



## Integrated Annual Report

2015



**Serious about performance,** passionate about value

## Mission

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

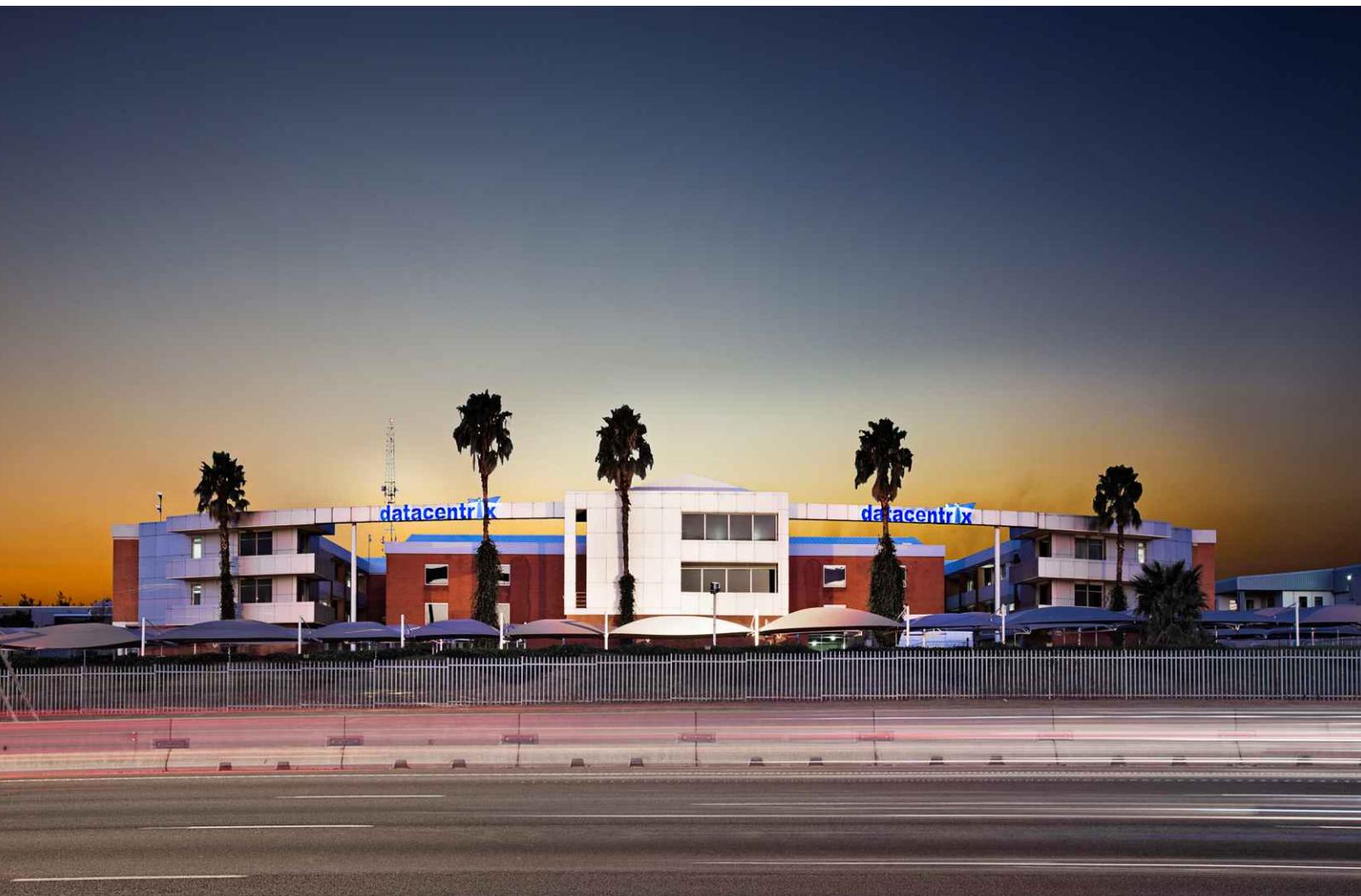
To achieve this, Datacentrix invests in its people through training and education, embracing black economic empowerment, while actively partnering with its customers and premier technology partners – representing them with distinction – to deliver maximum business value.

## Datacentrix today

Datacentrix' execution of its business strategy has resulted in the successful transformation of the Group from a product-driven organisation to an all-inclusive, services-orientated ICT solutions provider. This shift has secured Datacentrix' capacity to:

- help customers meet their needs and deliver sustainable business value;
- support customer business strategies;
- drive customer time, cost and process efficiencies;
- partner with customers across the entire length of their technology systems and information value chain;
- enhance customer responsiveness by increasing the visibility and utilisation of information;
- optimise customer return on technology investments; and
- manage customer business and information risks effectively.

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



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Additional information is available in this report.



Additional information is available online.

### 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 and performance for the financial year ended 28 February 2015, as well as future prospects.

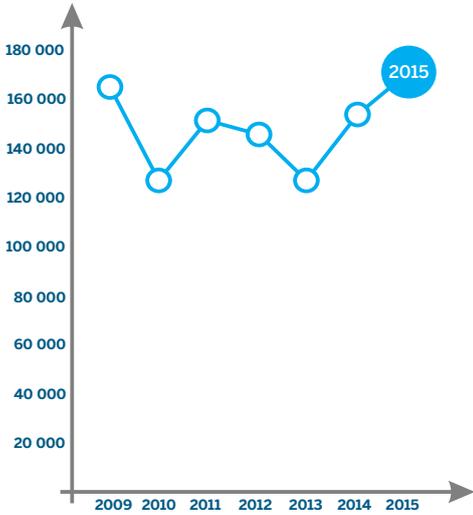
The objective of the integrated annual report is to provide an accessible, balanced and comparable account of the Group's performance against its objectives over the year, its business model, strategic approach and its opportunities and risks, which are of interest to the Group's key stakeholders. The report has been produced in line with the principles of the King Code of Corporate Governance ("King III").

# BUSINESS OVERVIEW



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# Financial highlights



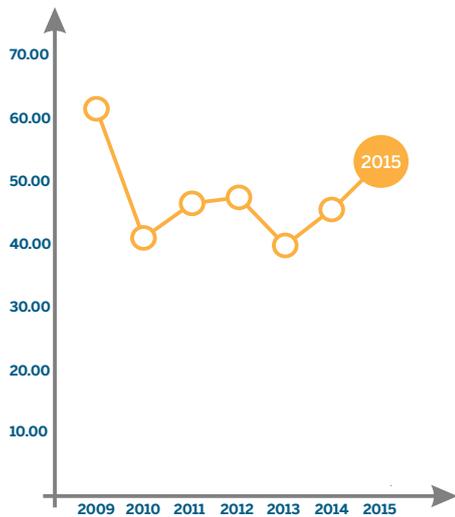
**EBITDA**  
R170 438 million

**52.9 cents**  
Basic earnings per share ("EPS") increased by 16.5%

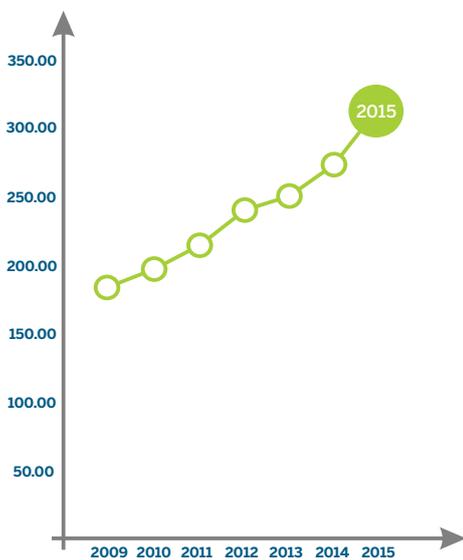
**53.0 cents**  
Basic headline earnings per share ("HEPS") increased by 16.2%

**R291 million**  
Cash on hand

**R199 million**  
Cash generated from operations



**HEPS**  
53.0 cents



**NAV per share**  
312.8 cents

# Ten-year review

Ten-year review	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenue (R'000)	2 249 661	2 279 512	1 919 487	1 757 762	1 575 739	1 290 781	1 513 322	1 346 971	1 201 904	1 034 397
EBITDA (R'000)	170 438	152 398	126 341	145 226	150 091	126 619	165 534	157 096	124 564	88 661
Total assets (R'000)	980 918	962 531	898 031	757 333	662 441	590 254	610 333	548 529	457 345	450 141
Cash holdings (R'000)	291 492	202 537	273 761	313 377	321 170	284 836	232 841	221 896	173 841	165 615
HEPS (cents)	53.0	45.6	39.6	46.9	46.3	41.0	61.5	52.0	40.4	28.7
EPS (cents)	52.9	45.4	39.5	46.4	46.1	41.1	61.5	52.0	40.0	25.5
NAV (cents)	312.8	274.7	251.1	240.6	214.5	195.7	184.2	150.4	127.0	124.9
Tangible net asset value (cents)	262.4	223.1	216.8	229.0	205.4	186.9	175.4	141.3	118.6	116.2
Actual average number of shares in issue ('000)	195 798	195 798	195 798	195 798	195 798	195 798	195 785	195 785	195 655	195 647
Number of employees	1 030	1 121	1 060	1 025	980	876	820	707	670	568
Group EE: % Black staff	59%	60%	59%	56%	54%	55%	53%	51%	51%	51%
Group EE: % Designated staff	68%	70%	69%	67%	67%	68%	66%	66%	66%	67%

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

HEPS: Headline earnings per share  
EPS: Earnings per share

NAV: Net asset value per share

## Value-added statement

	2015		2014		2013		2012		2011	
	R'000	%								
Value generated	682 050		678 277		608 849		590 828		525 020	
Revenue	2 249 661		2 279 512		1 919 487		1 757 762		1 575 739	
Cost of operations	(1 572 868)		(1 606 419)		(1 320 880)		(1 181 043)		(1 063 558)	
Value generated from operations	676 793		673 093		598 607		576 719		512 181	
Investment income	5 257		5 184		10 242		14 109		12 839	
Utilisation of value generated	(682 050)	100	(678 277)	100	(608 849)	100	(590 828)	100	(525 020)	100
Returned to employees and directors	(507 322)	75	(520 472)	77	(472 652)	78	(431 567)	73	(362 090)	69
Returned to government in form of taxes	(42 980)	6	(37 539)	6	(35 199)	6	(44 567)	8	(47 034)	9
Returned to providers of capital (finance costs)	(2 602)	0	(4 010)	1	(3 886)	1	(2 145)	0	(45)	0
Utilised in business infrastructure (depreciation/amortisation)	(25 669)	4	(27 331)	4	(19 792)	3	(21 705)	4	(25 653)	5
Retained in the business	(103 477)	15	(88 925)	13	(77 320)	13	(90 844)	15	(90 198)	17
Portion of value retained in the business	(31 838)	31	(47 658)	54	(60 268)	78	(44 215)	49	(59 715)	66

# Chairman's report

**The role of the Board in the evolution of Datacentrix has been to ensure that the Company has a strategy, which creates value for shareholders and other stakeholders. In addition to doing so, focus has been on ensuring that the correct leadership is in place, while monitoring business performance and ensuring effective assessment and management of business risk.**

## Governance

The Board is fully aware that the success of the strategy is contingent on complying with all applicable laws, regulations and codes. In addition, the correct governance and framework needs to be in place to ensure that the Board can comfortably and confidently report back to stakeholders.

## Execution capability

Datacentrix has achieved a credible position as a managed services and systems integration company and is now frequently included in closed tenders. Datacentrix is in a strong, healthy position, with robust operations and a sound balance sheet.

The Group's execution capacity is acknowledged by its technology partners in the form of top awards and certifications. In addition, independent research company, Frost and Sullivan, awarded the Group the "2015 Southern African IT Systems Integration Competitive Strategy Innovation and Leadership Award", citing the organisation's foresight, industry knowledge, value-driven offering and strong overall performance as key contributing factors to its recognition.



**Nolitha Fakude**  
Independent  
Non-executive  
Chairman



# Chairman's report continued

Datacentrix has also been named by independent analyst company, Canalys, as the winner of its "Infrastructure Growth" award for the EMEA region. The organisation received the accolade in recognition of its continued commitment to and investment in complex solutions and services for the African market.

These acknowledgements, together with a number of top vendor awards and, more importantly, multiple new and renewed contracts, bear testimony to the Group's capabilities.

## Healthy company

Datacentrix continues to run a healthy, profitable business with:

- sound operations;
- strong execution capabilities that are likely to fuel future growth in areas such as managed services, cloud computing, big data, enterprise information management and security;
- a solid reputation and explicit confidence in the company by its technology partners and customers;
- a maintained empowerment rating; and
- a strong balance sheet with positive cash flows.

Consolidation has been a feature in our industry for the last couple of years and we believe this will continue. Datacentrix intends to complement the organic growth achieved through judicious acquisitions and achieve scale in its areas of interest.

As with the rest of the players in the industry, in the coming year Datacentrix will have to contend with the external challenges presented by an uncertain economic environment, tightening budgets, ever increasing commoditisation of products and services, tightening margins and complying to the new empowerment requirements.



**The Board will continue to focus on maintaining a keen eye on risk management while seeking to encourage a high level of innovation and entrepreneurship that is necessary to drive growth in the business.**

## Shareholding

Datacentrix experienced some changes at shareholder level in the previous year. The majority shareholder recently announced that their shareholding in the Group is of a strategic and long-term nature. This will provide direction and certainty to the market with the regards to the future shareholding structure of the Company.

## Board

The Board will continue to focus on maintaining a keen eye on risk management while seeking to encourage a high level of innovation and entrepreneurship that is necessary to drive growth in the business.

I would like to thank the Board for their wise counsel and the management team for successfully steering the organisation into new areas of business.

Noliitha Fakude  
Independent Non-executive Chairman

**Sound operations**

**Strong execution capability**

**Recipient of Frost & Sullivan 2015 Southern African IT Systems Integration Competitive Strategy Innovation and Leadership Award**

# Chief Executive Officer's report



**Ahmed Mahomed**  
Chief Executive Officer

**Datacentrix is a successful, integrated ICT systems provider to corporate and public sector organisations in South Africa. The Group has its business fundamentals firmly in place: Strong technical and execution capability; scarce, high-end skills; solid business with positive cash flows; and Level 2 Contributor status that was recently reissued in terms of the DTI Codes for empowerment.**

#### **The business of Datacentrix**

The Group's comprehensive portfolio and its value-driven strategy, underpin Datacentrix' position as one of the leading local ICT players. The Group has developed the capability to assist customers in navigating the ever-changing IT landscape.

Datacentrix' revenue is derived from:

- Managed Services (systems integration, outsourcing, cloud, Internet Service Provider ("ISP"), Network Service Provider ("NSP") and communications, managed print and document solutions, security solutions and human capital supplementation);
- Business Solutions (Enterprise Information Management ("EIM"), Enterprise Resource Planning ("ERP") and Business Intelligence ("BI") and analytics); and
- Technology (IT hardware and software including end user computing, datacentre and networking and infrastructure software).

The integrated nature of some solutions means that these three businesses are inextricably intertwined.

# Chief Executive Officer's report continued

Its portfolio includes most of the significant enterprise hardware and software vendors.

Datacentrix' vision continues to be one of enhancing stakeholder value by optimising and enriching the performance of its existing business portfolio and expanding those capabilities that add value to its customers and that offer the greatest potential for sustainable growth.

