Changes in inventories of finished goods and work in progress | | (1 736) | (23 887) | - | - |
| Finished goods | | (1 251 177) | (1 090 079) | - | - |
| Employee benefits expense | | (472 652) | (431 567) | - | - |
| Depreciation and amortisation expenses | | (19 792) | (21 705) | - | - |
| Operating expenses | | (67 581) | (67 003) | (1 404) | (1 257) |
| Loss from joint venture | | (386) | (74) | - | - |
| Investment income | 4 | 10 242 | 14 109 | 85 008 | 77 781 |
| Finance costs/interest paid | 5 | (3 886) | (2 145) | - | - |
| Profit before taxation | 6 | 112 519 | 135 411 | 83 604 | 76 524 |
| Taxation | 7 | (35 199) | (44 567) | (1) | (4 636) |
| Total comprehensive income for the year attributable to shareholders | | 77 320 | 90 844 | 83 603 | 71 888 |
| Basic earnings per ordinary share (cents) | 8 | 39.5 | 46.4 | | |
| Diluted basic earnings per ordinary share (cents) | 8 | 39.0 | 45.6 | | |

Statements of Financial Position

as at 28 February 2013

| | Notes | Group | | Company | |
|---------------------------------------|-------|----------------|----------------|----------------|----------------|
| | | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| ASSETS | | | | | |
| Non-current assets | | 190 216 | 104 122 | 146 372 | 118 366 |
| Property and equipment | 10 | 66 682 | 38 845 | - | - |
| Goodwill | 11 | 51 625 | 15 596 | - | - |
| Intangible assets | 12 | 15 579 | 7 098 | - | - |
| Investment in joint venture | 13 | 744 | 1 022 | - | - |
| Long-term receivables | 14 | - | 284 | - | - |
| Investment in subsidiaries | 15 | - | - | 146 372 | 118 366 |
| Finance lease receivable - long-term | 16 | 30 266 | 17 503 | - | - |
| Deferred taxation assets | 17 | 25 320 | 23 774 | - | - |
| Current assets | | 707 815 | 653 211 | 7 216 | 7 127 |
| Loan to share trust | 18 | - | - | 6 627 | 6 627 |
| Current taxation assets | | - | 4 025 | - | - |
| Finance lease receivable - short-term | 16 | 24 661 | 11 202 | - | - |
| Inventories | 19 | 36 500 | 34 764 | - | - |
| Trade and other receivables | 20 | 372 893 | 289 843 | 200 | 161 |
| Cash and cash equivalents | 21 | 273 761 | 313 377 | 389 | 339 |
| TOTAL ASSETS | | 898 031 | 757 333 | 153 588 | 125 493 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | 491 630 | 471 053 | 153 156 | 125 034 |
| Share capital | 22 | 21 | 21 | 21 | 21 |
| Share premium | 22 | 35 962 | 37 522 | 39 280 | 39 280 |
| Treasury shares | 22 | (42 335) | (39 720) | - | - |
| Equity-settled share scheme reserve | 22 | 37 801 | 30 101 | 37 801 | 30 101 |
| Retained earnings | | 460 181 | 443 129 | 76 054 | 55 632 |
| Non-current liabilities | | 47 800 | 40 363 | - | - |
| Deferred revenue - long-term | 23 | 18 126 | 25 241 | - | - |
| Finance lease payables - long-term | 24 | 29 674 | 15 122 | - | - |
| Current liabilities | | 358 601 | 245 917 | 432 | 459 |
| Deferred revenue - short-term | 23 | 43 775 | 48 005 | - | - |
| Finance lease payables - short-term | 24 | 22 591 | 8 958 | - | - |
| Trade and other payables | 25 | 235 620 | 184 530 | 429 | 459 |
| Current tax liabilities | | 6 028 | - | 3 | - |
| Loan payable - short-term | 15 | 45 750 | - | - | - |
| Provisions | 26 | 1 800 | 1 640 | - | - |
| Lease smoothing liability | | 3 037 | 2 784 | - | - |
| TOTAL EQUITY AND LIABILITIES | | 898 031 | 757 333 | 153 588 | 125 493 |

Statements of Changes in Equity

for the year ended 28 February 2013

| | Share capital R'000 | Share premium R'000 | Equity-settled share | | Retained earnings R'000 | Total R'000 |
|--|------------------------|------------------------|--------------------------|-------------------------|----------------------------|----------------|
| | | | Treasury shares R'000 | scheme reserve R'000 | | |
| GROUP | | | | | | |
| Balance at 28 February 2011 | 21 | 37 544 | (38 799) | 24 761 | 396 500 | 420 027 |
| Total comprehensive income for the year | - | - | - | - | 90 844 | 90 844 |
| Treasury shares - movement during the year | - | - | (921) | - | - | (921) |
| Share-based payments | - | - | - | 5 340 | - | 5 340 |
| Dividend paid | - | - | - | - | (44 215) | (44 215) |
| Profit on sale of treasury shares | - | (22) | - | - | - | (22) |
| Balance at 29 February 2012 | 21 | 37 522 | (39 720) | 30 101 | 443 129 | 471 053 |
| Total comprehensive income for the year | - | - | - | - | 77 320 | 77 320 |
| Treasury shares - movement during the year | - | - | (2 615) | - | - | (2 615) |
| Share-based payments | - | - | - | 7 700 | - | 7 700 |
| Dividend paid | - | - | - | - | (60 268) | (60 268) |
| Profit on sale of treasury shares | - | (1 560) | - | - | - | (1 560) |
| Balance at 28 February 2013 | 21 | 35 962 | (42 335) | 37 801 | 460 181 | 491 630 |
| COMPANY | | | | | | |
| Balance at 28 February 2011 | 21 | 39 280 | - | 24 761 | 30 093 | 94 155 |
| Total comprehensive income for the year | - | - | - | - | 71 888 | 71 888 |
| Share-based payments | - | - | - | 5 340 | - | 5 340 |
| Dividend paid | - | - | - | - | (46 349) | (46 349) |
| 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 |

Statements of Cash Flow

for the year ended 28 February 2013

| | Notes | Group | | Company | |
|---|-----------|-----------------|-----------------|-----------------|-----------------|
| | | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Cash receipts from clients | | 1 813 566 | 1 689 522 | - | - |
| Cash paid to suppliers and employees | | (1 757 019) | (1 610 413) | (1 471) | (1 128) |
| Cash generated from/(utilised in) operations | 37 | 56 547 | 79 109 | (1 471) | (1 128) |
| Interest received | | 14 539 | 16 760 | 8 | 8 |
| Interest paid | | (3 886) | (2 145) | - | - |
| Dividend received from subsidiaries | | - | - | 85 000 | 77 773 |
| Dividend paid | | (60 268) | (44 215) | (63 181) | (46 349) |
| Taxation paid | 38 | (28 406) | (50 701) | - | (4 636) |
| Net cash (outflow)/inflow from operating activities | | (21 474) | (1 192) | 20 356 | 25 668 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Additions to property and equipment | | (37 318) | (20 639) | - | - |
| Additions to intangible assets | | (10 044) | (8 125) | - | - |
| Proceeds from sale of property and equipment | | 728 | 100 | - | - |
| Increase in investment and advance payments | | - | - | (20 306) | (25 637) |
| Acquisition of business | | (42 720) | - | - | - |
| Increase in investment of joint venture | | (108) | (1 096) | - | - |
| Net cash outflow from investing activities | | (89 462) | (29 760) | (20 306) | (25 637) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Increase in treasury shares | | (2 615) | (921) | - | - |
| Increase in amounts due under finance leases | | 28 185 | 24 080 | - | - |
| Increase in loan payable - short-term | | 45 750 | - | - | - |
| Net cash inflow from financing activities | | 71 320 | 23 159 | - | - |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (39 616) | (7 793) | 50 | 31 |
| Cash and cash equivalents at the beginning of the year | | 313 377 | 321 170 | 339 | 308 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | 273 761 | 313 377 | 389 | 339 |

Notes to the annual financial statements

for the year ended 28 February 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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 and negative goodwill.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. 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.