## Overview

Datacentrix is largely recognised for its competencies and is an effective player in the systems integrator and solutions provider space. The Group will continue to complement its organic growth strategy with suitable acquisitions, and will mainly use its cash resources to do so.

The Group's positioning as a value adding technology partner enables customers not only to focus on their core business activity, but also allows them to leverage the Group's extensive IT capability to derive strategic value. The 2015 Frost & Sullivan award, together with a number of industry and technology awards, and more importantly large contracts won or renewed, confirm the Group's capacity to deliver.

Segmentally, the Business Solutions and Managed Services businesses contributed more than 50% of Datacentrix earnings. The objective is to achieve greater economies of scale in the marketplace through a combination of acquisitions and customer wins in targeted areas.

## Commentary

The Board is pleased to announce the results for the financial year ended 28 February 2015. The Group has strong operations and a robust balance sheet. The business is competing effectively in its new areas of competence. Operating cash flows remain strong and positive and working capital continues to be well

managed within the context of a changed business mix.

Earnings increased by 16.4% from R88.9 million to R103.5 million and headline earnings per share ("HEPS") increased by 16.2% from 45.6 cents to 53.0 cents. Operating margins increased from 5.5% to 6.4% with total operating expenditure declining by 3.1%. Revenue was essentially sustained at R2.25 billion on the back of constrained spending experienced in the private sector. Tangible net asset value increased 17.6% from 223.1 cents to 262.4 cents.

The Group maintained sound financial and operational disciplines, with cash generated from operations amounting to R199 million, reflecting a closing cash balance of R291 million. This equates to an earnings to cash conversion ratio of 192%. Cash was utilised for settling of finance leases and the consideration of past acquisitions (R21.2 million), purchasing of assets in the normal course of business (R23 million), returns to shareholders (R31.8 million) and tax obligations (R38.1 million).

The Managed Services division contributed 45% to the Group earnings; 44% was attributable to the Technology division and 11% to the Business Solution division (excluding Corporate).

## Managed Services

The division accounted for 45% of Group PAT, with PAT increasing from R43.9 million to R45.6 million for the reporting period. Operating margins are at a healthy 12.7%. Total operating expenses were well managed and declined by 6.1%. Performance within this division was impacted by an outsource customer insourcing its services during the period, in line with the entity's local and global strategy. The Group has developed a compelling Cloud offering (Microsoft Exchange, IaaS, PaaS and application hosting) that



**Large term-contract wins**

**54%**

**54% of PAT derived from Managed Services and Business Solutions**



**Maintained empowerment rating**



**Cloud capability built**



**Multiple-award winner with most strategic vendors**

# Chief Executive Officer's report continued

offers long-term growth opportunities. The Cloud Services business continues to be in an investment phase. The communications business, eNetworks, continues to perform well and the Managed Talent Services business enjoyed a robust year. The Outsourcing business secured new contracts in addition to extending a key outsource contract for a five-year term.

The Managed Services division focuses on enabling customers to grow their businesses by driving efficiency, enhancing their business processes and systems and enabling management to make meaningful business decisions. The division's portfolio encompasses: service aggregation; service desk solutions; managed systems; managed networks; managed shared services; network and system monitoring and control; managed hosting; colocation; managed print and document solutions; security operations centre (SOC); and managed talent solutions.

## Technology

The Technology division grew earnings significantly by 38% from R33 million to R45.5 million based on improved operating margins. Operating margins increased from 2.9% to 4.1% due to effective cost management that resulted in a reduction of operating costs and improved gross margins from more complex technology solutions.

Public sector performance showed improvement, while revenue from the private sector was constrained driven by customer cost management strategies.

The Technology division helps customers drive their business strategies forward through the provision of integrated technology systems that simplify complex infrastructure solutions such as datacentre optimisation and transformation. Competencies housed within the Technology division include: unified communications; networking and

datacentre capability – including the ability to deploy cloud solutions; complex storage solutions; server platform solutions; end user computing, including a customisable procurement portal; and security solutions. The investment in skills over the last few years has provided the unit with the capability to design and implement intricate infrastructure solutions, resulting in more strategic customer engagements.

Datacentrix is supported by top-level vendor accreditations with best of breed vendors and skills in the market. The organisation is a significant HP player locally and in HP's Europe, Middle East and Africa region. The division garnered no less than 10 of the 12 top local awards at the HP partner event held in November 2014, including Overall Partner of the Year.

Furthermore, Datacentrix:

- Achieved Cisco Channel Customer Satisfaction Excellence for three consecutive years, the highest distinction within the Cisco Channel Partner Programme and Tier One partner;
- Garnered the prestigious title as "HP and Microsoft Outstanding Frontline Partner for 2014 in unified communications and collaboration" globally in recognition for its innovation and performance;
- Received "Fast Growth Market Partner of the year" award from OpenText; and is the only OpenText Platinum Partner in South Africa;
- Is the largest Riverbed reseller in Africa and was named Africa's first Diamond level partner and Riverbed Accredited Support Partner ("RASP") on the continent; 11<sup>th</sup> largest reseller in the world; the only RASP for storage delivery in Africa; the first in Africa to receive two RASP programme accreditations; one of only two Riverbed Elite partners in EMEA; the only partner to attain second RASP certification in Performance Management;



**Strong vendor engagement and certifications**



**Market position cemented**



**Credible technology partner with good reputation**



**Value partner in assisting customers to overcome business challenges and enabling business growth strategies**



**Reputable brand**

# Chief Executive Officer's report continued

- ▶ Attained Diamond Certified Sage ERP X3 partner status and Premier Business Partner; received the award for "Sage Best Performance Gauteng 2014";
- ▶ Achieved Veeam "Fastest Growth Partner" award for 2014 and winner of the "Most Significant Project" award for the coastal regions. One of first Platinum Partners – one of only three in South Africa; and
- ▶ Is the second largest VMware partner in South Africa; and received the VMware "Regional Director's Award for South Africa" in recognition of superior technical knowledge and a consistent sales record within the complex virtualisation and cloud infrastructure space.



## Business Solutions

Earnings in the Business Solutions division increased by 10% from R9.8 million to R10.8 million. The division's operating margins improved from 8.5% to 9.5%. Good growth was achieved within the EIM business, while the ERP business unit had good wins albeit at lower margins. The performance of the BI and Analytics business unit was subdued.

The Business Solutions division provides customers with solutions to allow them to better utilise the information generated, manipulated and stored within their ICT infrastructures. There are three key solution focus areas, namely: EIM; ERP; and BI and analytics. The EIM business unit houses a significant EIM skills pool and is a leading player in the local EIM solutions and services space. Datacentrix is the only Platinum Partner for OpenText in South Africa and is also a Global Alliance partner.

## Acquisition

The Group has entered into an agreement with Pinnacle Holdings for the acquisition of Infracol, an outsourcing and datacentre facilities business. The acquisition will complement the Group's existing capabilities and contribute to the



**Datacentrix' vision continues to be one of enhancing stakeholder value by optimising and enriching the performance of its existing business portfolio and expanding those capabilities that add value to its customers and that offer the greatest potential for sustainable growth.**

Managed Services division improving efficiencies and achieving improved economies of scale. The maximum cash acquisition price will amount to R85 million for a 100% interest in the share capital of the entity. The effective date of the transaction will be 1 July 2015, subject to approval by the Competition Commission and Datacentrix' shareholders.

## Prospects

The capability built over the years has resulted in the Group securing new three-to five-year contracts to the value of approximately R500 million. The revenue from these transactions will start to materialise in the new financial year. In addition, the Managed Services division

extended expiring contracts valued in excess of R300 million. The integrated nature of these solutions will benefit both the Managed Services and Technology divisions. The recent contract wins and extensions bode well for the business, and bear testimony to the recognised value that Datacentrix creates for its customers.

The Group plans to accelerate its acquisition strategy and will focus on seeking out suitable acquisition opportunities to complement current offerings, creating economies of scale in existing business areas and bringing new solutions to market in areas such as Managed Services and Business Solutions.

# Chief Executive Officer's report continued

As Cloud technology experiences increased adoption in the market, continued investment in the Cloud Services business unit will be required. There has been growth in the usage of Cloud services by existing customers, while further new opportunities have been secured. As the capacity of the Cloud infrastructure is increased, revenue will grow while economies of scale are achieved and the business will start to contribute positively to earnings.

Skilled staff members are crucial to business success; as such Datacentrix will continue to develop the right skills to assist customers in navigating the complex and ever changing IT landscape.

Datacentrix believes that its single-minded customer-centric approach has positioned it favourably within the market. The company's enhanced execution capability has resulted in top industry awards, high-level accreditations and recognition from leading technology partners. This credibility is and will prove invaluable in building a long-term sustainable business.

**Directorate**

During the year, the Board appointed Pinnacle CFO Richard Lyon as a non-executive director to the Board effective 25 February 2015. The Board remains in a strong position to deal with any Company affairs that may arise and continues to support the current strategy. We would like to acknowledge and thank all the directors who have contributed and played a part in working towards achieving our strategy during the year under review.

**Black economic empowerment**

Datacentrix has maintained its Level Two (AAA) B-BBEE Contributor status, with 125% procurement recognition. The Group was named by rating and research agency, Empowerdex, in the 2014 Mail and Guardian survey, as South Africa's



**The Group's positioning as a value adding technology partner enables customers not only to focus on their core business activity, but also allows them to leverage the Group's extensive IT capability to derive strategic value. The 2015 Frost & Sullivan award, together with a number of industry and technology awards, and more importantly large contracts won or renewed, confirm the Group's capacity to deliver.**

most empowered company within the ICT services sector and was recognised as the 14<sup>th</sup> most empowered listed company overall.

**Dividend**

In line with the current dividend policy of three times headline earnings cover, the Board declared a gross cash dividend of 9.46 cents per share for the year ended 28 February 2015, bringing the total dividend for the year to 17.55 cents per share.

I would like to take this opportunity to thank the Board, executive management and staff for their efforts in achieving another successful year. I look forward to facing new challenges with the team by my side.

Ahmed Mahomed  
Chief Executive Officer

The infographic features a dark blue background with a geometric pattern. At the top is a white icon of a person with a checkmark. Below it is the text 'Deep expertise'. A large white arrow points upwards and to the right. Below the arrow is the text 'Mature processes'. At the bottom is a white icon of a gear with a wrench. Below the gear is the text 'High quality, consistent service delivery'.

# Integrated strategy

Datacentrix is pleased to present its 2015 integrated annual report. It provides the Company's stakeholders with better insight into the way that the business is managed and promotes transparency and accountability. The primary objective of the report is to demonstrate Datacentrix' ability to create and sustain

value and to reinforce its role as a responsible corporate citizen. The Audit and Risk Committee plays a central role in reviewing the integrated annual 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 annual report. The directors confirm that they have reviewed the content of the integrated annual report and believe it addresses the material issues and is a fair presentation of the integrated performance of the Group.

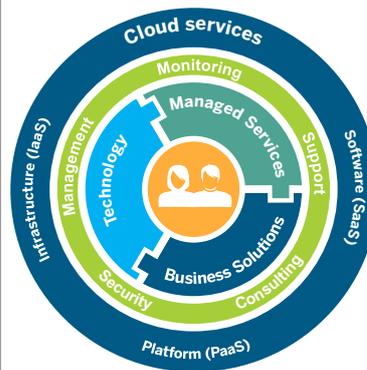
## Corporate strategy

### Vision



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

### Company structure



### Driven by our strategic enablers



### Guided by the company values

- Pride
- Performance
- Passion
- Professionalism

### Strategic focus



### Strategic objective

Focus on more complex, higher-value business

Secure a dominant presence in selected portfolios

Pursue a culture of continuous improvement

### Performance indicators

- Improve operating margins by enhancing efficiencies
- Build annuity income streams
- Enhance cost management
- Effective go to market strategy

- Organic growth: Cloud, security, managed print services, storage solutions
- Strategic acquisitive growth
- Lead in empowerment and transformation

- Achieve consistent quality service levels
- Maximise customer return on investment
- Pursue sustainable business practices

# Integrated strategy continued

## Strategic enablers

Datacentrix' best teams, collective innovation, all-inclusive technology systems and its top certifications with leading technology partners, equip the Company to achieve its strategic objectives.

**The people at Datacentrix: The bedrock of the Company:** Datacentrix' employees are its most valuable asset. It is due to their expertise, loyalty and commitment that the Group is able to achieve its objectives, implement sustainable business practices and reach its full potential. The Group strives to attract, retain and develop quality skills in the industry to deliver complete experience excellence to customers.

**Collective innovation: The path to enhanced performance:** Collective innovation stimulates a new way of thinking that empowers the delivery of excellence. Innovation challenges existing processes, assesses gaps, identifies and mitigates risks, supports continuous improvement and enhances performance.

Datacentrix, under the guidelines of best practice, offers customers more complex, higher value solution offerings that respond to their business challenges and needs. The Group offers the best in forward-thinking technology solutions and fully customisable services to drive customer efficiencies, performance and service delivery.

Collective innovation enables:

- business process re-engineering;
- information technology improvements;
- ICT strategy development;
- cloud and utility computing; and
- "on-demand" services.

It is the combination of collective innovation, integrated technical expertise and the building blocks of managed

services that promote Datacentrix as a strategic business partner.

**Systems: All inclusive technology solutions that impact businesses:**

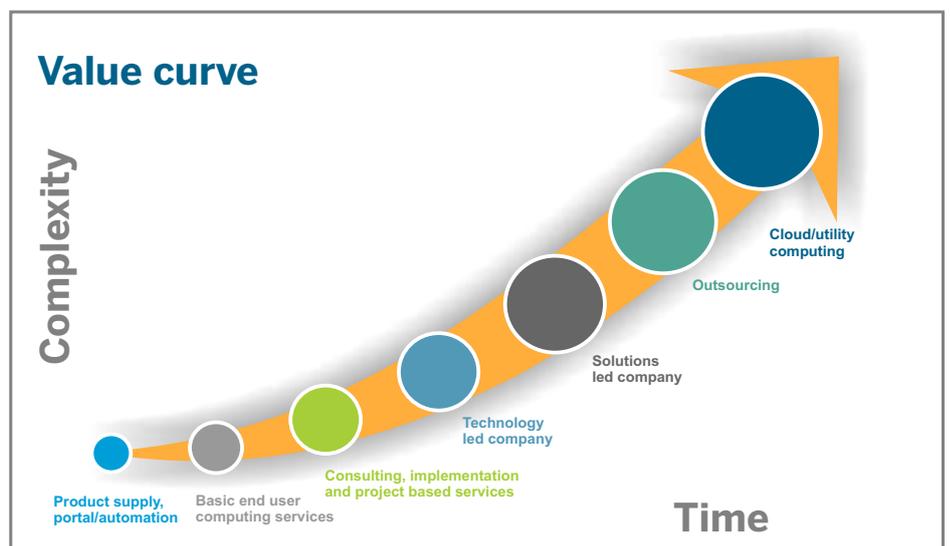
Datacentrix demonstrates accurate insight into the complexities of technology, business and best practice to offer genuinely inclusive ICT solutions. This offers customers the convenience of having one provider for all their information requirements. Customer-specific solutions are engineered once an in-depth consultative process has taken place. This formal customer engagement methodology results in a true understanding of the customer's status quo, challenges, pain points and strategic direction.

Datacentrix' all-inclusive technology offerings are supported by the Company's high-quality operations, established, efficient processes and consistent service delivery. Customers benefit from technically sound technology platforms and always-available support services.

**Partnerships: Fostering value delivery through relationships:**

Relationships with customers, stakeholders and technology partners are at the heart of the Group.

- Customer relationships: Datacentrix' customer-centric approach can be described as a firm interest in achieving the best outcome for every customer in every situation. This customer commitment requires teamwork from cross-functional staff, open, quality communication, proven internal processes, as well as an investment in time and resources to deliver consistent, quality services and value to customers.
- Stakeholder relationships: Datacentrix acts in the best interest of the Group, considering its stakeholders' expectations and interests at all times. The Group's social and community performance and engagement initiatives focus predominantly on the need for education.
- Technology partnerships: Datacentrix focuses on core technical skills and competencies to ensure that the Company remains at the forefront of technology. The Group's investment in partner relationships has resulted in the highest possible certifications and accreditations by its technology partners, which is evident by the number of partner awards attained during the year.



# Integrated strategy continued

## Technology partners: Leadership by distinction

Datacentrix remains one of South Africa's most highly skilled and certified business partners for leading international and local technology vendors. Technology partners have recognised Datacentrix and individual staff members for excellence in technology systems, solutions and services on all levels. Their confidence in Datacentrix' technical capability to implement the best-in-class solutions is demonstrated by the various top partner awards that Datacentrix received during the year.

Some of these awards are described below:

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**Cisco:** Datacentrix achieved Cisco Channel Customer Satisfaction Excellence – the highest distinction that a partner can achieve within the Cisco Channel Partner Programme – for the third consecutive year. Customer satisfaction excellence is a core value that both Cisco and Datacentrix share and is a key driver of the Company's current and future success.

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**HP:** Datacentrix is one of only five local HP Platinum Partners; is the largest HP partner in South Africa; was the first African partner to feature in HP's top ten partners in Europe – including Mediterranean, Middle East and Africa ("EMEA") and is the highest-ranking HP partner in Middle East, Mediterranean and Africa ("MEMA").

Datacentrix received 10 awards, including "Overall Partner of the Year" at the annual HP Partner Awards for 2014. This is the second consecutive year that Datacentrix has won the lion's share of these accolades. The Group was named as "Networking Partner of the Year", "Storage Partner of the Year", "Enterprise Group ("EG") Partner of the Year, "Industry Standard Server ("ISS") Partner of the Year", "Retail Point of Sale ("POS") Partner of the Year, "Business Critical

Systems ("BCS") Partner of the Year" and "Printing and Personal Systems ("PPS") Partner of the Year". Two staff members were named HP's Outstanding Channel Technical Person and joint Channel Sales Person of the Year. Datacentrix was also one of only three South African companies invited to attend the HP Storage Achievers Conference in San Francisco late in 2014 and was recognised by HP as having achieved exceptional growth in storage.

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**HP and Microsoft:** Datacentrix garnered the prestigious title as "HP and Microsoft Outstanding Frontline Partner for 2014 in unified communications and collaboration", globally recognising the Group for its innovation and performance.

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**Intel Security (formerly McAfee):** Intel Security recognised Datacentrix as the "Growth Partner" and "Commercial Partner" for southern Africa for 2014. The awards were achieved based on various criteria, including performance, partnerships that showed continued growth and for delivering value to customers.

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**OpenText:** As South Africa's only Platinum Partner, Datacentrix was named OpenText's "Fast Growth Market Partner of the year" across the regions of Latin America, CIS/CEE (Russia and Eastern Europe), Middle East, Africa, India, China and Japan at the international Enterprise World 2014 conference. This is a result of the Company's licence sales, implementation projects, the breadth of coverage within OpenText's portfolio, depth of skills, investment in skills, customer reference sites and the Company's overall commitment to OpenText.

Datacentrix has been an OpenText Optimize partner for two years, which

helps to ensure an excellent total customer experience.

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**Riverbed:** Datacentrix, Africa's first Riverbed Diamond partner, is the first African company to receive two Riverbed<sup>®</sup> Authorised Support Partner ("RASP") programme accreditations. RASP-W that enables Datacentrix to deliver Wide Area Network ("WAN") optimisation support to local Riverbed<sup>®</sup> SteelHead<sup>™</sup> users, which was awarded in 2012; and more recently, RASP-SD that enables the support of Riverbed<sup>®</sup> SteelFusion<sup>™</sup>, a branch converged infrastructure solution.

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**Sage ERP x3:** Sage ERP Africa presented Datacentrix the "Sage Best Performance Gauteng 2014" award at the Sage Insights 2015 conference. Datacentrix also attained Premier Business Partner status.

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**Schneider Electric:** Datacentrix was named as an IT Business ("ITB") Premier Partner by energy management company, Schneider Electric, highlighting its strong focus on the datacentre space. The Company maintained its status as a certified Gold Reliability Partner.

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**Veeam Software:** Datacentrix was named as one of only three local Platinum partners and Fastest Growth Partner for 2014 and attained the award for the largest deal for the coastal regions, with the KwaZulu-Natal branch taking this title for its involvement with the Durban-based Department of Public Works.

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**VMware:** Datacentrix is a VMware Premier Solution Provider and the largest VMware partner in South Africa. The Company also received the VMware Regional Director's award for South Africa, recognising Datacentrix' superior technical knowledge and a consistent sales record within the complex virtualisation and cloud infrastructure space.

# Integrated strategy continued

## Technology partners: Leadership by distinction (continued)



## Market recognition



Datacentrix received the “Infrastructure Growth” award for the EMEA region by independent analyst company, Canalys. The award recognises Datacentrix for its sustainable investment for the future, its performance, its demonstrated expertise and the resulting business value generated for its customers.



Datacentrix was presented with Frost & Sullivan's 2015 award for “Competitive Strategy Innovation and Leadership in the Information Technology Industry within Systems Integration” based on the Company's successful execution of its product strategies, and in particular for leveraging the strategy to create competitive advantage based on innovation and creativity.

**Decision support scorecard for competitive strategy innovation and leadership award**

Measurement of 1-10 (1 = poor; 10 = excellent)

Competitive strategy innovation and leadership	Strategy innovation	Customer impact	Average rating
Datacentrix	8	10	9
Competitor 2	8	6	7
Competitor 3	7	6.5	6.75

# Business profile

Datacentrix is an all-inclusive ICT systems integrator that operates across the full length of the information value chain. The Group uses leading solutions to automate and integrate technology systems and business processes to deliver sustainable value to customers. By partnering with its customers, Datacentrix helps to uncover and resolve real business needs and implements best-fit solutions and services in a way that contributes to customer's growth and success.

Datacentrix' delivery and execution capability ensures and excellent total customer experience supported by:

- the best teams;
- sophisticated technology;
- top certifications from leading technology partners;
- consistent, high-level service delivery; and
- insight into the complexities of business can technology.

The Company listed on the Johannesburg Stock Exchange in 1998.

## Points of presence

Datacentrix' operations are managed from its registered head office in Midrand and there are regional offices in Cape Town, Durban, Port Elizabeth and East London. A Logistics Centre is situated in Samrand, with service centres in George and Bloemfontein.

National points of presence support the Group's service delivery model.

### African aggregation footprint

Datacentrix partnered with a vendor, extending its local operations to 28 countries across sub-Saharan Africa.

The vendor, a technology distributor in Central, East and West Africa ("CEWA"), has been involved in the African marketplace for nearly three decades, reinforcing the management capability, service delivery capacity and technical skills that are required to deliver complex, end-to-end IT projects in customer-specified markets.

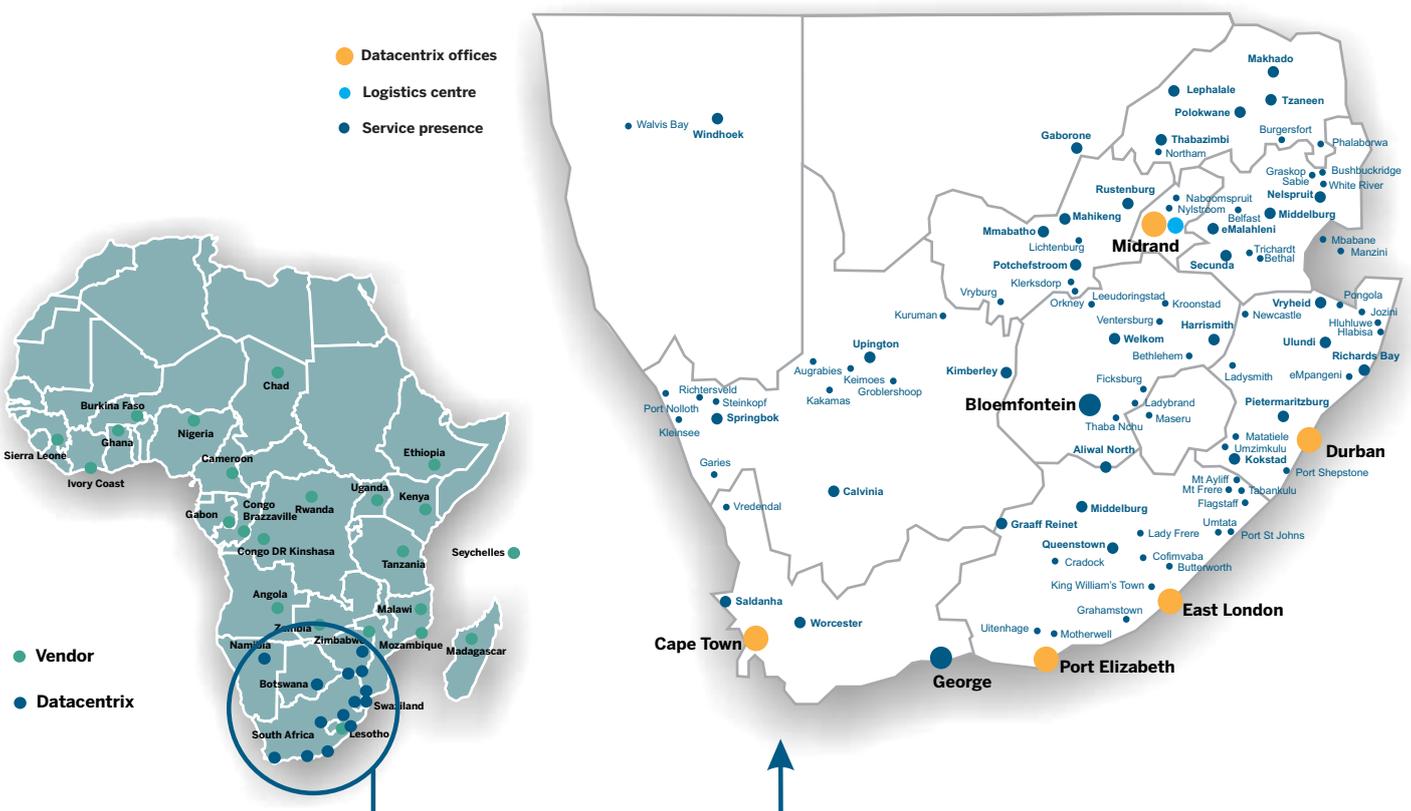
The partnership offers multinational customers various benefits such as reduced complexity in securing integrated technology systems; seamless access to leading skills, leading technologies; global outsourcing services; and cost efficiencies. Solutions are supported by highly specialised technical skills and certified resources throughout the territory, ensuring hassle-free computing whether customer operations are local or spread across Africa.

## Operations

Datacentrix combines collective innovation and experience with the building blocks of managed services in a way that equips customers to achieve their business objectives from a sound technology platform.

The Group's mature solution offering is structured into three divisions encompassing:

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



# Operations review

## Managed Services division

A few years ago, 'managed services' was another term for outsourcing. Today, Datacentrix' managed services span all technical disciplines and functional areas in business.

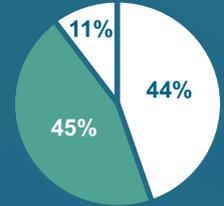
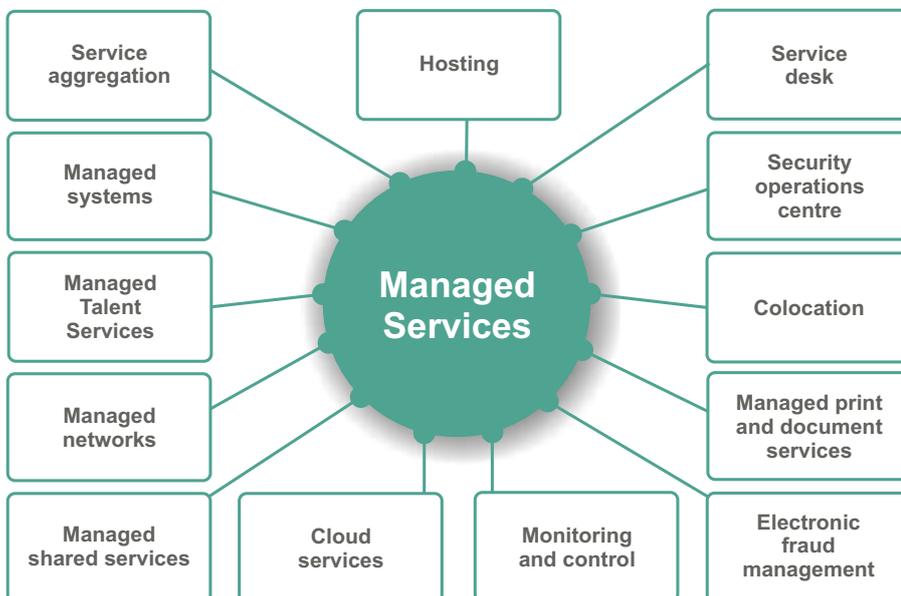
The Group's Managed Services division delivers end-to-end solutions encompassing always-available support and outsourcing solutions; hosting; network and broadband connectivity; innovative cloud solutions; managed talent services; and managed print and document solutions.

Datacentrix has the best teams and leading monitoring and support systems to ensure the delivery of consistently high

levels of service to customers all of the time. This enhances satisfaction levels, develops trusting customer relationships and delivers an unparalleled experience.

The Managed Services division:

- responds to customers' changing business needs;
- identifies, manages and mitigates risks;
- supports business growth;
- delivers always-on services;
- empowers customers to focus on their core business;
- transforms businesses by applying innovation; and
- utilises a fully customisable, building block approach.



**Contributed 45% to Group earnings**



**Operating margin at 12.7%**



**Outsourced contract extensions**



**Compelling cloud offering**



**Good performance from eNetworks, Managed Talent Services and Outsourcing businesses**

# Operations review continued

## Strategy at work:

### Managed Services: Shifting partnership from operational to strategic with Exxaro

#### The partnership

With a partnership spanning more than a decade, Datacentrix has moved beyond being Exxaro's technology partner to becoming a trusted advisor; one that is seen as an extension of Exxaro itself rather than an external service provider.

Exxaro is one of the largest South Africa-based diversified resources groups, with interests in the coal, titanium dioxide, ferrous and energy markets, and current business interests in South Africa, Botswana, Republic of the Congo, Inner Mongolia and Australia.

The company is the second-largest coal producer in South Africa with current production of almost 40 million tonnes per annum, and is listed on the Johannesburg Stock Exchange.



Datacentrix has a clear understanding of where we want to be as a company moving forward, aligning itself with Exxaro to help meet these objectives.