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.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably. Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

Jointly controlled entities are accounted for using the equity method and are 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

IFRS 8 applies to the separate or individual financial statements of an entity (and to the consolidated financial statements of a group with a parent):

- whose debt or equity instruments are traded in a public market or
- that files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market

However, when both separate and consolidated financial statements for the parent are presented in a single financial report, segment information need be presented only on the basis of the consolidated financial statements. IFRS 8 defines an operating segment as follows. 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

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria:

- its reported revenue, from both external clients and intersegment sales or transfers, is 10 per cent 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 per cent 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.

If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

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. 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. Loose tool replacements are written-off as an expense in the year in which the expense is incurred, and are shown at a nominal value in the statement of financial position.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

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.

Intangible assets

Goodwill and negative goodwill

Goodwill and negative goodwill represents the excess or shortfall 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. Negative goodwill arising on an acquisition is recognised directly in income. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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.

Leases

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 lessor

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.

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.

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.

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.

Deferred taxation is accounted for using the liability method 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 negative 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.

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.

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.

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified as FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 32.

AFS financial assets

Unlisted shares and listed redeemable notes held by the group that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 32. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period. Dividends on AFS equity instruments are recognised in profit or loss when the group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at year end. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

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, other than those at FVTPL, 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 unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and 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. 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.

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. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through 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 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments issued by the Group (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 32.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities 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 a variety of 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 32.

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 unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions, or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

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.

The Group generates revenue both as a principal and an agent. The group sells certain licences on behalf of software developers and recognises revenue as the difference between the gross sales price to the client and the gross cost paid to the licence provider. For all other classes of revenue the group generates revenue as a principal.

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.

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. Profit and losses arising on exchange are dealt with in profit or loss.

Retirement benefits

Payments to defined contribution retirement plans are charged as an expense as they fall due.

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

The company does not have a single controlling shareholder. All subsidiaries of the group are related parties. A list of major subsidiaries is included in note 15.

Employee benefits

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 profit on vested options exercisable at future dates or profits on options exercisable immediately are disclosed by way of a note.

Share-based payments

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.

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Infrastructure, 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 client 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 5-year model is applied and cash flows are discounted at 11% (2012: 9%).

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.

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.

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. No provision was raised in the current and prior financial year.

Fair value of financial instruments

As described in note 32, 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.

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:

| Standard/interpretation | Description | Effective for annual periods beginning on or after |
|-------------------------|--|--|
| IFRS 7 | Enhancing disclosures about transfers of financial assets Enhancing disclosures about offsetting of financial assets and financial liabilities Disclosures about the initial application of IFRS 9 | 1 January 2013 |
| IFRS 9 | Financial Instruments: Classification and measurement of financial assets Classification and measurement of financial liabilities Derecognition | 1 January 2015 1 January 2015 1 January 2015 |
| IFRS 10 | Consolidated Financial Statements | 1 January 2013 |
| IFRS 11 | Joint Arrangements | 1 January 2013 |
| IFRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| IFRS 13 | Fair Value Measurement | 1 January 2013 |
| IAS 19 | Employee Benefits | 1 January 2013 |
| IAS 27 | Separate Financial Statements | 1 January 2013 |
| IAS 28 | Investments in Associates and Joint Ventures | 1 January 2013 |
| IAS 32 | Application guidance amendments relating to the offsetting of financial assets and financial liabilities | 1 January 2014 |

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 do not believe that any of these will have a material impact on the results of the company in future periods.

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

2. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Executive directors

Remuneration and benefits for executive directors were as follows:

| | Salaries R'000 | Bonuses R'000 | Benefits R'000 | Retirement contributions R'000 | Total R'000 |
|------------------|-------------------|------------------|-------------------|--------------------------------------|----------------|
| 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 |
| 2012 | | | | | |
| Ahmed Mahomed | 2 664 | 2 733 | 31 | 339 | 5 767 |
| Elizabeth Naidoo | 1 689 | 1 587 | 18 | 290 | 3 584 |
| | 4 353 | 4 320 | 49 | 629 | 9 351 |

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:

| | Salaries R'000 | Bonuses R'000 | Benefits R'000 | Retirement contributions R'000 | Total R'000 | 2012 Total R'000 |
|-------------|-------------------|------------------|-------------------|--------------------------------------|----------------|------------------------|
| 2013 | | | | | | |
| Officer 1 | 1 688 | 1 171 | 62 | - | 2 921 | 2 922 |
| Officer 2 | 1 491 | 1 734 | 32 | 189 | 3 446 | 3 333 |
| Officer 3 | 1 060 | 737 | 121 | 143 | 2 061 | 2 113 |
| Officer 4 | 1 168 | 829 | 192 | 165 | 2 354 | 2 393 |
| Officer 5 | 977 | 259 | 85 | 135 | 1 456 | 1 568 |
| Officer 6 | 1 028 | 297 | 118 | 139 | 1 582 | 1 843 |
| Officer 7 | 743 | 86 | 28 | 91 | 948 | 827 |
| | 8 155 | 5 113 | 638 | 862 | 14 768 | 14 999 |

Non-executive directors - fees for services as directors

| | Total | |
|--------------------------|---------------|--------------------------|
| | 2013 R'000 | 2012 R'000 |
| Gary Morolo [#] | 930 | 877 |
| Alwyn Martin | 551 | 751 |
| Dudu Nyamane | 409 | 594 |
| Joan Joffe* | 775 | 881 |
| Thenjiwe Chikane | 601 | 861 |
| Pete Backwell** | 51 | - |
| Antony Ball** | 51 | - |
| | 3 368 | 4 529[#] |

[#] Gary Morolo has an interest in major shareholder Aka Capital Proprietary Limited and accordingly, the fees were paid to this company.

*The fee for Joan Joffe includes her role as LID

**Joined October 2012

[#] Prior year figures include an amount of R1.5 million paid to directors in relation to special meetings held for BEE purposes.

Executive directors' 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 29/02/2012 | New options allocated during the year | Expired, sold or lapsed during the year | Number of options 28/02/2013 | Option Price R | Granting date | Value of all options in total R |
|------------------|------------------------------------|---|---|------------------------------------|----------------------|------------------|---|
| Ahmed Mahomed | 750 000 | - | (750 000) | - | 1.00 | 01/01/2002 | - |
| | 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 | 06/22/2012 | 6 533 332 |
| Elizabeth Naidoo | 150 000 | - | (150 000) | - | 1.00 | 08/01/2002 | - |
| | 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 |
| | - | 666 667 | - | 666 667 | 4.90 | 06/22/2012 | 3 266 668 |
| | 11 450 002 | 2 000 000 | (900 000) | 12 550 002 | | | 50 426 284 |

3. REVENUE

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

| | Group | |
|---------------------------------------|------------------|------------------|
| | 2013 R'000 | 2012 R'000 |
| Sale of goods | 1 298 704 | 1 075 464 |
| Services rendered | 616 486 | 606 487 |
| Interest on finance lease receivables | 4 297 | 2 651 |
| Commission income - sale of licences | - | 73 160 |
| | 1 919 487 | 1 757 762 |

4. INCOME FROM INVESTMENTS

| | Group | | Company | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| Interest on bank deposits | 10 242 | 14 109 | 8 | 8 |
| Dividends received from subsidiaries | - | - | 85 000 | 77 773 |
| | 10 242 | 14 109 | 85 008 | 77 781 |

5. FINANCE COSTS

| | | | | |
|---|--------------|--------------|----------|----------|
| Interest paid to financial institutions | - | 21 | - | - |
| Interest paid on finance lease payables | 3 886 | 2 124 | - | - |
| | 3 886 | 2 145 | - | - |

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

6. PROFIT BEFORE TAXATION

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

| | Group | |
|--|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Auditors' remuneration | | |
| - external audit fees | 2 810 | 2 600 |
| - fees for other services (taxation and advisory services) | 348 | 680 |
| Net foreign exchange loss | | |
| - realised | 279 | 1 499 |
| - unrealised | 288 | 208 |
| | 567 | 1 707 |
| Depreciation of property and equipment | 12 927 | 18 324 |
| Total employee benefits expense | 472 652 | 431 567 |
| Operating lease payments - properties | 18 145 | 14 907 |
| Retirement fund contributions (included in employee benefits expense) | 24 875 | 22 708 |
| Amortisation of software | 6 865 | 3 381 |
| Loss on disposal of property and equipment | 142 | 906 |