Ian Brown  
Exxaro CIO

#### Solutions and benefits

Some of the services and benefits delivered by Datacentrix to Exxaro over the past 10 years, include having:

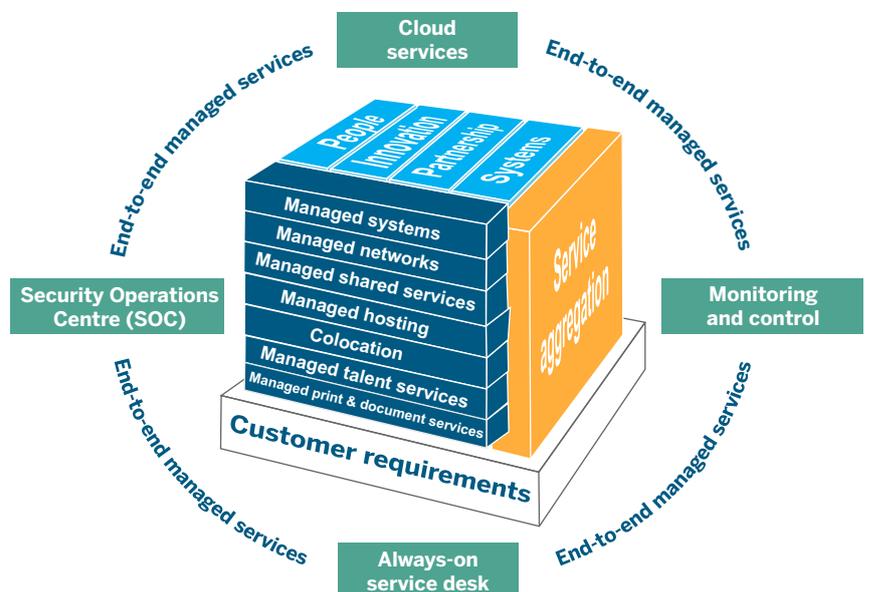
- managed Exxaro's operations integration, enterprise services and services relating to the company's sites, network, servers, PCs and storage;
- improved the mining giant's plant maintenance output management;
- upgraded its security infrastructure;
- optimised its bandwidth usage;
- enhanced network capacity; and
- managed other, third-party technology suppliers to provide the organisation with an accountable, single point of contact.

Most recently, Exxaro extended a five-year outsourcing contract for the second time, a significant accomplishment for Datacentrix.

"Datacentrix' intrinsic understanding of Exxaro's business, its strategic alignment to the organisation's business objectives, and significant continued improvement year-on-year were key factors contributing to the recent project renewal. Datacentrix has a clear understanding of where we want to be as a company moving forward, aligning itself with Exxaro to help meet these objectives," he adds. "Our partner has a good handle on cost drivers, and manages these proactively and efficiently. This contract extension made complete business sense to us." Exxaro CIO, Ian Brown

#### Building blocks of Managed Services

It is the combination of collective innovation, integrated technical expertise and the building blocks of managed services that promote Datacentrix as a strategic business partner.



# Operations review continued

## Strategy at work:

### Cloud Services: Cost effective, immediate, putting you in control

Cloud computing delivers highly agile, next generation services that are always available by any user, from any device or location, at any time.

The services include management, monitoring and security for both public, private and hybrid cloud customers.

#### The solution

Datacentrix' cloud services offering is continually evolving and expanding to ensure that it delivers flexible, next generation services using cloud technology as the enablement platform.

Current cloud services include:

- **Software as a Service ("SaaS"):** Business software applications on demand, including hosted Exchange (calendar, presence, email), Microsoft Lync, archiving, mobility (Android, iOS and Windows Mobile) and a self-service portal;
- **Infrastructure as a Service ("IaaS"):** On-demand computing infrastructure (servers and storage to operating system level) with optional backup and offsite storage; and
- **Platform as a Service ("PaaS"):** Database or other business application underpinnings on demand, including Microsoft SQL and SharePoint on demand, storage on demand, virtualisation and optional backup.

#### Benefits

One of the most appealing benefits of the Datacentrix cloud service offering is that it is a truly on demand, elastic service, with no long-term contract required; whereas many competitive cloud offerings tie customers into agreements of up to 12 months. The Datacentrix cloud services basket is genuinely consumption based, aligned with each customer's specific needs.

Datacentrix' cloud services leverage the Group's service desk and personal support, network and security operations centre to provide true cloud services with management, monitoring, security and built-in, always-on availability.

One of the biggest advantages of the Datacentrix cloud services offering is that it is backed by the organisation's powerful Managed Services division. This includes access to Datacentrix' established service desk, ensuring that cloud customers in need of support are able to log support calls and deal one-on-one with a support desk staff member. This personal support is something that is not generally offered by international cloud players, where the preferred route of support is via e-mail.

The service desk resolves 70% of calls first time, but a second line of support is available for Datacentrix' cloud customers, where they are able get deep technical support from cloud architects



#### Save costs

- Predictable costs
- Consumption-based billing
- Migrate non-critical functions to the cloud
- Eliminate expensive upgrades
- Access scarce support skills



#### Stay connected

- Any device
- Any place
- Any time
- Always secure
- Work remotely – waste less time in traffic



#### Support growth

- On-demand elastic services
- No long-term contracts
- Instant self-service
- Implement changes faster
- Improve your business flexibility



#### Collaborate seamlessly

- Share information across your business easily, securely, from anywhere, using any device
- Safely store business documentation and archived emails locally

# Operations review continued

## Technology division

Datacentrix is one of South Africa's leading providers of integrated technology systems and professionally managed infrastructure cycles. The Technology division offers large-scale ICT infrastructure hardware and software solutions that support technology optimisation and modernisation, ensuring the on-going availability, security and accessibility to company information.

The division encompasses a mature portfolio of world-class technology and has the best skills to respond to customer-specific information requirements from design, through implementation to maintenance.

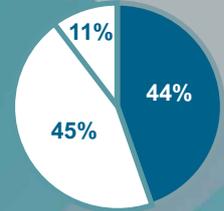
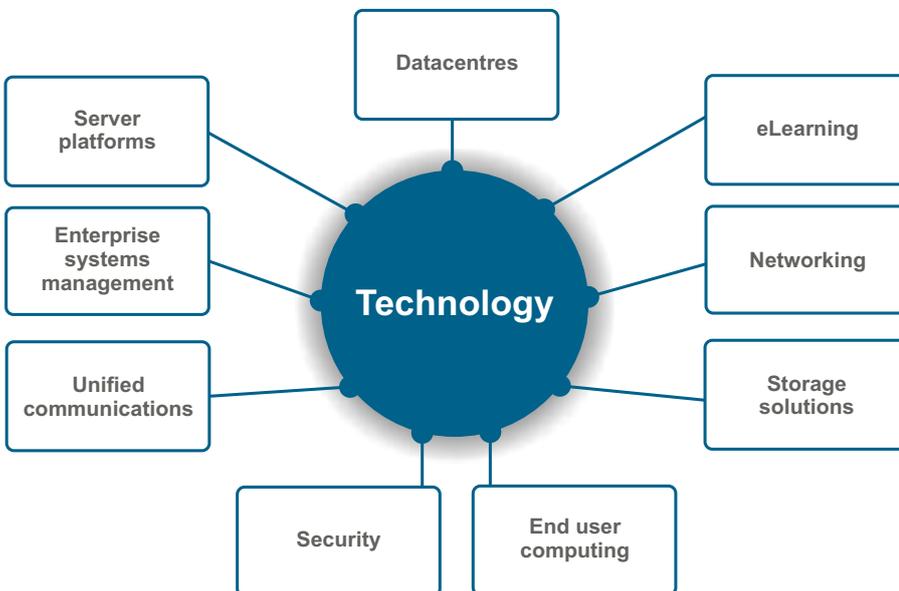
The Technology division's offerings include modern server platforms; enterprise systems management ("ESM"); modular datacentres including on-premise or hosted Infrastructure as a Service ("IaaS"); information security services; unified communications and networking; end user computing and automated procurement; tiered and

virtual enterprise storage solutions; and eLearning solutions.

Datacentrix' specialised consulting, engineering and technical skills support its execution capability and delivery capacity across diverse markets and geographies. Customers enjoy optimised information systems and a professional experience from a passionate team.

The Technology division:

- boasts the highest technical certifications from leading technology partners;
- purchases technology directly, enabling time and cost efficiencies to be passed on to customers;
- has a mature logistics offering;
- is supported by an always-available, end-to-end managed services portfolio;
- operates with an experienced team that is committed to customer performance; and
- provides specialised systems management, monitoring and control.



**Contributed 44% to Group earnings**



**Operating margins increased to 4.1%**



**Earnings increased by 38% to R45.5 million**



**Complex datacentre solutions**

# Operations review continued

## Strategy at work:

### Datacentrix optimisation: Boosting power usage efficiencies at ArcelorMittal by >65%

Steel company, ArcelorMittal South Africa has improved its datacentre power usage effectiveness (“PuE”) by more than 65% with Datacentrix.

#### The solution

Datacentrix provided ArcelorMittal South Africa with the design and implementation of a new, modular datacentre solution, including high-density, energy efficient power and cooling technologies, saving floor space and room height. The solution was rolled out within a record 76 days after a year of planning and also includes fire suppression and a proactive IP-based monitoring solution that monitors all of the environmental and security aspects of the new datacentre.

#### Benefits

- The business case was built around technology that would be fast, flexible, modular and predictable, removing unnecessary implementation complexities, massively improving cooling and power efficiencies, and saving money in the long term.
- The enhanced power, water and cooling efficiencies are also set to save the organisation more than 20% on operational costs over a five-year period.
- The number of racks has been reduced from 58 to 28, with capacity for long-term growth
- Power and cooling capacity for end-of-day.
- 100% redundant, with an availability of 99.9%.
- The fire suppression utilises a green gas solution that offers a 20-year warranty.
- In terms of power usage effectiveness (“PuE”), measurement was carried out by Datacentrix prior and post implementation, indicating an improvement in efficiencies of more than 65%, from between three and four to 1.6. At full load, the facility will run at an average PuE of 1.2, giving a maximum of 85% efficiency.

“The energy efficiency of the new solution will result in a decrease in operational costs over time. In addition, we are experiencing a number of non-tangible benefits related to the improved space utilisation, such as a more orderly, and easier to manage and monitor datacentre environment. A longstanding IT equipment and services partner of ArcelorMittal, Datacentrix’ commitment to this project was of the highest order, with the organisation showing great dedication to this project.” ArcelorMittal South Africa spokesperson.



The energy efficiency of the new solution will result in a decrease in operational costs over time. Datacentrix’ commitment to this project was the highest order, with the organisation showing great dedication to this project.

ArcelorMittal South Africa spokesperson

#### Broad datacentre competencies



# Operations review continued

## Strategy at work: Security Services: Delivering peace of mind

As enterprises grow, so do their requirements for more sophisticated technologies and methods of sharing data with users, partners and customers. These advances have changed the playing field significantly in the requirements for defending enterprises against cyber security threats.

Traditional security approaches involving secure zones and compliance approaches are no longer adequate. The ever-changing threat landscape places new demands on enterprises to harness adaptive, intelligent defences with integrated security controls to effectively uncover and respond to cyber attacks in real time.

### Optimised security programmes

Enterprises need to optimise their security programmes to proactively manage and prevent advanced security threats, ensure protection of critical assets, and to safeguard cloud/datacentre and mobile environments.

Optimised security programmes demand clearly stated policies and strategies, rigorous activities and a specialised team for implementation and on-going management.

For most enterprises today there is no clearly defined security strategy. Management is continuously challenged by the need for attaining an integrated approach to addressing cyber threats, clearly defining security roles, and ensuring that adequate skills and effective reporting are in place.

### Service offering

Datacentrix has aligned its service offerings to proactively respond to customers' requirements for integrated security controls and optimised security maturity levels.

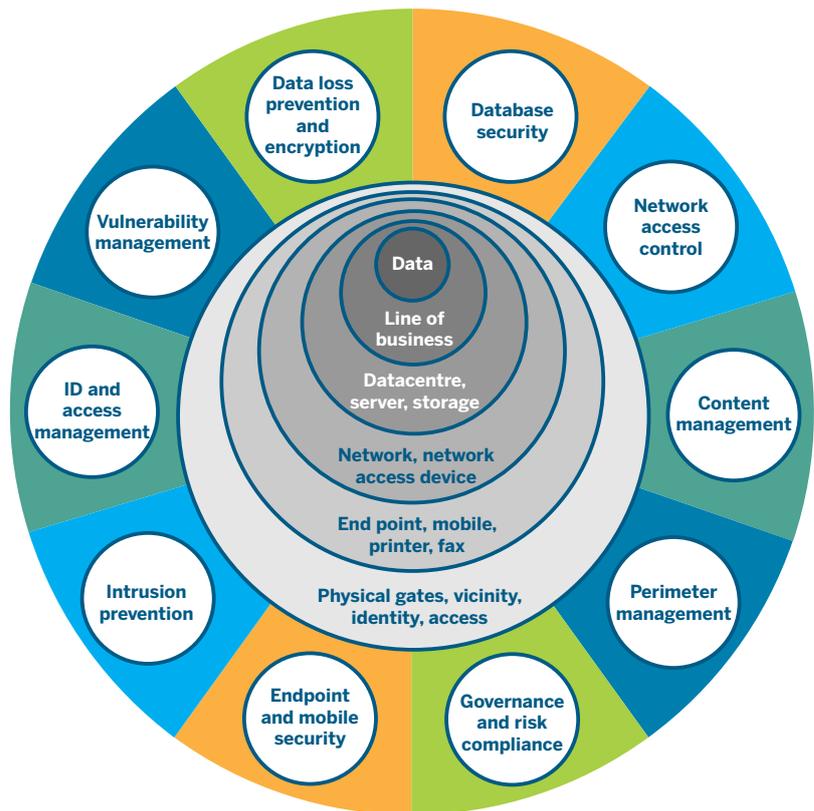
The ICT security services encompass:

- Information security consulting and advisory services:
- Identity and access management services:
- 5<sup>th</sup> generation security intelligence centre:
- Managed security services: and
- System integrator services.



Now more than ever, and with increasing demand, information technology tools are becoming a complete dependency for our existence – and a target for criminal activity. For this reason, Datacentrix has established world class, state of the art security services amongst our solutions offerings.

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



# Operations review continued

## Strategy at work: Fraud management: Increasing accountability

### The solution

The eDNA™ system, developed locally by Datacentrix and its joint venture business partner L@Wtrust, strengthens organisations' ability to guard against electronic fraud. It provides the most advanced system to protect, track and trace digital information assets.

This identity and authentication solution serves as a strong mechanism to ensure the integrity of the user identity and a transaction audit trail, which provides a legally compliant and tamperproof non-repudiation of changes to sensitive information.

The system delivers four fundamental fraud management objectives:

- **Fraud prevention:**  
It delivers strong multi-factor access control and ensures personal accountability.
- **Digital identity protection:**  
It stops password abuse and safeguards the innocent.
- **Auditing compliance:**  
It strengthens accountability controls and secures critical records automatically.
- **Strength of evidence:**  
It delivers tamperproof transaction evidence with binding electronic signatures.