7. INCOME TAXATION EXPENSE

| | Group | | Company | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| Taxation charge | | | | |
| SA normal taxation - current year | 37 207 | 42 195 | 1 | 1 |
| SA normal taxation - prior year | 1 | - | - | - |
| Deferred taxation - current year | (2 446) | (2 263) | - | - |
| Dividend tax | 437 | - | - | - |
| Secondary taxation on companies | - | 4 635 | - | 4 635 |
| | 35 199 | 44 567 | 1 | 4 636 |

SA normal income taxation is calculated at 28% (2012: 28%) of the estimated assessable profit for the year. Secondary taxation on companies (STC) is calculated at 0% (2012: 10%) on the net dividends payable. Deferred taxation is calculated at 28% (2012: 28%). In terms of the dividends taxation, effective 1 April 2012, the local dividend taxation rate is 15% (2012: 0%).

| | % | % | % | % |
|---|-------------|-------------|--------------|------------|
| Reconciliation of rate of taxation | | | | |
| Taxation at statutory rate | 28.0 | 28.0 | 28.0 | 28.0 |
| Expenses/(income) not allowed for taxation | 3.2 | 1.5 | (28.1) | (28.0) |
| Secondary taxation on companies | - | 3.4 | - | 6.7 |
| Effective taxation rate for the year | 31.2 | 32.9 | (0.1) | 6.7 |

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 | |
|---|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Earnings for the purpose of earnings per share | 77 320 | 90 844 |
| 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 | 2 225 581 | 3 218 202 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 198 023 572 | 199 016 193 |
| Earnings per share (cents) | | |
| Basic | 39.5 | 46.4 |
| Diluted | 39.0 | 45.6 |
| Headline earnings for the purposes of headline earnings per share | | |
| Total comprehensive income attributable to ordinary shareholders | 77 320 | 90 844 |
| Loss on disposal of assets | 142 | 906 |
| Headline earnings for the purposes of basic and diluted headline earnings per share | 77 462 | 91 750 |
| 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 | 2 225 581 | 3 218 202 |
| Weighted average number of ordinary shares for the purposes of diluted headline earnings per share | 198 023 572 | 199 016 193 |
| Headline earnings per share (cents) | | |
| Basic | 39.6 | 46.9 |
| Diluted | 39.1 | 46.1 |
| 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 | 491 630 | 471 053 |
| Net asset value (adjusted for treasury shares) per share (cents) | 251.1 | 240.6 |
| 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 |

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

8. EARNINGS PER SHARE AND OTHER PER SHARE INFORMATION (continued)

| | Group | |
|---|----------------|----------------|
| | 2013 R'000 | 2012 R'000 |
| Net asset value | | |
| Ordinary shareholders' equity | 491 630 | 471 053 |
| Adjustment: less intangible assets | (67 204) | (22 694) |
| Tangible net asset value | 424 426 | 448 359 |
| Tangible net asset value (adjusted for treasury shares) per share (cents) | 216.8 | 229.0 |

9. DIVIDEND AND PROPOSED DIVIDEND

In respect of the current year, the directors declared a gross final dividend of 12.02 cents, which is the normal two times headline earnings per share cover, grossed up for withholding tax. The final dividend has not been included as a liability in these financial statements as it was declared subsequent to year end. The proposed dividend for February 2013 is payable to all shareholders on the Register of members on 17 May 2013. In terms of the dividends tax, effective 1 April 2012, the following additional information is disclosed:

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

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

10. PROPERTY AND EQUIPMENT - GROUP ONLY

| 2013 | Opening balance 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 | 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 |

| 2012 | Opening balance 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 | 2 296 | 275 | (114) | 2 457 |
| Furniture and fittings | 7 953 | 525 | (180) | 8 298 |
| Computer equipment | 23 841 | 11 632 | (2 554) | 32 919 |
| Office equipment | 7 930 | 997 | (74) | 8 853 |
| Spare parts | 35 413 | 6 742 | (11 773) | 30 382 |
| Leasehold improvements | 5 207 | 468 | (1 216) | 4 459 |
| | 98 103 | 20 639 | (15 911) | 102 831 |

| 2012 | Opening balance R'000 | Depreciation R'000 | Disposals R'000 | Closing balance R'000 |
|---------------------------------|--------------------------|-----------------------|--------------------|--------------------------|
| ACCUMULATED DEPRECIATION | | | | |
| Land | - | - | - | - |
| Buildings | 252 | 3 | - | 255 |
| Motor vehicles | 1 246 | 501 | (113) | 1 634 |
| Furniture and fittings | 5 379 | 810 | (176) | 6 013 |
| Computer equipment | 17 806 | 4 873 | (2 431) | 20 248 |
| Office equipment | 4 192 | 1 225 | (73) | 5 344 |
| Spare parts | 30 279 | 10 113 | (10 925) | 29 467 |
| Leasehold improvements | 1 413 | 799 | (1 187) | 1 025 |
| | 60 567 | 18 324 | (14 905) | 63 986 |

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

10. PROPERTY AND EQUIPMENT - GROUP ONLY (continued)

| | Group | |
|--|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| NET BOOK VALUE AND DEPRECIATION RATES APPLIED | | |
| Land | 1 915 | 1 915 |
| Buildings (5%) (2012: 5%) | 13 293 | 13 293 |
| Motor vehicles (16.7%) (2012: 25%) | 1 737 | 823 |
| Furniture and fittings (10%) (2012: 16.7%) | 2 920 | 2 285 |
| Computer equipment (20%) (2012: 33.3%) | 20 393 | 12 671 |
| Office equipment (16.7% to 33.3%) (2012: 15% to 33.3%) | 19 400 | 3 509 |
| Spare parts (33.3%) (2012: 33.3%) | 2 744 | 915 |
| Leasehold improvements (period of lease) | 4 280 | 3 434 |
| | 66 682 | 38 845 |

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 of property, plant and equipment at the end of each reporting period. During the current 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 is to decrease depreciation in the current financial year with R4,879,000.

11. GOODWILL

| | 2013 R'000 | 2012 R'000 |
|---|---------------|---------------|
| Carrying amount at the beginning of the year | 15 596 | 15 596 |
| Goodwill at acquisition | 24 114 | 24 114 |
| Accumulated impairments | (8 518) | (8 518) |
| Goodwill acquired during the year | 36 029 | - |
| Carrying amount at the end of the year | 51 625 | 15 596 |
| Goodwill at acquisition net of amortisation and disposals | 60 143 | 24 114 |
| Accumulated impairments | (8 518) | (8 518) |

The goodwill acquired during the year relates to the acquisition of NokusaEI 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 Johannesburg unit, the Business Solutions division and the Enterprise Information Management ("EIM") Johannesburg business unit. 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 approximately 15% (2012: 9%), expected volume growth of 8% and terminal growth rates of approximately 4%. 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 - GROUP ONLY

| | 2013 Customer relationship R'000 | 2013 Software R'000 | 2013 Total R'000 | 2012 Software R'000 |
|--|--|---------------------------|------------------------|---------------------------|
| Carrying amount at the beginning of the year | - | 7 098 | 7 098 | 2 354 |
| Cost | - | 20 011 | 20 011 | 11 886 |
| Amortised to the beginning of the year | - | (12 913) | (12 913) | (9 532) |
| Additions during the year | 5 302 | 10 060 | 15 362 | 8 125 |
| Disposals during the year | - | (2 490) | (2 490) | - |
| Amortisation on disposals during the year | - | 2 474 | 2 474 | - |
| Amortisation recognised during the year | - | (6 865) | (6 865) | (3 381) |
| Carrying amount at the end of the year | 5 302 | 10 277 | 15 579 | 7 098 |
| Cost at acquisition | 5 302 | 27 581 | 32 883 | 20 011 |
| Amortised to the end of the year | - | (17 304) | (17 304) | (12 913) |

The intangible assets included above have the following finite useful lives:

- Customer relationships: five years
- Software: three years

The customer relationships intangible asset relates to the fair value of relationships acquired as part of the acquisition of NokusaEI, refer to note 15.