### Public sector curbs electronic fraud with eDNA™

The South African Department of Home Affairs implemented the eDNA™ system, increasing employee accountability for unauthorised changes to the national population register and passport systems. The system is capable of protecting both mainframe as well as open systems applications and can be customised to suit organisational audit and evidence trail, as well as context sensitive non-repudiation requirements. The level of access control security is raised by multi-factor authentication, smartcard and fingerprint biometrics and strong cryptographics to protect the verification audit trail against manipulation.

The Northern Cape Department of Treasury deployed eDNA™ to proactively manage fraud and validate the integrity of the personnel data and payroll in a complex exercise involving more than 220 people across the entire Northern Cape Province. The deployment used the Payroll Integrity functionality of eDNA™ to address the business problem. The implementation pioneered good practices around the proactive management of personnel records, right allocation of staff and payroll fraud.



#### Prevent fraud

- Strong multi-factor access control
- Ensure personal accountability



#### Protect digital identity

- Stop password abuse
- Safeguard the innocent



#### Auditing compliance

- Strengthen accountability controls
- Secure critical records automatically



#### Strengthen evidence

- Tamperproof transaction evidence
- Binding electronic signature

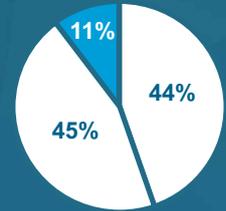
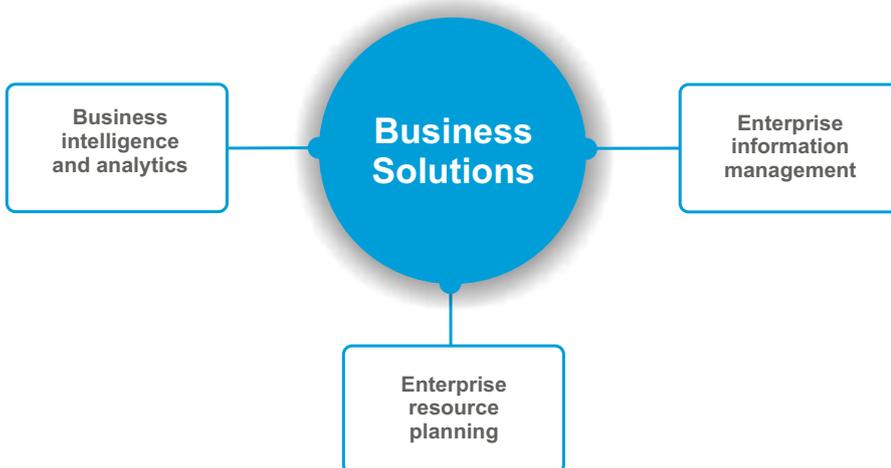
# Operations review continued

## Business Solutions division

The Business Solutions division enables organisations to have better visibility and utilisation of their information assets. These information optimisation solutions automate and streamline business processes, improve productivity and ensure accurate decisions by management.

There are three fundamental solution areas within the Business Solutions division: Enterprise Information Management ("EIM"), Enterprise Resource Planning ("ERP") and Business Intelligence ("BI") and Analytics. The division assists companies to unleash the full power of the information that resides in their technology infrastructure.

- The Business Solutions division:
- improves business insight, enabling faster, more accurate decision making;
  - delivers a positive business impact;
  - enables consistent, reliable and predictive management of information;
  - enhances process velocity;
  - offers time, cost and space efficiencies;
  - reduces information risks; and
  - improves governance and compliance.



**Contributed 11% to Group earnings**



**Operating margins increased to 9.5%**



**Good growth from Enterprise Information Management**

# Operations review continued

## Strategy at work:

### Enterprise Information Management: Technology that changes lives

#### The solution

Enterprise Information Management (“EIM”) is an end-to-end information management service – from information architecture, the development of governance frameworks and change management – to the implementation of EIM technologies.

It is a broad discipline covering all information assets that increases the visibility and utilisation of information – and:

- manages, moves, integrates, stores and retrieves information quickly and securely;
- delivers accurate, timely business insight;
- supports fast, meaningful business decision making; and
- impacts on efficiencies, effectiveness and most especially, on service delivery levels.

#### EIM in healthcare: Efficiencies that are changing lives

Within the healthcare sector, EIM is enabling the conversion of paper-based patient records into electronic format, delivering copious benefits for both patients and healthcare providers.

Some of these benefits include:

- considerably reduced waiting times for patients;
- improved management of patient files and information;
- accurate and complete patient information;
- faster medical care for patients;
- reduced physical documentation and paper-based files;
- compliance with legal and ethical information retention requirements; and
- seamless archiving and secure retrieval of digital medical records and patient files.

The Western Cape Government (“WCG”) Department of Health (“DoH”) engaged Datacentrix to implement a multi-faceted EIM programme that kicked off in 2009 with a pilot project at their Forensic Pathology Services (“FPS”). The EIM solution was commissioned in 2010 and is currently live across all FPS facilities. The successful pilot led to the rollout of OpenText ECM Suite at the Tygerberg Central Hospital's Oncology Unit, which was subsequently implemented throughout the hospital, beginning with a back scanning initiative that saw the capturing of more than 27,000 patient records, including over one million images.

Datacentrix was awarded the business to implement an EIM strategy within the WCG DoH facilities. This included the deployment of an Electronic Patient Record (“EPR”) solution at the Mitchells Plain Hospital and a three-year EIM contract to roll out the technology to all hospitals and primary healthcare facilities identified by the WCG DoH across the province.

Datacentrix implemented an internationally recognised and award winning EPR solution at the WCG's Khayelitsha Hospital, which has empowered the delivery of a world class, patient-centric clinical service that is changing countless lives.

### Maximise the visibility and utilisation of your company information



**Business impact**



**Information governance**



**Information security**



**Process velocity**



**Business insight**

**Enterprise Information Management solutions help reduce costs, aid compliance and reporting.**

# Operations review continued

## Strategy at work:

### Enterprise Information Management: Technology that changes lives (continued)

#### EIM improves efficiencies in other sectors

Datacentrix has a proven execution capability that has assisted local organisations, across industries, to manage complex business processes, meet governance and compliance needs, and strategically drive business strategy and growth. Engineered EIM solutions are driven by customer needs.

Some solutions that have been implemented encompass:

- correspondence tracking;
- bulk back scanning and imaging;
- business process management;
- workflow;
- automation;
- document and records management;
- file planning;
- permissions models;
- web experience management; and
- portal and web content management.

#### Packaging and paper

International packaging and paper group, Mondi has used EIM to overcome a timely and costly manual invoicing process, allowing the organisation to process the same volume of invoices each month, with a team half of the previous size.

After evaluating several competitive products, Mondi elected to roll out OpenText's Vendor Invoice Management ("VIM") solution, achieving:

- improved compliance with South African Revenue Service requirements;
- seamless integration into SAP platform with access to both invoice data and documents speeding up enquiry handling; and
- vendor invoice process automation leading to cost reductions.



**We're able to process the same volume of invoices each month, with a team half the size it was previously, having redeployed a number of staff to other areas of the business.**

**Craig Barrett, Financial Accounting Manager  
Mondi South Africa division**



**The implementation was flawless, and the experienced technical team delivered a successful rollout.**

**Charles Nell, CIO  
Barloworld Equipment**

#### Equipment

The Parts/Stores, Procurement, Finance, and Services divisions of Barloworld Equipment are now able to attach business related content to the relevant transactions within its SAP system, enabling the business to save on the R1 million per year it was previously writing off, as it could not be proven that equipment had been collected or delivered.

Their EIM solution is also addressing governance and compliance issues around this, and allows for evidence of the transactions to be recorded and saved within SAP.

"Barloworld Equipment is already seeing the benefits, particularly within the Parts department, where the sales team can access the proof of delivery ("POD") notices directly from their workstations in real-time. Now the department does not have to scan documents daily into the system, and the tracking of the PODs is simplified by clicking a button to retrieve the correct information. Barloworld Equipment was impressed with Datacentrix' track record in implementing document management system solutions within other large organisations. The implementation was flawless, and the experienced technical team delivered a successful rollout." Charles Nell, CIO, Barloworld Equipment

# Operations review continued

## Strategy at work:

### ERP: The cream of the technology crop for agricultural services

#### The solution

Enterprise Resource Planning (“ERP”) is the term applied to the integrated software systems that are used to manage an organisation’s internal and external resources, including physical assets, financial resources, materials, human resources and business partners. Based on Sage ERP X3 and Aritmos technology, Datacentrix’ flexible agricultural solution has been built to cater for the specific needs of the agricultural services market.

#### Customers

The flexible ERP solution optimises business competitiveness and productivity for its customers within the food, agriculture and co-operative sectors, covering the entire range of businesses operating within the agricultural sector. These customers include retail, commodity trading, storage, feed production facilities, farming and livestock co-operatives, flourmills, the dairy industry, insurance brokerages and operations, and asset finance.

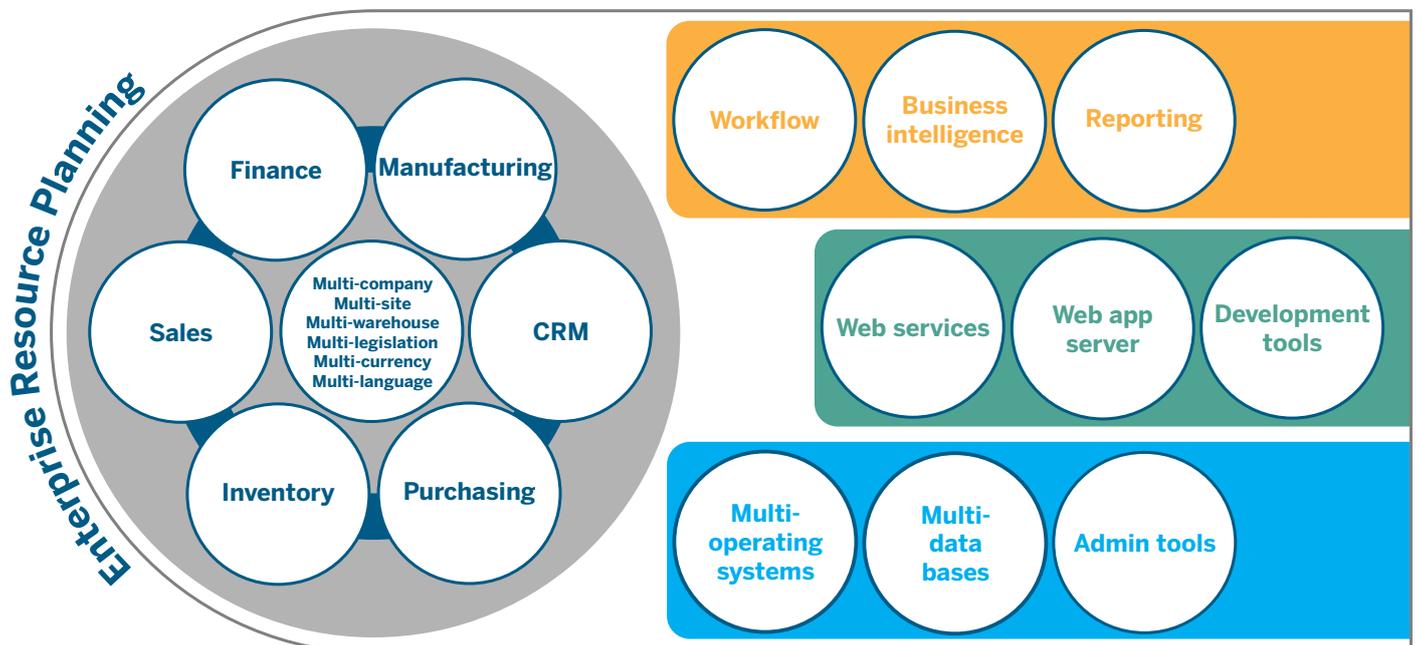
#### Objective

Datacentrix’ main objective in implementing an ERP system is to bring together the disparate functions of a customer’s organisation into a single system environment, allowing for more efficient operations. The solution also addresses:

- the need for scalable technology that will meet the organisation’s current and future requirements;
- the use of technology that has reached the end of its useful life span;
- the information requirements, such as availability and visibility, that are needed to reach business objectives; and
- a scarcity of on-going, quality services.

Datacentrix has assisted a number of agricultural services to overcome these problem areas. One example is a local agricultural services and product provider that needed a solution that could support its growth strategy, as well as solve its integration issues. Datacentrix is currently rolling out Sage ERP X3 at this customer, to meet these requirements.

Another Datacentrix agricultural customer opted for the Sage ERP X3 solution to future-proof its technology for the next 10 to 15 years, provide access to real time information, allow for a fully integrated e-commerce platform and future mobile apps, as well as to manage access control and even control paper wastage.



# Corporate Social Responsibility

Datacentrix' has a committed focus on sustainable development; this sentiment underpins the organisation's objective of being a responsible corporate citizen. Corporate responsibility requires that the organisation 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, stimulating job creation, supporting skills development, investing in communities and promoting black economic empowerment;
- fostering value-driven, ethical behaviour and good governance practices, under-pinned by respect for human rights;
- embedding a culture of safety in the workplace;
- providing a stimulating and rewarding work environment, based on effective human resource policies that attract and retain the best talent; and
- being cognisant of the impact our business can have on our environment.

## Broad-Based Black Economic Empowerment

Datacentrix maintained a Level 2 (AAA) Broad-Based Black Economic Empowerment (“B-BBEE”) contributor status, with 125% procurement recognition from EmpowerDex, which was issued in April 2015. The Company retained its position as a “Value Adding Enterprise”, having achieved the following scorecard values:

	Actual score	Target score
Ownership	17.74	20.00
Management	11.00	10.00
Employment equity	4.98	10.00
Skills development	9.42	17.00
Preferential procurement	20.58	20.00
Enterprise development	11.00	11.00
Socio-economic development	12.00	12.00
<b>TOTAL SCORE</b>	<b>86.72</b>	<b>100.00</b>

## Corporate social investment

Corporate Social Investment (“CSI”) is central to realising meaningful transformation and benefits the broader community. Datacentrix is cognisant of the growing social needs in South Africa and is committed to making a difference by supporting projects that benefit historically disadvantaged sectors of society.

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

One of the Company's key focus areas continues to be the investment in

education in South Africa. The impact of this strategy is far reaching, touching both the individual beneficiaries and the larger community in which they function.

Additional social and community engagement initiatives are organised on an ad hoc basis addressing the specific needs of the aged and the area of health. Some of the social investment activities during the year are highlighted below.

### **eLearning: Crediting the youth of South Africa with the power of knowledge**

Datacentrix has made an on-going commitment to education in South Africa and recently donated eLearning solutions to two remote schools. These donations play a big part in ensuring that learners and teachers in the remotest parts of our country are exposed to the use of technology in the classroom, helping to move South Africa forward.

# Corporate Social Responsibility continued

## Corporate social investment (continued)

### **Maxeke Secondary School launches computer laboratory with the help of Datacentrix**

The Maxeke Secondary School, located in Evaton in the Vaal Triangle, celebrated the launch and unveiling of its new computer laboratory by Minister Nkoana-Mashabane on International Women's Day on 8 March 2015.

The school, founded in 1969, has a learnership of 1,500 students with 51 teachers. Datacentrix has donated the technology infrastructure systems in the computer laboratory. The access to technology provides both the learners and teachers with vital computer literacy, an optimised learning and teaching experience and broadens employment opportunities for learners.

### **Datacentrix brings technology to children in King Williams Town**

Datacentrix donated and installed computer equipment at the newly built Sophumelela Senior Primary School in King Williams Town, Eastern Cape.