13. INVESTMENT IN JOINT VENTURE

| | Group | |
|---|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Equity accounted investment | | |
| - Investment at cost | 1 204 | 1 204 |
| - Share of accumulated loss since acquisition | (460) | (74) |
| - Share of opening accumulated losses | (74) | - |
| - Share of losses for the year | (386) | (74) |
| Investment in joint venture | 744 | 1 130 |
| Loan from joint venture | - | (108) |
| Total interest in joint venture | 744 | 1 022 |

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

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

13. INVESTMENT IN JOINT VENTURE (continued)

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

| | Group | |
|--------------------------|----------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Non-current assets | 1 036 | 985 |
| Current assets | 775 | 191 |
| Total assets | 1 811 | 1 176 |
| Long-term liabilities | (393) | (46) |
| Current liabilities | (674) | - |
| Total liabilities | (1 067) | (46) |
| Net asset value | 744 | 1 130 |
| Revenue | 1 459 | 85 |
| Cost of sales | (1 610) | - |
| Gross profit | (151) | 85 |
| Expenses | (176) | (113) |
| Other income | 4 | - |
| Operating loss | (323) | (28) |
| Income taxation expense | (63) | (46) |
| Loss for the year | (386) | (74) |

14. LONG-TERM RECEIVABLES

| | 2013 R'000 | 2012 R'000 |
|--|---------------|---------------|
| Amounts receivable | 283 | 597 |
| - Short-term portion (within one year) (refer note 20) | 283 | 313 |
| - Long-term portion (after one year) | - | 284 |

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

15. INVESTMENT IN SUBSIDIARIES

| | Company | |
|--------------------------------------|----------------|----------------|
| | 2013 R'000 | 2012 R'000 |
| Shares at cost | 12 514 | 12 514 |
| Amount owing by subsidiary companies | 133 858 | 105 852 |
| | 146 372 | 118 366 |

| Name of subsidiary Principal activity | Issued share capital | | Effective percentage held | | Shares at cost | | Net receivable | |
|---|----------------------|--------|---------------------------|--------|----------------|---------------|----------------|----------------|
| | 2013 | 2012 | 2013 % | 2012 % | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| Datacentrix Proprietary Limited <i>IT infrastructure and managed services</i> | 2 | 2 | 100 | 100 | 10 857 | 10 857 | 133 858 | 105 852 |
| Datacentrix Solutions Proprietary Limited <i>Dormant</i> | 200 | 200 | 100 | 100 | # | # | - | - |
| Datacentrix Infrastructure Optimisation Proprietary Limited <i>Dormant</i> | 22 200 | 22 220 | 100 | 100 | 1 657 | 1 657 | - | - |
| Dezzo Trading Proprietary Limited <i>Dormant</i> | 100 | 100 | 100 | 100 | # | # | - | - |
| Datacentrix Properties Proprietary Limited <i>Property</i> | 100 | 100 | 100 | 100 | # | # | - | - |
| Styleprops Services 18 Proprietary Limited* <i>Dormant</i> | 100 | 100 | 100 | 100 | - | - | - | - |
| Datacentrix Outsourcing Proprietary Limited <i>Dormant</i> | 100 | 100 | 100 | 100 | # | # | - | - |
| Dirigible IT Proprietary Limited* <i>Dormant</i> | 100 | 100 | 100 | 100 | - | - | - | - |
| Nokusa Engineering Informatics Proprietary Limited* (Note 15) <i>Enterprise Information Management</i> | 210 | - | 100 | - | - | - | - | - |
| | | | | | 12 514 | 12 514 | 133 858 | 105 852 |

* 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 and special purpose entity is:

| | Group | |
|--|----------------|----------------|
| | 2013 R'000 | 2012 R'000 |
| Datacentrix Proprietary Limited | 105 917 | 116 495 |
| Nokusa Engineering Informatics Proprietary Limited | 7 939 | - |
| Datacentrix Holdings Share Trust | 1 362 | 2 124 |
| Datacentrix Properties Proprietary Limited | 50 | 231 |
| | 115 268 | 118 850 |

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

15. INVESTMENT IN SUBSIDIARIES (continued)

Acquisition of subsidiary

On 3 December 2012 the 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.

Taking control of NokusaEI will strengthen the Group's position in the EIM sector and will also lead to substantial benefits by leveraging NokusaEI's skills set across the rest of the Group's business.

In the three months to 28 February 2013, NokusaEI contributed revenue of R14.4 million and profit of R5.7 million to the Group's results. If the acquisition had occurred on 1 March 2012, NokusaEI would have contributed revenue of R40.3 million and profit of R10.1 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 | 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 Escrow account until 3 December 2013. 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 | |
|---|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Total finance lease receivables at beginning of the year | 28 705 | - |
| New lease contracts during the year | 42 465 | 35 593 |
| Total capital payments received | (16 243) | (6 888) |
| Total finance lease receivables at the end of the year | 54 927 | 28 705 |

| | 2013 | | | 2012 | | |
|---|--|-------------------|--|--|-------------------|--|
| | 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) | 29 539 | 4 878 | 24 661 | 13 714 | 2 512 | 11 202 |
| Long-term (within 2-5 years) | 32 900 | 2 634 | 30 266 | 18 951 | 1 448 | 17 503 |
| | 62 439 | 7 512 | 54 927 | 32 665 | 3 960 | 28 705 |

| | 2013 | | | | 2012 | |
|------------------------------------|----------|-----------------------|------------|----------------|------------|----------------|
| | Currency | Nominal interest rate | Face value | Carrying value | Face value | Carrying value |
| Terms of finance lease receivables | | | | | | |
| Finance leases | ZAR | 11% - 15% | 62 439 | 54 927 | 32 665 | 28 705 |

During the year, the company entered into finance leases in respect of Managed Print Services deals with clients. 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 | |
|---|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Provisions, forward exchange contract and lease liabilities | 20 622 | 15 290 |
| Intangible assets - customer relationships | (1 484) | - |
| Property and equipment | 3 217 | 6 116 |
| Calculated taxation loss | 253 | 267 |
| Prepayments | (554) | (587) |
| Deferred revenue on long-term contracts and finance lease receivables | 3 266 | 2 688 |
| | 25 320 | 23 774 |

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

17. DEFERRED TAXATION ASSETS (continued)

| | Group | |
|---|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Movement in deferred taxation: | | |
| Carrying amount at the beginning of the year | 23 774 | 21 511 |
| Movement in: | | |
| Provisions, forward exchange contract and lease liabilities | 1 955 | 2 393 |
| Intangible assets - customer relationships | (1 484) | - |
| Property and equipment | 682 | (1 110) |
| Calculated taxation loss | (14) | (65) |
| Prepayments | (169) | (536) |
| Deferred revenue on long-term contracts and finance lease receivables | 576 | 1 581 |
| Carrying amount at the end of the year | 25 320 | 23 774 |

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 | |
|--|---------------|---------------|
| | 2013 R'000 | 2012 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 29 for details in respect of the share trust. The fair value equates the carrying value of the loan.

19. INVENTORIES

| | Group | |
|------------------|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Finished goods | 5 153 | 13 305 |
| Work in progress | 28 776 | 19 647 |
| Consumables | 2 571 | 1 812 |
| | 36 500 | 34 764 |

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

20. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| Trade receivables | 362 237 | 284 226 | - | - |
| Short-term portion of long-term receivables (refer note 14) | 283 | 313 | - | - |
| Other receivables | 10 373 | 5 304 | 200 | 161 |
| | 372 893 | 289 843 | 200 | 161 |

The average credit period on sales of goods is 45 days (2012: 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 client, the Group checks bank and trade references to assess the potential client's credit quality and defines credit limits by client. There are no other clients 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 R37 million (2012: R20 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 69 days (2012: 59 days).

21. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| Bank balances and cash | 272 531 | 312 147 | 389 | 339 |
| Bank guarantees | 1 230 | 1 230 | - | - |
| | 273 761 | 313 377 | 389 | 339 |

The Group and company had no overdrawn bank accounts at year end and therefore no off-setting of bank accounts has occurred on the statement 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 (2012: 400,000,000) ordinary shares of R0,0001 each | 40 | 40 | 40 | 40 |
| Issued | | | | |
| 205,265,683 (2012: 205,265,683) ordinary shares of R0,0001 each | 21 | 21 | 21 | 21 |
| Share premium | | | | |
| Carrying amount at the beginning of the year | 37 522 | 37 544 | 39 280 | 39 280 |
| Profit on sale of treasury shares | (1 560) | (22) | - | - |
| Carrying amount at the end of the year | 35 962 | 37 522 | 39 280 | 39 280 |
| Treasury shares | (42 335) | (39 720) | - | - |

The number of treasury shares held by the Datacentrix Holdings Share Trust amounts to 9,467,692 (2012: 9,467,692) ordinary shares.

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Equity-settled Share Scheme Reserve | | | | |
| Carrying amount at the beginning of the year | 30 101 | 24 761 | 30 101 | 24 761 |
| Expensed during the year | 7 700 | 5 340 | 7 700 | 5 340 |
| Carrying amount at the end of the year | 37 801 | 30 101 | 37 801 | 30 101 |

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

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

23. DEFERRED REVENUE

| | Group | |
|--|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Carrying amount at the beginning of the year | 73 246 | 61 254 |
| Long-term portion | 25 241 | 18 292 |
| Short-term portion | 48 005 | 42 962 |
| Deferral of revenue during the year | 181 116 | 116 080 |
| Realisation of revenue during the year | (192 461) | (104 088) |
| Carrying amount at the end of the year | 61 901 | 73 246 |
| Long-term portion | 18 126 | 25 241 |
| Short-term portion | 43 775 | 48 005 |

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 over the period of the contract.

24. FINANCE LEASE LIABILITIES

| | | |
|--|----------|---------|
| Total finance lease liabilities at the beginning of the year | 24 080 | - |
| New lease contracts during the year | 42 465 | 29 246 |
| Total capital repayments | (14 280) | (5 166) |
| Total finance lease liabilities at the end of the year | 52 265 | 24 080 |

| | 2013 | | | 2012 | | |
|---|--|-------------------|--|--|-------------------|--|
| | 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) | 27 280 | 4 689 | 22 591 | 11 058 | 2 100 | 8 958 |
| Long-term (within 2-5 years) | 32 288 | 2 614 | 29 674 | 16 361 | 1 239 | 15 122 |
| | 59 568 | 7 303 | 52 265 | 27 419 | 3 339 | 24 080 |

| Terms of finance lease liabilities | Currency | Nominal interest rate | 2013 | | 2012 | |
|------------------------------------|----------|-----------------------|------------|----------------|------------|----------------|
| | | | Face value | Carrying value | Face value | Carrying value |
| Finance leases | ZAR | 11% - 15% | 59 568 | 52 265 | 27 419 | 24 080 |

During the year, the company entered into finance leases in respect of Managed Print Services deals with clients. These leases are covered in back-to-back transactions with vendors. The maturity timeline of the leases ranges from 24 to 36 months.

25. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| Trade payables | 154 113 | 123 686 | - | - |
| Other accruals and payables | 81 507 | 60 844 | 429 | 459 |
| | 235 620 | 184 530 | 429 | 459 |

26. PROVISIONS (short-term in nature)

| | Group | |
|--|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Provision for audit fee | | |
| Carrying amount at the beginning of the year | 1 640 | 1 500 |
| Provision made | 4 034 | 3 384 |
| Provision utilised | (3 874) | (3 244) |
| Carrying amount at the end of the year | 1 800 | 1 640 |

The audit fee provision is based on the total budget approved by the Audit Committee not yet paid at year end, and includes the statutory audit fees and non-audit services.

27. 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 2013 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 (2012: R126,566) for rental payments for Datacentrix Proprietary Limited with the beneficiary being Acucap Investments Proprietary Limited;
- R697,010 (2012: R697,010) for rental payments for Datacentrix Proprietary Limited with the beneficiary being IFOUR Properties Three Proprietary Limited;
- R533,376 (2012: R533,376) for rental payments for Datacentrix Proprietary Limited with the beneficiary being Parch Properties 74 Proprietary Limited;
- R315,700 (2012: Rnil) 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.

28. 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. 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 receivable, which fall due as follows:

| | Group | |
|-----------------------------|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Within one year | 15 685 | 14 558 |
| In the second to fifth year | 28 887 | 32 677 |
| | 44 572 | 47 235 |

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

29. 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. 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 detailed below:

The inputs into the binomial model are as follows:

| Exercise price | 2013 | 2014 | 2015 | 2016 | 2017 | Total |
|----------------|-----------|-----------|-----------|---------|---------|-----------|
| 130 cents | 28 125 | - | - | - | - | 28 125 |
| 240 cents | 50 000 | - | - | - | - | 50 000 |
| 245 cents | 7 500 | - | - | - | - | 7 500 |
| 250 cents | 28 750 | - | - | - | - | 28 750 |
| 270 cents | 362 323 | 49 975 | - | - | - | 412 298 |
| 285 cents | 15 000 | - | - | - | - | 15 000 |
| 300 cents | 212 500 | - | - | - | - | 212 500 |
| 305 cents | 50 000 | - | - | - | - | 50 000 |
| 310 cents | 48 125 | 1 875 | - | - | - | 50 000 |
| 311 cents | 1 347 083 | 382 917 | - | - | - | 1 730 000 |
| 315 cents | 17 500 | 2 500 | - | - | - | 20 000 |
| 330 cents | 50 000 | - | - | - | - | 50 000 |
| 331 cents | 17 500 | 2 500 | - | - | - | 20 000 |
| 340 cents | 21 875 | 3 125 | - | - | - | 25 000 |
| 343 cents | 2 750 000 | - | - | - | - | 2 750 000 |
| 350 cents | 50 000 | - | - | - | - | 50 000 |
| 360 cents | 21 875 | 3 125 | - | - | - | 25 000 |
| 370 cents | 30 625 | 4 375 | - | - | - | 35 000 |
| 376 cents | 5 000 | 2 500 | 2 500 | - | - | 10 000 |
| 386 cents | - | 5 000 | 5 000 | 5 000 | 5 000 | 20 000 |
| 391 cents | 27 500 | 13 750 | 13 750 | - | - | 55 000 |
| 393 cents | 15 000 | 7 500 | 7 500 | - | - | 30 000 |
| 394 cents | 17 500 | 10 000 | 10 000 | 2 500 | - | 40 000 |
| 397 cents | 1 753 334 | 1 210 000 | 1 210 001 | - | - | 4 173 335 |
| 399 cents | - | 5 000 | 5 000 | 5 000 | 5 000 | 20 000 |
| 400 cents | 85 625 | 21 875 | 20 000 | 2 500 | - | 130 000 |
| 401 cents | 5 000 | 2 500 | 2 500 | - | - | 10 000 |
| 404 cents | 3 750 | 2 500 | 2 500 | 1 250 | - | 10 000 |
| 410 cents | 50 000 | 27 500 | 17 500 | 7 500 | 7 500 | 110 000 |
| 411 cents | 2 500 | 2 500 | 2 500 | 2 500 | - | 10 000 |
| 412 cents | 1 250 | 2 500 | 2 500 | 2 500 | 1 250 | 10 000 |
| 418 cents | 1 250 | 2 500 | 2 500 | 2 500 | 1 250 | 10 000 |
| 419 cents | 1 250 | 1 250 | 1 250 | 1 250 | - | 5 000 |
| 420 cents | 30 000 | - | - | - | - | 30 000 |
| 422 cents | 975 833 | 1 284 999 | 1 284 999 | 618 333 | 309 167 | 4 473 331 |
| 428 cents | 2 500 | 10 000 | 10 000 | 10 000 | 7 500 | 40 000 |
| 430 cents | - | 2 500 | 2 500 | 2 500 | 2 500 | 10 000 |
| 431 cents | 1 875 000 | 750 000 | 375 000 | - | - | 3 000 000 |
| 435 cents | 2 500 | 2 500 | 2 500 | 2 500 | - | 10 000 |
| 437 cents | 6 250 | 12 500 | 12 500 | 12 500 | 6 250 | 50 000 |