This donation included a server, notebooks, a monitor, a projector, a laser printer, wireless access points, a 24-bay



International Relations and Cooperation Minister Maite Nkoana-Mashabane (middle) unveils one of two new computer labs her department donated to two schools in the Vaal, south of Johannesburg. She is flanked by government officials including Sedibeng District Municipality Mayor, Simon Mofokeng (right) and Kenny Nkosi (second from left), Managing Director of Government business at Datacentrix. Photo by Sonqoba Kunene from the Daily Sun

trolley and software. The Company also facilitated on-going teacher training through a previous model-c school in East London. The school, built by the Department of Basic Education ("DBE") and forms part of the government-led Accelerated Schools Infrastructure Delivery Initiative in the province, which will see 25 new schools established in total.

### **Comprehensive eLearning solution for South African schools**

Datacentrix' eLearning solution provides local and international organisations with a convenient means to support education in poorer schools in rural areas of South Africa. The comprehensive solution offers vital computer literacy, optimises the learning and teaching experience and broadens employment opportunities for learners. It encompasses ICT infrastructure, software, storage, hosting, networking, support services, teacher training and classroom equipment. Datacentrix offers local and international enterprises the opportunity to support education and learning in South Africa through the use of and access to technology in the classroom. The offering encompasses the supply, implementation, support and full project management of mobile ICT labs, mobile audio visual libraries and mobile science carts.

Datacentrix has implemented the eLearning solution at over 1,200 schools in conjunction with the Department of Education, around South Africa.



# Corporate Social Responsibility continued

## Corporate social investment (continued)



**Datacentrix understands how advantageous access to technology is as an educational tool. Research has show that poverty is more than not having enough money, it also includes a lack of opportunities and social exclusion.**

Alfred Raulinga, enterprise applications manager at Exxaro Resources

### Exxaro Datacentrix partnership meets needs of children in Atteridgeville

Datacentrix was approached by the information management division of Exxaro Resources, its decade long strategic partner and customer, to see in what combined way the two companies could contribute to the education and lives of the learners at the Isaac Moore Primary School in Atteridgeville, Pretoria.

Datacentrix and Exxaro Resources joined forces to meet some of the children's

immediate needs. The efforts saw the children enjoying breakfast and lunch, receiving school shoes and benefitting from donated computer equipment that will bring the longer-term gift of knowledge to their lives.

“Datacentrix understands how advantageous access to technology is as an educational tool. Research has shown that poverty is more than not having enough money; it also includes a lack of opportunities and social exclusion.”

Alfred Raulinga, enterprise applications manager at Exxaro Resources

### Thandulwazi Maths and Science Academy

Thandulwazi Maths and Science Academy is an education programme facilitated by the St Stithians Foundation that was established in 2006. The overall aim of the Academy is to actively improve the state of Maths and Science teaching and learning in schools in and around Gauteng by facilitating the training of new teachers; assisting existing teachers to improve their teaching skills and methodologies through a teacher development programme; providing scholarships to promising learners; and offering learner support and extra tuition to Grade 10, 11 and 12 learners on Saturdays. Datacentrix' involvement with Thandulwazi extends back to 2010.

### ACTION for Blind and Disabled Children (“ACTION”)

Situated in central Roodepoort, Gauteng, ACTION is dedicated to teaching computer literacy to blind and disabled young people. Students learn computer skills, from basic to advanced levels, with the intention of writing Microsoft Accredited examinations. Once skilled, the learners have a better opportunity to find employment.

### Other CSI projects supported during the year

- **Datacentrix supports 20 years of Casual Day:** Casual Day helps individuals with a range of conditions and disabilities by donating assistive devices, wheelchairs and other support mechanisms that help with mobility and alternative communication. In addition, they offer support to the many dedicated individuals that teach, provide therapy to and care for these individuals.

# Corporate Social Responsibility continued

## Corporate social investment (continued)

- **Thandanani Children's Foundation:** Founded in 1989, Thandanani facilitates community-based care and supports orphans and other vulnerable children (particularly those affected and infected by HIV and Aids) in the KwaZulu-Natal Midlands area. The charity equips community-based volunteer teams to respond to the children's basic material, physical, cognitive and emotional needs. Datacentrix has been supporting the foundation since 2013.
- **Charity calendars:** Since 2001, Datacentrix' annual calendar run is supplied by New Art Creations, publishers of calendars and greeting cards, who has raised in excess of R22.6 million for The Giving Organisation, the largest operational children's charity organisation in South Africa.

Some of the charities supported through this initiative include: Desmond Tutu HIV Foundation; CHOC Childhood Cancer Foundation SA; Cotlands; African Children's Feeding Scheme; The Reach for a Dream Foundation; and The Ithemba (Hope) Trust.
- **Shavathon:** Datacentrix supports CANSA Shavathon, and this year was no exception. Staff members showed their team spirit in support of those affected by cancer by shaving or colouring their hair and raising money in the process.
- **Blood donation drive:** Datacentrix has participated in mobile blood donation drives for almost a decade in support of South African National Blood Services. The mobile drive is set up at the offices, offering staff members a fast and convenient way to help save lives.
- **Combatting hunger in Philippi, Western Cape:** Datacentrix helped the community in the agricultural area of Philippi, in conjunction with the Philippi Farm Community Organisation, by preparing a wholesome meal for approximately 400 adults and children, as well as distributing non-perishable food and clothing.

## Skills development

Datacentrix supports the principle of lifelong learning and acknowledges the importance of a competent and motivated workforce for its continued growth, survival and success in a competitive global economy.

Seeing the barriers brought by social status and other factors in South Africa, Datacentrix strives to bridge the skills gap by providing the below programmes annually.

### Partnerships

Datacentrix is a stakeholder member of the Media, Information and Communication Technologies Sector Education and Training Authority ("MICT SETA"). The organisation also collaborates with recognised training providers to assist in facilitating training programmes as prescribed by business requirements and Sector Skills Plan from the MICT SETA.

### Skills development programmes

Individuals who have been empowered to achieve recognised qualifications, who have been exposed to formal employment and who have attained work experience, can become successful contributors to South Africa's economy. The following skills development programmes are in place at Datacentrix.

**Datacentrix supports the principle of lifelong learning and acknowledges the importance of a competent and motivated workforce.**

### *Management Development Programme ("MDP")*

A group of employees is selected based on specific criteria and enrolled in an internal MDP programme. These individuals display the Group's values and behaviours required to drive the organisation forward. Performance, drive, and ambition to succeed are some of the attributes that demonstrate the capacity and potential to reach senior positions in the organisation. These individuals are involved in managerial strategy sessions.

### *Learnership programme*

The learnership programme is a vocational education and training programme that combines theory and practice, culminating in a qualification that is registered on the National Qualifications Framework ("NQF"). Each year, Datacentrix selects individuals from previously disadvantaged backgrounds who have completed Grade 12 with potential and interest in IT. A person who successfully completes a learnership will have a qualification that indicates occupational competence and that is recognised across the country.

Datacentrix has been hosting learners since 2012. During last three financial years, the Company hosted 142 learners that underwent formal training, i.e. NQF

# Corporate Social Responsibility continued

## Skills development (continued)

Level 4 Technical Support and NQF Level 5 Systems Support respectively. Subsequent to being found competent, learners were placed in different departments within the Technology, Outsourcing and Business Solutions teams. They each had mentors who provided on the job training, guidance and motivation throughout the practical training of the programme. 55% of the learners were absorbed within the business and are currently working as permanent employees at Datacentrix.

### *Internship programme/Graduate programme*

Datacentrix annually selects a number of interns who have completed tertiary qualifications and who can benefit from on-the-job experience in the IT industry. These interns are appointed initially for a temporary period of one year, after which a permanent appointment may be considered. Datacentrix hosted seven interns during the financial year 2014/2015. They received practical experience by shadowing consultants in the Business Solutions division for the duration of 12 months. Two interns were headhunted and the remaining individuals were permanently recruited by the business. The key focus of this programme is on business functions that have high scarcity of skills like EIM and ERP.

### *Bursaries and training for employees*

Datacentrix recognises that employees are the most important element in the Company's success and a source of sustainable competitive advantage. As such, the Company is fully committed to developing its employees and recognises that by offering the opportunity to grow and excel within the organisation is a significant part of attaining the status of 'employer of choice'. Datacentrix has invested in various training programmes such as bursaries, international examinations, accreditations and IT courses.

## Occupational Health and Safety

Datacentrix' Safety, Health, Environmental and Quality ("SHEQ") team oversees the organisation's efforts to comply with South Africa's health and safety regulations, in particular the Occupational Health and Safety Act (85 of 1993).

SHEQ is managed from a Group perspective in accordance with manuals, policies and procedures that have been drafted to ensure the standardisation and application of best practices. Regular reviews of safety systems and practices are conducted across the business units and improvement opportunities are optimised as part of the Company's commitment to being a responsible employer.

Three principal elements contribute to the Group's focus on SHEQ, involving:

- the development of key performance indicators;
- communication with staff members who are exposed to different working environments, informing them of safety regulations governing these environments; and
- the continuous health and safety of staff, customers, suppliers, contractors and visitors.

An Occupational Health and Safety ("OHS") Committee meets quarterly to manage and review all necessary requirements, ensuring that all standards are maintained. Datacentrix is ISO 18000 aligned in an effort to meet its OHS responsibilities at the highest possible level.



**Datacentrix provides green datacentre solutions for today's modern enterprise that significantly drive down energy consumption, operational costs and maximise precious floor space.**

## Environment

Datacentrix' SHEQ function also oversees the Group's efforts to maintain an environmentally-friendly workplace, eliminating, reducing, reusing, recycling and disposing of waste in a responsible manner.

The Company aligns its activities with the ISO 14001 standard, constantly working towards achieving a positive impact of its business activities on the environment in a sustainable way.

### **Green IT**

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

In particular, Datacentrix provides green datacentre solutions for today's modern enterprise that significantly drive down energy consumption, operational costs

# Corporate Social Responsibility continued

## Environment (continued)

and maximise precious floor space. The solutions are state-of-the-art, energy saving and tier 3+ capable and meet customer demands for high availability, adaptability, security, energy efficiency and redundancy.

- The datacentre cooling solution includes passive climate control, rack cooling or liquid chilling of high performance equipment.

- The range of power solutions enable temperature and environment monitoring, which provide for real-time measurement of temperature, humidity and electricity usage at the per-equipment level.
- Solutions include complete “cocooning” for aisle-containment, and more efficient management of cooling and power usage effectiveness (“PuE”), leading to

substantial savings without unnecessary disruptions to operations.

- In addition, the grey/white rack colour has reduced datacentre lighting by up to 40% when compared to traditional black racks. In effect, grey/white is the new green.



## Solar power

In its efforts to contribute to a greener environment, Datacentrix sponsored the Tshwane University of Technology's (“TUT”) solar car entry into the Sasol Solar Challenge in 2014, a biennial rally for solar-powered cars.

The rally attracted international teams from The Netherlands, Turkey, Cyprus, as well as six local universities and two schools.

In association with Motorsport South Africa and the Fédération Internationale de l'Automobile, the challenge kicked off at the Council for Scientific and Industrial Research (“CSIR”) in Pretoria on 27 September 2014, ending eight days later in Cape Town along a route of more than 2,000km.

Fuelled only by sunlight, participants covered an average distance of 260km a day, with the winning Netherlands team travelling more than 4,000km in total.



**It was a humbling experience to see Datacentrix getting involved in a challenge that focuses not only on science, technology, innovation, teamwork and business principles, but also one that helps move South Africa forward from a research and development point of view.**

Kenny Nkosi, Managing Director, Datacentrix Government (Technology division)

# GOVERNANCE



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# Board of directors



Datacentrix is moving forward under a committed leadership team that shares a passion for influencing business and South Africa through technology. Management's vision for the Company, its stakeholders, staff, customers and partners, supports its efforts to achieve excellence across all areas of the business.

## Non-executive and executive directors

### 1. Nolitha Fakude (50)

#### Independent Non-executive Chairman

BA (Hons)

Date of appointment: March 2014

Committee: Nominations Committee (Chairman), Audit and Risk Committee

Other directorships: Sasol Limited Board and Member of the Sasol Risk and Safety, Health and Environment Committee, Chairman of the Sasol Mining Board

### 2. Alwyn Martin (76)

#### Independent Non-executive Director

BCom, CA (SA)

Date of appointment: May 2005

Committees: Audit and Risk Committee (Chairman), Social, Ethics and Remuneration Committee

Other directorships: Trans Hex Group Limited and Northam Platinum Limited

### 3. Dudu Nyamane (57)

#### Independent Non-executive Director

BA (Social Sciences), MBA

Date of appointment: June 2009

Committees: Social, Ethics and Remuneration Committee (Chairman), Audit and Risk Committee, Nominations Committee

Other directorships: South African Roads Agency Limited ("SANRAL"), Indigo Cube Proprietary Limited, Joy Global Proprietary Limited, Vaal University of Technology and Oakbay Resources and Energy Limited

### 4. Arnold Fourie (52)

#### Non-executive Director

MSc (Chem Eng)

Date of appointment: November 2013

Committee: Social, Ethics and Remuneration Committee

Other directorships: Pinnacle Holdings Limited

### 5. Richard Lyon (57)

#### Non-executive Director

BA (Economics and Business Law), CA

Date of appointment: February 2015

Other directorships: Pinnacle Holdings Limited

### 6. Ahmed Mahomed (53)

#### Chief Executive Officer/Group Managing Director

Date of appointment: March 2003

Appointed CEO: March 2008

### 7. Elizabeth Naidoo (41)

#### Chief Financial Officer/Group Financial Director

BCom, BAcc, CA (SA)

Date of appointment: October 2003

# Executive management



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

**10. Kenny Nkosi (53)**  
**Managing Director: Government**  
**(Technology division)**  
 Diploma in Business Administration,  
 Executive Development Programme

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

**9. Rainer Jeske (61)**  
**Managing Director: Technology**  
**Solutions (Technology division)**

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

**13. Seipati Mbokazi (35)**  
**Head: Human Resources**  
 BSocSci-Psychology, BSc (Honours)  
 Psychology

# Table of meetings

## Meetings of the Board of directors and committees

Detail	Nolitha Fakude*	Alwyn Martin*	Dudu Nyamane*	Arnold Fourie#	Richard Lyon#	Ahmed Mahomed	Elizabeth Naidoo
<b>Meetings of the Board of Directors</b>							
14 April 2014	√	√	√	√	N/A	√	√
16 July 2014	√	√	√	√	N/A	√	√
6 October 2014	X	√	√	√	N/A	√	√
26 November 2014	√	√	√	√	N/A	√	√
17 April 2015	√	√	√	√	X (App)	√	√
<b>Meetings of the Audit and Risk Committee</b>							
10 April 2014	App	√	√	N/A	N/A	√•	√•
16 July 2014	√	√	√	N/A	N/A	√•	√•
2 October 2014	√	√	√	N/A	N/A	√•	√•
2 February 2015	√	√	√	N/A	N/A	√•	√•
13 April 2015	√	√	√	√•	√•	√•	√•
<b>Meetings of the Social, Ethics and Remuneration Committee</b>							
10 April 2014	N/A	√	√	√	N/A	√•	√•
2 October 2014	N/A	√	√	√	N/A	√•	√•
13 April 2015	N/A	√	√	√	N/A	√•	√•
<b>Meetings of the Nominations Committee</b>							
26 November 2014	√	N/A	√	N/A	N/A	√•	N/A
13 April 2015	√	N/A	√	N/A	N/A	√•	N/A

\* Independent non-executive director

√ Attended

# Non-executive director

• By invitation

■ Chairman

X Apology

App Appointed during the year

N/A Not a member of the committee

# Corporate governance report

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

Datacentrix' Board regards corporate governance as important to the success of the Group and remains committed to sound corporate governance principles. The Board endorses the application of the principles recommended in the King III Report, and has been effectively implementing and reporting on a spectrum of governance principles,

underpinned by the values of responsibility, accountability, fairness and transparency.

## Statement of compliance

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

A number of these principles are reflected in the Group's internal controls and policy procedures. While the Board is

satisfied with its level of compliance with applicable governance and regulatory requirements, it recognises that its practices can always be improved, and accordingly the Board has and will continuously review the Group's governance framework against governance best practices. The Group continues to improve its well-established corporate governance processes and remains abreast of the latest industry developments.

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



Refer to our website for a detailed matrix that considers all 75 principles of King III.

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

# Corporate governance report continued

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

# Corporate governance report continued

## Structure, governance and operation of the Board

The Company's Board consists of the independent non-executive chairman, four other non-executive directors, and two executive directors. Three of the five non-executive directors are considered to be independent. Mr Richard Lyon was appointed to the Board as a non-executive director on 25 February 2015. These directors bring a wealth of experience and complement the skills and the experience base of the board. Directors' abridged curriculum vitae are provided in the Governance section of the integrated annual report under the Board of directors.

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

## Board charter

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

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

- Board leadership and defines the separate responsibilities of the Chairman and the chief executive;
- procedures, pre-requisites and competencies for membership, size and composition of the Board, period of office, reward, induction and succession planning;
- the role and responsibilities of the Board, which include the adoption of strategic plans, the monitoring of management's implementation of Board plans and strategies, the

delegation of powers and duties to management, the determination of policy and 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 Group's business should be two key and separate tasks. The charter requires that there should be a clear division of responsibilities at the head of the Group to safeguard a balance of power and authority, ensuring that no individual or block of individuals has unfettered powers of decision making or can dominate the Board's decision making.

## Board Chairman

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

effectiveness of the Board. In alignment with best practices, an independent non-executive director fulfils the role of Chairman for the Group.

## Board composition, performance and independence

Datacentrix has a unitary board structure comprising a mix of executive and non-executive directors. The Board presently comprises the independent non-executive Chairman, four non-executive directors (two of whom are independent) and two executive directors. The majority of directors are non-executive directors with the majority of the non-executive directors considered as independent. The roles of the Chief Executive Officer and Group Financial Director are fulfilled by separate directors of the Company.

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

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

# Corporate governance report continued

## Board composition, performance and independence (continued)

down for election by shareholders at the first AGM following their appointment.

The Board supports the development of directors and, through assistance from the company secretary, arranges an appropriate induction for new directors and, where applicable, training depending on each director's requirements. The performance of the Board as a whole, and the board committees individually, is appraised on an annual basis. The outcome of the appraisal process for the year 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 considers the interest and expectations of its stakeholders. Directors are required to declare their interests in accordance with the provisions of the Companies Act, 2008 (Act 71 of 2008), as amended, ("Companies Act").

## Roles and responsibilities of the Board of directors

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

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

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

- approval of the Group's strategy and annual budget;
- review of the Group's performance;
- monitoring of and reviewing the effectiveness of the Group's internal controls and risk management system;
- appointment, removal and remuneration of executive directors and the company secretary;
- determination of the terms of reference of Board committees; and
- approval of major capital expenditure or disposals, material contracts, material acquisitions and developments.

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

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

## Chief executive officer

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

All Board authority conferred on management is delegated through the CEO and the accountability of management is considered to be under 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. This ensures that levels of authority are applied and monitored effectively 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.

**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.**

# Corporate governance report continued

## 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 in the annual financial statements section of this report. iThemba Governance and Statutory Solutions Proprietary Limited ("iThemba") is the appointed company secretary and in terms of the JSE Listing Requirements, the Board is satisfied that the directors of iThemba are appropriately qualified, competent and experienced to fulfil this function, and that an arm's length relationship is maintained at all times.

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

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

## Access to Company information and confidentiality

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

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

## Information technology

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

- aligning 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;
- reviewing 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;
- monitoring IT projects, being mindful of business value of such investment and the returns expected; and
- ensuring IT governance policies are in place and reviewed, with the suitable awareness created.

## Stakeholder communication

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

The Board is accessible to all stakeholders by appointment for discussions pertaining to the business. Presentations are conducted in Johannesburg and Cape Town to shareholders, analysts and media representatives with the disclosure of the annual and interim financial results.

Financial and statutory information is published when appropriate on the Stock Exchange News Service ("SENS") of the JSE and in print media. Both annual and interim financial results announcements are supported by press interviews.

Datacentrix' website is an information portal for Group news and announcements. Stakeholders can request information using the respective contact details on the website, or under the guidelines of the Promotion of Access to Information manual.

Additional communication channels include the Company's intranet for its staff, print and online newsletters that are aimed at customers and technology partners, social media and events that enjoy participation by various stakeholders.

## Board committees

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to the following committees:

- Audit and Risk Committee;
- Social, Ethics and Remuneration Committee; and
- Nominations Committee.

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. The most recent review was conducted in 2015 to incorporate the relevant principles advocated by King III and the requirements of the Companies Act where applicable.

The Chairman of the Board attends the Social, Ethics and Remuneration Committee meetings at her own discretion in a non-voting capacity.

# Audit and Risk Committee

## Mandate and duties of the Audit and Risk Committee

The Audit and Risk Committee is mandated by the Board through approved terms of reference, which are reviewed annually by the committee and the Board and incorporate the relevant principles of King III. The committee is satisfied that it has met its responsibilities in terms of compliance therewith in all material respects during the financial year, including the requirements of the Companies Act of 2008. Its terms of reference were reviewed and amended by the Board during the year to ensure compliance with regulatory changes and best practice.

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

## Composition of the Audit and Risk Committee

Nominations of members for appointment to the Audit and Risk Committee by shareholders at the AGM are based on the ability of the members to collectively, based on their skill and experience, discharge the mandate of the committee as defined in the terms of reference.

Committee meetings are attended by the external and internal auditors and, on invitation, the CEO and Group Financial Director, including individuals involved in risk management and finance. The internal and external auditors have unlimited access to the Chairman of the Audit and Risk Committee.

The composition of the committee meets the mandatory requirements set by the JSE and is compliant with the Companies Act. The committee comprises solely of independent, non-executive directors

**The Audit and Risk Committee is responsible for overseeing the Group's reporting process on behalf of the Board. It 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 annual financial statements.**

who are financially proficient with the necessary expertise to discharge their responsibilities. The Chairman of the Board was appointed to the Audit and Risk Committee in the current year (not in the capacity of chairman of the committee). This is specifically noted in the notice to the AGM and shareholders will be requested to approve this decision at the AGM.

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

The qualifications and abridged curriculum vitae of the committee members are available in the Governance section of this report under the Board of directors.

## Meetings of the Audit and Risk Committee

There are four scheduled meetings per annum. During the year, the Committee focused on the issues discussed below.

## Roles and responsibilities of the Audit and Risk Committee

### Audit

The Audit and Risk Committee is responsible for overseeing the Group's reporting process on behalf of the Board. It 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 annual financial statements in compliance with all applicable statutory requirements, accounting standards and the JSE Listings Requirements.

The committee also performs all the statutory functions required to be performed by an audit and risk committee as required by section 94 of the Companies Act. The functions of the committee include:

- 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;
- reviewing 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;

# Audit and Risk Committee continued

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

- verifying the effectiveness of financial risk management, controls and governance processes as well as the competence of the Group Financial Director and capabilities of the finance function;
- reviewing the integrated annual report;
- ensuring compliance with applicable legal and regulatory requirements; and
- ensuring compliance by management with constraints imposed by the Board.

## Risk

The Board is responsible for the governance of risk and has established an on-going process for identifying, assessing and managing the significant risks faced by the Group. The committee is responsible for monitoring and reviewing the effectiveness of the Group's risk management, while the executives and management are responsible, through delegated authority, to manage 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, allowing the disclosure on risk management to be comprehensive, timely and relevant.

The committee's responsibilities include:

- 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, appetite and the monitoring of risks that are managed within these levels;
- overseeing the dissemination of the risk management plan;
- 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;
- monitoring the compliance function;
- liaising closely with the other committees to exchange relevant risk information;
- expressing a formal opinion to the Board on the effectiveness of risk management;
- reviewing risk management reporting that is included in the integrated annual report to ensure it is timely, comprehensive and relevant; and
- reporting to the Board on risk management.

## External audit

Subsequent to a review of the performance and independence of the external auditors, the Audit and Risk Committee recommended the re-appointment of SizweNtsalubaGobodo Inc. to perform an independent audit of the Group's financial statements.

These financial statements are prepared in terms of International Financial Reporting Standards ("IFRS") and the Companies Act. Interim financial reports to shareholders are unaudited.

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

before the Audit and Risk Committee for review and approval.

## Internal audit

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

The purpose, authority and responsibility of the internal audit function are formally defined in an internal audit charter, which is reviewed by the Audit and Risk Committee and approved by the Board. This charter is reviewed on an annual basis and revised as necessary. The internal audit function is designed to respond to management's needs while maintaining an appropriate degree of independence to render impartial and unbiased judgments in performing its services. The scope of the internal audit function includes:

- performing independent evaluations of the adequacy and effectiveness of Group companies' controls;
- providing additional assurance regarding the safeguarding of assets and financial information;
- reviewing results of assurance activities by internal corporate functions, where relevant;
- reviewing financial reporting mechanisms and records;
- reviewing information systems and operations;
- reporting on the adequacy of these controls; and
- monitoring and evaluating operating procedures and processes.

The internal auditor reports at all Audit and Risk Committee meetings and has unrestricted access to the Chairman of the Board and the Audit and Risk Committee respectively. The appointment or dismissal of the internal auditor occurs with the concurrence of the Audit and Risk Committee.

# Audit and Risk Committee continued

## Combined assurance

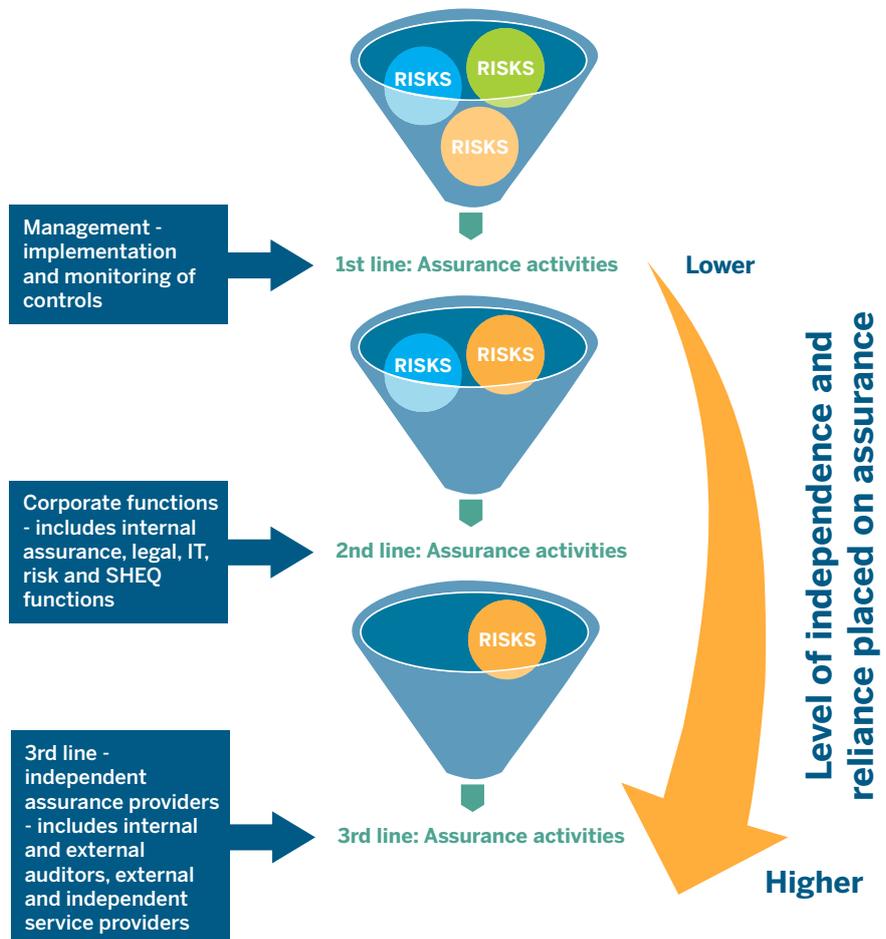
To manage a consolidated reporting structure for all assurance activities, Datacentrix has applied the principles of combined assurance. The combined assurance plan consists of “three layers of defence” wherein the assurance on risk management and related controls for the Group is reported.

The level of assurance required by the Board, and who should provide this assurance varies depending on the risk and required independence of the assurance being provided.

The overall assurance plan is developed and co-ordinated based on an assessment of the results of the risk management process that operates within the Group as well as specific areas raised by management, and through interactions between the different assurance providers and the Audit and Risk Committee. This ensures that the plan is focused on risk areas that are relevant to the Group and duplication of effort is minimised.

The results of the reviews by the different assurance providers are presented to the Audit and Risk Committee on a quarterly basis and assessed in accordance to the combined assurance principles. This ongoing feedback allows for weaknesses in controls to be identified proactively and ensures that proper controls are immediately implemented to prevent any further deficiencies.

The Board 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.



Through the combined assurance principles applied, the Board is able to obtain the appropriate levels of assurance on the relevant controls, in this way monitoring the systems of internal control effectively. Continual review and reporting structures enhance the control environments. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the Group occurred during the year.

## Ethics and whistleblowing

All employees at Datacentrix are expected to be professional and ethical in all business dealings and practices. On appointment, staff members pledge to comply with the Group's Code of Conduct and Zero Tolerance policies. Staff workshops are held as part of employee induction and frequent staff communication reinforces the

importance of integrity in business relations as well as the ramifications of non-compliance. The Board reviews the Code of Conduct annually. Contracts with suppliers and service providers incorporate a Code of Conduct clause as part of the requirements for doing business with the Group.

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

# Audit and Risk Committee continued

## Compliance

Compliance requirements have been categorised into Finance; Human Resources (“HR”); Legal; IT; Safety, Health, Environment and Quality (“SHEQ”); Operational; and Regulatory and Governance. Matters relevant to each category are considered and, if appropriate managed in accordance with the risk management process of the Group.

## Quality Management System

The Datacentrix Telkom Process Control Release (“PCR”) Quality Management System (“QMS”) is aligned to the ISO9001: 2008 Standard. Datacentrix successively obtained a renewed certification after an assessment process conducted by Telkom, retaining its PCR accreditation. The maturity of the QMS has developed significantly with every renewed certification. It is essential for Datacentrix as a modern business to have a certified QMS to compete in the marketplace and exceed customer expectations.

## Public reporting

The Audit and Risk Committee is responsible for considering and making recommendations to the Board relating to the Group's integrated annual 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 2015, and has recommended the approval of the integrated annual report for the financial year ended 28 February 2015 by the Board.