| Exercise price | 2013 | 2014 | 2015 | 2016 | 2017 | Total |
|--------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| 449 cents | 7 500 | 5 000 | 5 000 | 2 500 | - | 20 000 |
| 450 cents | 20 000 | - | - | - | - | 20 000 |
| 456 cents | - | 2 500 | 2 500 | 2 500 | 2 500 | 10 000 |
| 458 cents | 1 250 | 2 500 | 2 500 | 2 500 | 1 250 | 10 000 |
| 460 cents | 15 000 | 12 500 | 12 500 | 6 250 | 3 750 | 50 000 |
| 463 cents | - | 3 750 | 3 750 | 3 750 | 3 750 | 15 000 |
| 467 cents | - | 2 500 | 2 500 | 2 500 | 2 500 | 10 000 |
| 470 cents | 18 750 | 7 500 | 3 750 | - | - | 30 000 |
| 471 cents | - | 2 500 | 2 500 | 2 500 | 2 500 | 10 000 |
| 473 cents | 5 000 | 5 000 | 5 000 | 5 000 | - | 20 000 |
| 475 cents | 1 250 | 3 750 | 3 750 | 3 750 | 2 500 | 15 000 |
| 476 cents | - | 1 250 | 1 250 | 1 250 | 1 250 | 5 000 |
| 480 cents | 15 625 | 8 750 | 5 625 | 2 500 | 2 500 | 35 000 |
| 482 cents | 3 750 | 7 500 | 7 500 | 6 250 | 5 000 | 30 000 |
| 484 cents | - | 6 250 | 6 250 | 6 250 | 6 250 | 25 000 |
| 485 cents | 25 000 | 2 500 | 2 500 | 2 500 | 2 500 | 35 000 |
| 486 cents | - | 3 750 | 3 750 | 3 750 | 3 750 | 15 000 |
| 487 cents | 2 500 | 2 500 | 2 500 | 2 500 | - | 10 000 |
| 488 cents | 7 500 | 5 000 | 5 000 | 2 500 | - | 20 000 |
| 490 cents | - | 1 285 000 | 1 285 000 | 1 285 000 | 618 334 | 4 473 334 |
| 495 cents | 25 000 | 1 250 | 1 250 | 1 250 | 1 250 | 30 000 |
| 499 cents | 67 500 | 2 500 | 2 500 | 2 500 | - | 75 000 |
| 500 cents | 350 000 | 1 250 | 1 250 | 1 250 | 1 250 | 355 000 |
| 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 | - | 6 250 | 6 250 | 6 250 | 6 250 | 25 000 |
| 530 cents | 30 000 | - | - | - | - | 30 000 |
| 538 cents | 2 500 | 2 500 | 2 500 | 2 500 | - | 10 000 |
| 539 cents | 7 500 | 6 250 | 6 250 | 5 000 | - | 25 000 |
| 546 cents | 11 250 | 7 500 | 7 500 | 3 750 | - | 30 000 |
| 550 cents | 15 000 | - | - | - | - | 15 000 |
| Grand total | 10 601 698 | 5 233 516 | 4 389 375 | 2 050 833 | 1 018 751 | 23 294 173 |

The inputs into the binomial model are as follows for both the current and prior year, unless otherwise indicated:

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% (2012: 8.5%), continuously compounded, was used based on industry averages.

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

29. SHARE-BASED PAYMENTS (continued)

Equity-settled Share option plan (continued)

| | Group | |
|--|-----------------|-----------------|
| | 2013 Options | 2012 Options |
| Outstanding at the beginning of the year | 20 423 634 | 16 694 848 |
| Granted during the year | 4 773 334 | 4 821 000 |
| Exercised during the year | (1 320 125) | (462 214) |
| Forfeited during the year | (582 670) | (630 000) |
| Outstanding at the end of the year | 23 294 173 | 20 423 634 |

The weighted average share price at the date of exercise for share options exercised during the year was R3.16 (2012: R4.61).

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 nontransferability, exercise restrictions, and behavioural considerations. The estimated fair value of the options at year end amounts to R27,088,094 (2012: R48,753,943). The trust has a potential future exposure of Rnil (2012: Rnil) since the shares owned by the trust are more than the options not yet exercised.

30. RETIREMENT BENEFIT PLANS

The Alexander Forbes Provident Fund with 1,063 members (2012: 1,028 members) is a defined contribution fund of which the majority of the Group's permanent employees are members. This fund has been registered by the Registrar of Pension Funds and is governed by the Pension Funds Act 24 of 1956. The Group does not provide any post-retirement medical benefits to its employees.

31. EVENTS AFTER YEAR END

There are no material events after year end that require additional disclosure.

32. 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 2012.

There is currently no long-term debt on the statement of financial position of the company.

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 | Loans and receivables | Total | Fair value |
|--|--|----------------|-----------------------|
| 2013 | R'000 | R'000 | R'000 |
| 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 |
| 2012 | | | |
| Financial assets | | | |
| Long-term receivables | 284 | 284 | 284 |
| Finance lease receivables | 28 705 | 28 705 | 28 705 |
| Trade and other receivables | 289 843 | 289 843 | 289 843 |
| Cash and cash equivalents | 313 377 | 313 377 | 313 377 |
| | 632 209 | 632 209 | 632 209 |
| GROUP | Other financial liabilities | Total | Fair value |
| 2013 | R'000 | R'000 | R'000 |
| Financial liabilities | | | |
| Finance lease liabilities | 52 265 | 52 265 | 52 265 |
| Trade and other payables, excluding VAT payable | 222 594 | 222 594 | 222 594 |
| | 274 859 | 274 859 | 274 859 |
| 2012 | | | |
| Financial liabilities | | | |
| Finance lease liabilities | 24 080 | 24 080 | 24 080 |
| Trade and other payables, excluding VAT payable | 176 673 | 176 673 | 176 673 |
| | 200 753 | 200 753 | 200 753 |
| COMPANY | Loans and receivables | Total | Fair value |
| 2013 | R'000 | R'000 | R'000 |
| Financial assets | | | |
| Loan to the Datacentrix Holdings Share Trust and receivables | 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 |
| 2012 | | | |
| Financial assets | | | |
| Loan to the Datacentrix Holdings Share Trust and receivables | 6 627 | 6 627 | 6 627 |
| Trade and other receivables | 161 | 161 | 161 |
| Amounts owing by subsidiary companies | 105 852 | 105 852 | 105 852 |
| Cash and cash equivalents | 339 | 339 | 339 |
| | 112 979 | 112 979 | 112 979 |

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

32. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments (continued)

| COMPANY 2013 | Other financial liabilities R'000 | Total R'000 | Fair value R'000 |
|------------------------------|---|----------------|------------------------|
| Financial liabilities | | | |
| Trade and other payables | 429 | 429 | 429 |
| | 429 | 429 | 429 |
| 2012 | | | |
| Financial liabilities | | | |
| Trade and other payables | 459 | 459 | 459 |
| | 459 | 459 | 459 |

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 (including 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 clients. Limited currency risks related to long-term contracts exist. At year end, the Group held no foreign denominated cash balances.

| | Foreign currency amount FC'000 | Spot rate | R'000 | Fair value R'000 |
|-------------|--------------------------------------|--------------|--------|------------------------|
| 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 |
| 2012 | | | | |
| US Dollar | 2 883 | 7.49 | 21 594 | 25 012 |
| GBP | - | - | - | - |
| Euro | 39 | 9.98 | 389 | 403 |
| | | | 21 983 | 25 415 |

Foreign currency sensitivity

The US Dollar is the primary currency to which the Group is exposed. The following table indicates the Group's sensitivity at year end to the indicated movements in the US Dollar 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.

| 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 |
| 2012 | USD 1: R7.49 | R8.09 | R8.74 | R9.44 |
| Forex loss | (297) | (321) | (346) | (374) |
| Forward exchange contracts | (1 507) | (1 627) | (1 758) | (1 898) |
| Creditors | 1 210 | 1 307 | 1 411 | 1 524 |
| 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 |
| 2012 | Euro 1: R9.98 | R10.77 | R11.64 | R12.57 |
| Forex loss | 42 | 45 | 49 | 53 |
| Forward exchange contracts | 25 | 27 | 29 | 31 |
| Creditors | 19 | 19 | 20 | 22 |

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

32. FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity (continued)

| 2013 | GBP 1: R13.63 | R14.72 | R15.90 | R17.17 |
|----------------------------|---------------|--------|--------|--------|
| Forex loss | (17) | (18) | (19) | (21) |
| Forward exchange contracts | (17) | (18) | (19) | (21) |
| Creditors | - | - | - | - |

| 2012 | GBP 1: R11.78 | R12.72 | R13.74 | R14.84 |
|----------------------------|---------------|--------|--------|--------|
| Forex loss | 8 | 9 | 10 | 11 |
| Forward exchange contracts | 8 | 9 | 10 | 11 |
| Creditors | - | - | - | - |

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 | |
|--|---------------|---------------|
| | 2013 R'000 | 2012 R'000 |
| Interest bearing financial assets | 54 927 | 28 705 |
| Interest bearing financial liabilities | (52 265) | (24 080) |
| Cash and cash equivalents | 273 761 | 313 377 |
| | 276 423 | 318 002 |

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 | 27 | 46 |

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 clients, 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 clients:

| | Number of clients | Value R'000 | % |
|--|----------------------|----------------|-----|
| 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 |
| 2012 | | | |
| Greater than R5 million | 12 | 122 001 | 43 |
| Greater than R2 million but less than R5 million | 17 | 53 914 | 19 |
| Less than R2 million | 610 | 108 311 | 38 |
| | 639 | 284 226 | 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.

33. SHAREHOLDER ANALYSIS

| Major shareholders | 2013 | | 2012 | |
|--|---------------------|------------|---------------------|------------|
| | Number of shares | % | Number of shares | % |
| Aka Capital Proprietary Limited [Co-ordinated Network Investments Proprietary Limited] | 61 152 467 | 30 | 61 152 467 | 30 |
| Eglin Investments Number 31 Proprietary Limited | 20 000 000 | 10 | 20 000 000 | 10 |
| Directors, management and staff | 1 252 594 | 1 | 1 327 947 | 1 |
| Datacentrix Holdings Share Trust | 9 467 692 | 4 | 9 467 692 | 4 |
| General public and corporate investors | | | | |
| - Major banks | 1 475 912 | 1 | 3 392 435 | 2 |
| - Old Mutual Funds | 28 363 011 | 14 | 28 130 814 | 14 |
| - Investec | 8 983 232 | 4 | 7 657 158 | 3 |
| - Canon | 1 854 011 | 1 | 1 178 888 | 1 |
| - Other | 72 716 764 | 35 | 72 958 282 | 35 |
| Total | 205 265 683 | 100 | 205 265 683 | 100 |

| 2013 | Number of shareholders | % | Number of shares | % |
|-----------------------------|---------------------------|-----|---------------------|-----|
| 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 |
| Over 1 000 000 shares | 22 | 1 | 167 736 825 | 82 |
| | 1 494 | 100 | 205 265 683 | 100 |

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

33. SHAREHOLDER ANALYSIS (continued)

| 2012 | Number of shareholders | % | Number of shares | % |
|-----------------------------|------------------------|-----|------------------|-----|
| 1 to 10 000 shares | 1 375 | 80 | 3 921 852 | 2 |
| 10 001 to 50 000 shares | 186 | 11 | 4 399 475 | 2 |
| 50 001 to 100 000 shares | 40 | 2 | 2 912 987 | 1 |
| 100 001 to 500 000 shares | 69 | 4 | 15 894 313 | 8 |
| 500 001 to 1 000 000 shares | 21 | 1 | 14 892 236 | 7 |
| 1 000 001 shares and over | 27 | 2 | 163 244 820 | 80 |
| | 1 718 | 100 | 205 265 683 | 100 |

Public and non-public shareholders

| 2013 | Number of shareholders | % | Number of shares | % |
|------------------------------------|------------------------|------|------------------|------|
| 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 |

| 2012 | Number of shareholders | % | Number of shares | % |
|------------------------------------|------------------------|------|------------------|------|
| Non-public shareholders | 6 | 0.4 | 10 795 639 | 5.3 |
| - Directors, management and staff | 5 | 0.3 | 1 327 947 | 0.6 |
| - Datacentrix Holdings Share Trust | 1 | 0.1 | 9 467 692 | 4.6 |
| Public shareholders | 1 712 | 99.6 | 194 470 044 | 94.7 |
| | 1 718 | 100 | 205 265 683 | 100 |

34. 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.

35. 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:

- Infrastructure - supply of IT 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).

| | Infrastructure R'000 | Managed Services R'000 | Business Solutions R'000 | Corporate R'000 | Group R'000 |
|--|-------------------------|------------------------------|--------------------------------|--------------------|----------------|
| 2013 | | | | | |
| Revenue | 1 375 218 | 414 690 | 129 579 | - | 1 919 487 |
| Changes in inventories of finished goods, work in progress and finished goods sold | (1 038 369) | (171 376) | (43 168) | - | (1 252 913) |
| Employee benefit expense | (240 592) | (176 026) | (56 034) | - | (472 652) |
| Depreciation, amortisation and impairments | (8 673) | (10 855) | (264) | - | (19 792) |
| Operating expenses | (48 510) | (12 119) | (6 952) | - | (67 581) |
| Loss from joint venture | - | - | - | (386) | (386) |
| Income from investments | - | - | - | 10 242 | 10 242 |
| Finance costs | - | (3 884) | - | (2) | (3 886) |
| Profit before taxation | 39 074 | 40 430 | 23 161 | 9 854 | 112 519 |
| Taxation | (12 113) | (11 320) | (6 486) | (5 280) | (35 199) |
| Earnings for the year attributable to ordinary shareholders | 26 961 | 29 110 | 16 675 | 4 574 | 77 320 |
| 2012 | | | | | |
| Revenue | 1 342 838 | 329 989 | 84 935 | - | 1 757 762 |
| Changes in inventories of finished goods, work in progress and finished goods sold | (1 018 585) | (93 052) | (2 329) | - | (1 113 966) |
| Employee benefit expense | (208 908) | (168 010) | (54 649) | - | (431 567) |
| Depreciation, amortisation and impairments | (7 817) | (13 514) | (375) | - | (21 706) |
| Operating expenses | (46 847) | (14 782) | (5 373) | - | (67 002) |
| Loss from joint venture | (74) | - | - | - | (74) |
| Income from investments | - | - | - | 14 109 | 14 109 |
| Finance costs | - | (2 116) | - | (29) | (2 145) |
| Profit before taxation | 60 607 | 38 515 | 22 209 | 14 080 | 135 411 |
| Taxation | (16 991) | (10 784) | (6 218) | (10 574) | (44 567) |
| Earnings for the year attributable to ordinary shareholders | 43 616 | 27 731 | 15 991 | 3 506 | 90 844 |

The prior year results as included in the above segmental analysis were changed for a more accurate reflection of the revenue lines.

Notes to the annual financial statements

(continued) for the year ended 28 February 2013

36. 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.

Shareholders

The principal shareholders of the company are detailed in the shareholders' analysis in note 33.

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

| | Group | | Company | |
|---|-----------------|---------------|-----------------|---------------|
| | 2013 R'000 | 2012 R'000 | 2013 R'000 | 2012 R'000 |
| Profit before taxation | 112 519 | 135 411 | 83 604 | 76 524 |
| Adjusted for: | 11 765 | 14 285 | (85 008) | (77 781) |
| Loss on sale of property, equipment and intangibles | 142 | 906 | - | - |
| Depreciation of property and equipment | 12 927 | 18 324 | - | - |
| Amortisation of software | 6 865 | 3 381 | - | - |
| Loss from joint venture | 386 | 74 | - | - |
| Interest received | (14 539) | (16 760) | (8) | (8) |
| Dividend received from subsidiary | - | - | (85 000) | (77 773) |
| Smoothing of leases | 253 | 897 | - | - |
| Reversal of spares provision | (4 295) | - | - | - |
| Share-based payments | 7 700 | 5 340 | - | - |
| Profit on sale of treasury shares | (1 560) | (22) | - | - |
| Interest paid | 3 886 | 2 145 | - | - |
| Operating profit (loss) before working capital changes | 124 284 | 149 696 | 1 404 | (1 257) |
| Working capital changes | (67 737) | (70 587) | 67 | 129 |
| Inventories | (1 736) | (23 887) | - | - |
| Trade and other accounts receivable | (75 402) | (36 884) | 37 | (19) |
| Increase in finance lease receivables | (26 222) | (28 705) | - | - |
| Trade, other accounts payable and provisions | 35 623 | 18 889 | 30 | 148 |
| Cash generated from (utilised in) operations | 56 547 | 79 109 | 1 471 | (1 128) |

38. TAXATION PAID

| | | | | |
|---|-----------------|----------|---|---------|
| Opening balance | 4 025 | 154 | - | - |
| Statement of comprehensive income charge - current and secondary taxation | (35 199) | (44 567) | - | (4 636) |
| NokusaEI current taxation charged acquired | (814) | - | - | - |
| Movement in deferred taxation balance | (1 546) | (2 263) | - | - |
| NokusaEI deferred taxation charges acquired | (900) | - | - | - |
| Closing balance | 6 028 | (4 025) | - | - |
| | (28 406) | (50 701) | - | (4 636) |

Notice of 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 fifteenth annual general meeting of members of the company, which will be held at the registered office of the company, Corporate Landing, Corporate Park North, 238 Roan Crescent, 1685, Old Pretoria Road, Midrand, on Friday, 21 June 2013 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"), the record date for the purpose of determining which shareholders of the company are entitled to participate in and vote at the annual general meeting is Friday, 14 June 2013. Accordingly, the last day to trade Datacentrix shares in order to be recorded in the Register to be entitled to vote will be Friday, 7 June 2013.

Presentation of annual financial statements

The audited annual financial statements of the company for the year ended 28 February 2013, including the directors' report, the auditors' report and the report of the audit committee, to be presented as required in terms of section 61(8)(a) of the Companies Act of 2008.

Report from the Social, Ethics and Remuneration Committee

In accordance with Companies Regulation 43(5)(c), issued in terms of the Companies Act of 2008, 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 annual general meeting.

Ordinary resolutions 1.1 to 1.3: 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 annual general meeting following such appointment. In terms hereof, the appointments of Mr P Backwell and Mr A Ball will be confirmed at the annual general meeting. In addition, one third of the non-executive directors, excluding the newly appointed directors, must retire from office at the annual general meeting and may, if eligible and willing, offer themselves for re-election. In terms hereof, Mr A Martin and Ms J Joffe will be retiring from office at the annual general meeting. Ms Joffe has informed the board that she wishes to retire at the conclusion of the annual general meeting and will thus not be making herself available for re-election. Mr Martin has confirmed his willingness to continue to serve as a member of the board. Brief biographical details of each of the above directors and the remaining members of the board are contained on pages 27-28 of the integrated report of which this notice forms part.

Ordinary resolution 1.1

"RESOLVED THAT Mr P Backwell be and is hereby elected as a director of the company."

Ordinary resolution 1.2

"RESOLVED THAT Mr A Ball be and is hereby elected as a director of the company."

Ordinary resolution 1.3

"RESOLVED THAT Mr A Martin be and is hereby elected as a director of the company."

Notice of annual general meeting (continued)

Ordinary resolutions 2.1 to 2.4: Appointment of audit committee

In terms of section 94(2) of the Companies Act, a public company must at each annual general meeting 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.

The board of directors of the company is satisfied that the proposed members of the audit committee meet all relevant requirements, including being independent non-executive directors as defined by King III. The appointment of Messrs Martin, Ball and Backwell as members of the audit 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 of the audit committee.”

Ordinary resolution 2.2

“RESOLVED THAT Mr P Backwell be and is hereby elected as a member of the audit committee.”

Ordinary resolution 2.3

“RESOLVED THAT Ms T Chikane be and is hereby elected as a member of the audit committee.”

Ordinary resolution 2.4

“RESOLVED THAT Mr A Ball be and is hereby elected as a member of the audit committee.”

Ordinary resolution 3: Re-appointment of external auditors

Deloitte & Touche Incorporated has indicated its willingness to continue in office and ordinary resolution 3 proposes the re-appointment of that firm as the company's auditors. Section 90(3) of the Companies Act 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 Deloitte & Touche and the designated auditor meet all relevant requirements.

“RESOLVED THAT Deloitte & Touche be and is hereby re-appointed as the company's external auditors until the next annual general meeting.”

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 think fit, 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 2013 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

In terms of the JSE Listings Requirements, the authority to issue securities for cash or to sell treasury shares for cash as set out in ordinary resolution 5 requires the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting for ordinary resolution number 5 to become effective.

“RESOLVED THAT the board of directors be and are hereby authorised by way of a general authority, in terms of the JSE Listings Requirements, to issue and allot, or to issue any options in respect of, the authorised but unissued share capital of the company, up to 5% (five percent) of the total issued share capital of the company as at 28 February 2013, and/or to 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, as they deem fit, and when suitable opportunities arise, subject to the requirements of the Companies Act of 2008, the company's Memorandum of Incorporation and the following conditions, namely that -

1. this authority shall only be valid until the next annual general meeting of the company but shall not extend beyond 15 months from the date that the authority is given;
2. the allotment and issue of the securities must be made to persons qualifying as public shareholders as defined in the JSE Listings Requirements;
3. the securities which are the subject of the issue for cash -
 - 3.1 must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
 - 3.2 that a paid press announcement giving full details, including the impact of the issue on net asset value, net tangible asset value, earnings and headline earnings per share and if applicable, diluted earnings and diluted headline earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% of the number of securities in issue prior to the issue concerned;
 - 3.3 in aggregate in any one financial year (including the number of any securities that may be issued in future arising out of the issue of options) shall not exceed 5% of the number of shares of the company's issued ordinary shares;
 - 3.4 of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
 - 3.5 as regards the number of securities which may be issued (the 5% number), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:
 - less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
 - plus any securities of that class to be issued pursuant to:
 - o a rights issue which has been announced, is irrevocable and is fully underwritten; or
 - o acquisition (which has had final terms announced) may be included as though they were securities in issue at the date of application;
4. in determining the price at which an issue of securities for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE, measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities;
5. any such general issues are subject to exchange control regulations and approval at that point in time; and
6. whenever the company wishes to use ordinary 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.”

Notice of annual general meeting (continued)

Ordinary resolution 6: 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 45 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 s66(8) and s66(9) of the Companies Act 71 of 2008, 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% majority of the votes cast by shareholders present or represented by proxy at the annual general meeting for this resolution to become effective.

"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 of 2008 and that the remuneration structure and amounts as set out below, be and is hereby approved with effect from the current financial year until such time as rescinded or amended by shareholders by way of a special resolution:

| Non-executive fees | Present | Proposed |
|---|----------|----------|
| Chairman of the board | R929 885 | R985 680 |
| Lead independent director – annually | R186 240 | R197 415 |
| Chairman of a committee – per meeting | R38 415 | R40 720 |
| Members of the board/committees – per meeting | R25 610 | R27 150 |

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 –

- 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
- 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:

- By the time that this notice of annual general meeting 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;

- 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
- 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.

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."

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 annual general meeting 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 annual general meeting 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.

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 annual general meeting 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, 19 June 2013. 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 annual general meeting 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 annual general meeting and obtain the necessary Letter of Representation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting. 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 annual general meeting 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
16 April 2013



Shareholder Information

| | |
|--------|--|
| 99 | Shareholders' diary |
| 100 | Contact information |
| Insert | Proxy form and notes to the proxy form |

Shareholders' diary

Financial year end
Annual General Meeting

28 February 2014
21 June 2013

Results announcements

Interim results for six months to 31 August 2013
Announcement of annual results to 28 February 2014
Annual financial statements for the year ended 28 February 2014

8 October 2013
April 2014
May 2014

Dividend

Declaration date:
Last day to trade:
Share trade ex-dividend:
Record date:
Payment date:

Tuesday, 16 April 2013
Friday, 10 May 2013
Monday, 13 May 2013
Friday, 17 May 2013
Monday, 20 May 2013

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

Contact information

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(Incorporated in the Republic of South Africa)
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ISIN: ZAE000016051

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Company secretary

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