## Risk management

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

- there were no undue, unexpected or unusual risks taken nor were there any material losses suffered;

- there were no imminent or envisaged risk that may threaten the long-term sustainability of the Group; and
- the risks associated with the strategic direction of the Group have been managed effectively.

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

Sound management of risk enables management to anticipate and respond to changes in the business environment, as well as make informed decisions under conditions of uncertainty. Risk management processes are embedded in the business systems and processes, so that responses to risk remain current and dynamic.

All key risks, whether reputational, financial or non-financial, associated with major change and significant actions by the Group, also fall within the processes of risk management. The nature of Datacentrix' risk attitude demands 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.

The Company's risk register, comprising the key strategic, operational, financial, reputational and compliance risks was continuously updated during the year.

The risk process requires that risks are assessed by separately considering the inherent risk and the impact of mitigating

controls in place. In assessing the inherent risk rating, the severity of impact and the likelihood of occurrence of each risk are assessed after taking the root cause and consequences of the risks materialising into account. 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.

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

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

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

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

# Social, Ethics and Remuneration Committee

## Mandate and duties of the Social, Ethics and Remuneration Committee

The committee is governed by a formal charter, which is aligned to the King III principles and the Companies Act. The committee's terms of reference are reviewed and amended by the Board on an annual basis to ensure compliance with regulatory changes and best practice and to incorporate the relevant provisions of King III as approved by the Board. Responsibilities of this committee are in line with the legislated requirements as per Regulation 43 of the Companies Act. The key areas of responsibility are listed below.

**Datacentrix operates in an informed, responsive manner, contributing positively to its staff and the communities where it operates. The Group fosters value-driven, ethical behaviour, and good governance practices that are underpinned by solid company values.**

Key area	Reference to further information on the topic
Social and economic development	Social responsibility report in this integrated annual report
Corporate citizenship	Social responsibility report in this integrated annual report
Environment, health and public safety	Social responsibility report in this integrated annual report
Stakeholder relations	Page 41 of the integrated annual report
Empowerment and transformation	Page 27 of the integrated annual report
Labour and employment	Page 47 of the integrated annual report
Ethics and code of conduct compliance	Page 44 of the integrated annual report
Regulatory, statutory and legislative compliance	Page 45 of the integrated annual report

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

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

## Composition of the Social, Ethics and Remuneration Committee

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

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

The majority of the members of the Social, Ethics and Remuneration Committee are considered by the Company to be independent, non-executive directors. The qualifications and abridged curriculum vitae of the

committee members are available in the Governance section of this report under the Board of directors.

## Roles and responsibilities of the Social, Ethics and Remuneration Committee

In addition to fulfilling its statutory duties, the committee is responsible for the remuneration strategy of the Group, the approval of mandates for incentive schemes within the Group and the determination of the remuneration of the executive directors, relative to local and international industry benchmarks, including:

- ▶ 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;

# Social, Ethics and Remuneration Committee

continued

## Roles and responsibilities of the Social, Ethics and Remuneration Committee (continued)

- ▶ the adoption of annual and longer term incentive plans;
- ▶ the determination of levels of reward for the CEO and approval of reward to the CEO's senior direct reports;
- ▶ the annual evaluation of the performance of the CEO, by giving guidance to the Chairman;
- ▶ the communication to shareholders on remuneration policy and the committee's work on behalf of the Board; and
- ▶ compliance with applicable legal and regulatory requirements associated with human resources matters such as skills development and employment equity.

## Meetings of the Social, Ethics and Remuneration Committee

There are two scheduled meetings per annum. During the year, the Committee focused on the issues discussed below.

## Employment equity

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

- ▶ identifying and fast tracking the development of identified employees;
- ▶ providing continuous support to line management with regards to disability management in the workplace;
- ▶ continuing to meet the targets for improving its BEE scorecard;
- ▶ fine-tuning its focus on the gender issue, particularly for black women; and
- ▶ addressing the retention of key talent.

Datacentrix, by the nature of its business, attracts employees through business acquisitions, acquisitions of targeted skills as well as employment. While the race and gender of the latter remain in the control of the Group, employment equity targets and demographic planning

become more complicated to manage when part of an acquisition.

## Skills development

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

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

- ▶ continues to invest in internal training to develop existing staff and any new recruits;
- ▶ uses a graduate programme to attract and train individuals in the information technology environment; and
- ▶ 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. The 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 survival and success in a competitive global economy.

## Group remuneration philosophy

The remuneration philosophy reflects Datacentrix' commitment to align 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.

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

Datacentrix' philosophy, which remains fundamentally 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 the Company's culture, values and philosophies.

Datacentrix strives to inspire success by providing a working environment that stimulates extraordinary performance.



Datacentrix uses relevant training to develop employees, including management development, learnership and graduate programmes. Refer to the skills development section in the Corporate Social Responsibility report for more information



# Social, Ethics and Remuneration Committee

continued

## Group remuneration philosophy (continued)

The way in which Datacentrix rewards its staff, in particular executive staff and prescribed officers, is in line with the Company's dedication to achieving its strategic objectives. The table below indicates the Group's five strategic focus areas, illustrating the link to the Group's remuneration policy and practices.

Strategic objective	Link to remuneration strategy
<p><b>Value delivery:</b> To build an organisation of performance-driven, empowered, passionate and professional employees, who align their success to that of the Group and who are driven to create and share innovation and continuous improvement.</p>	<ul style="list-style-type: none"> <li>▶ Datacentrix aims to provide a level of remuneration that attracts, retains and motivates staff, in particular executives, of the highest calibre.</li> <li>▶ Datacentrix' overall remuneration philosophy is to ensure that executive directors and the senior executive team are fairly rewarded for their individual contribution to the Company's operating and financial performance with respect to its corporate objectives and strategy. In line with this, the Company is committed to paying remuneration that is competitive relative to the target labour market based on industry and market benchmarks reviewed by the Company on an annual basis.</li> </ul>
<p><b>Growth:</b> To achieve targeted compound growth in total shareholder returns.</p>	<ul style="list-style-type: none"> <li>▶ Executive remuneration is heavily weighted towards variable remuneration to ensure the alignment of executive interests with those of the shareholders.</li> <li>▶ Attract and retain specialist skills in niche and more complex segments of the market.</li> </ul>
<p><b>Leadership:</b> To drive market leadership through competitive differentiation by accelerating the evolution of Datacentrix' business model from pure distribution to the provision of flexible, value-adding, integrated customer solutions.</p>	<ul style="list-style-type: none"> <li>▶ The short-term incentive ("STI") rewards and motivates the achievement of agreed Group, divisional and individual performance objectives.</li> <li>▶ In respect of personal scorecard objectives for the STI, key performance indicators ("KPIs"), such as the following, would be included to drive performance in line with this strategic objective:               <ul style="list-style-type: none"> <li>– divisional targets; and</li> <li>– B-BBEE.</li> </ul> </li> </ul>

# Social, Ethics and Remuneration Committee

continued

## Group remuneration philosophy (continued)

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

- determines the remuneration of the executive directors and executive management;
- recommends the allocation of long-term incentives to management and executive directors;
- recommends the approval of performance bonuses to individuals under the Group's short-term incentive scheme; and
- makes recommendations on fees for

non-executive directors and Board committee members for approval by the Board and shareholders.

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

Decisions by the Social, Ethics and Remuneration Committee during the financial year included:

- approval of the performance bonuses for the qualifying employees; and
- total cost of employment ("TCOE")

increase for the forthcoming year; and

- the Group participated in the 21<sup>st</sup> Century survey and benchmarked existing salaries against the survey results.

The committee is satisfied that:

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

## Remuneration components

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

Component	Datacentrix' approach to remuneration
<b>Employees</b>	<p>Group employees receive a total guaranteed package that is based on the role of the employee, market value, individual performance and level of competence. Packages are structured on a total-cost-to-company ("TCTC") basis and include contributions to healthcare, disability, life insurance and retirement benefits. Employer contributions towards retirement, life and medical benefits are included in the total guaranteed package.</p> <p>This means that employees are able to participate in the structure and composition of their individual packages to suit their needs and the requirements of their positions. This also enables comparison across the various employee classes. The TCOE concept offers transparency as each employee is able to understand the elements of their total remuneration package.</p> <p>Base salaries are reviewed in terms of job profiles and experience, and adjustments are made to base salaries to bring them in line where applicable.</p>
<b>Middle management and key employees</b>	<p>The remuneration structure for middle management and key employees includes fixed, short-term and medium to long-term components that reflect individual performance aligned with the relevant business' performance. The Group's primary management remuneration objective is to reward members of the management team to ensure that their interest areas, as far as possible, correspond with the interests of shareholders, the financial and commercial well-being of the Group and recommendations from industry surveys.</p>

# Social, Ethics and Remuneration Committee

continued

## Remuneration components (continued)

Component	Datacentrix' approach to remuneration
<b>Middle management and key employees (continued)</b>	<p>This is achieved through:</p> <p><b>Fixed remuneration:</b> Base salary and benefits – this is reviewed annually to ensure that the efforts of management who contribute to the success of the Group and have the potential to sustain performance are remunerated competitively.</p> <p><b>Short-term incentives:</b> A short-term performance-related incentive scheme intended to provide superior total pay opportunities, should business performance merit it, and to reward individual performance.</p> <p><b>Long-term incentives:</b> A long-term deferred bonus performance-related incentive scheme intended to attract, engage and retain critical talent and drive toward the overall performance of the Group.</p>
<b>Executive management and directors</b>	<p>The remuneration of executive management and directors is structured with the purpose to align the interests of the executives with operational performance and the long-term sustainability of the Group. Executives are rewarded through the payment of base remuneration, benefits, short-term incentives and long-term share-based incentives in the form of participation in the Group's Share Trust.</p> <p>Executive remuneration is generally split equally between variable and fixed compensation. Details of the remuneration of the directors and Group executives, and information on share options are set out in the annual financial statements.</p> <p>The financial metrics for short and long-term incentives are set by the Social, Ethics and Remuneration Committee on an annual basis, and are carefully selected based on key business drivers over the short and long term. The metrics that have been used in the past, and are envisaged to be used in future, are as follows:</p> <p><b>Short-term incentive:</b> Group targets apply in the case of the CEO and financial director. Group targets are considered appropriate for these individuals due to the strategic nature of these roles, and their responsibilities for the performance of the Group as a whole. Divisional and Group targets apply for the rest of the executive management and prescribed officers, in recognition of the responsibilities they bear to individual divisions of the business as well as their contributions to the performance of the Group as a whole. The targets set take into account the current trading conditions and challenges being faced by the Group or relevant division and incorporate a meaningful level of stretch to motivate and retain senior employees.</p> <p><b>Long-term incentive:</b> Long-term incentives to Executive management and directors are in the form of the Datacentrix Share Option Scheme, the benefit of which is driven by the share price of the Group.</p>
<b>Non-executive directors</b>	<p>Non-executive directors are paid fees for their services as directors and Board-appointed committee members. Fees for non-executive directors are recommended to the Board by the Social, Ethics and Remuneration Committee and are reviewed annually taking into account external benchmarks. The committee takes cognisance of market norms and practices, as well as the additional responsibilities placed on Board members by new acts, regulations and corporate governance guidelines. As required in terms of the Companies Act, fees for non-executive directors are submitted to shareholders for approval by way of special resolution at the AGM.</p> <p>To avoid the potential for conflicts of interest, which could impair independence, Datacentrix does not award bonuses or share options to non-executive directors.</p> <p>Information on fees paid to the non-executive directors for the financial year for directorship and membership of the Board and various committees is set out in note 2 of the annual financial statements.</p>

# Social, Ethics and Remuneration Committee

continued

## Remuneration breakdown

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

<b>Base salary</b>	Fixed	<ul style="list-style-type: none"> <li>➤ Reflects the nature and scope of the specific role, including the performance and experience of the employee.</li> <li>➤ Fixed remuneration is based on a TCTC approach. Benefits included as part of TCTC packages include a healthcare, disability, life insurance and retirement benefits.</li> <li>➤ There is no standard across-the-board increase to all employees within the Group. Consideration for increases takes into account, among others, the following factors, namely market related TCOE increases, changes in individual responsibility, individual performance, the performance of the Group as a whole and other relevant economic indicators such as, inter alia, affordability and inflation. Overall increases will typically reflect the market benchmark increases, with individual increases varying according to an assessment of individual performance/worth.</li> <li>➤ As a general rule, above average remuneration (75th percentile) is only awarded to key staff who demonstrate that they have above average competency, and who are able to deliver results in keeping with this – as reflected in their annual performance ratings.</li> </ul>
<b>Benefits (included in base remuneration)</b>	Fixed	<ul style="list-style-type: none"> <li>➤ Provides employees with contractually agreed benefits such as healthcare, disability, life insurance and retirement benefits. Members have the option to structure their pensionable income, monthly contributions to the Datacentrix Provident Fund and the nature of the fund invested in, however membership is compulsory.</li> <li>➤ A minimum of 10% of pensionable remuneration is invested in the Datacentrix Provident Fund for all new employees.</li> <li>➤ Contributions to the Datacentrix Provident Fund include benefits relating to insurance for employee and their dependants in the event of disability, death, critical illness, etc.</li> <li>➤ All employees are required to belong to an approved medical aid scheme.</li> <li>➤ Benefits are funded from the TCTC package for each employee.</li> </ul>
<b>Short-term incentives schemes</b>	Variable	<ul style="list-style-type: none"> <li>➤ Rewards and motivates employees to achieve agreed objectives.</li> <li>➤ Datacentrix has short-term incentive schemes, which are tailored to the diverse businesses within the Group and designed to incentivise various categories of employees.</li> <li>➤ All full-time salaried employees are appraised annually by the manager to whom they report in terms of the Group's various performance management systems.</li> <li>➤ Performance ratings at year-end are taken into account in relation to merit increments or promotion in the following year.</li> <li>➤ Selected key staff are eligible to receive a short-term incentive bonus at the end of the financial year based on a performance rating.</li> <li>➤ For these purposes, their performance scorecards are structured with a weighting of between 30% and 75% being given to financial targets and of between 30% and 75% to their individual KPIs as agreed with the manager to whom they report at the beginning of the year.</li> </ul>

# Social, Ethics and Remuneration Committee

continued

## Remuneration breakdown (continued)

<b>Short-term incentives schemes (continued)</b>	Variable	<ul style="list-style-type: none"> <li>▶ Short-term incentives are not guaranteed, are paid in cash and are based on both individual and business unit achievement against pre-set targets. The conditions for earning a short-term incentive generally consist of two elements, namely personal objectives (incorporating non-financial measures) and, financial performance targets. Performance targets are designed to be relevant, and challenging. Budgets are approved by the Board at the start of the period and the committee approves bonuses for executives before they are paid.</li> <li>▶ 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.</li> </ul> <p>Operational management performance targets focus on operating profits and working capital. The bonuses also include a discretionary element covering specific key performance areas and targets for each manager. These key performance indicators include responsibility for matters such as:</p> <ul style="list-style-type: none"> <li>▶ Service level achievements;</li> <li>▶ Performance management;</li> <li>▶ Growth of the Company;</li> <li>▶ Succession planning and talent management; and</li> <li>▶ Achievement of predetermined broad-based black economic empowerment targets for each manager's area of responsibility.</li> </ul>
<b>Medium/long-term incentive plans</b>	Variable	<p>Medium to long-term incentives create loyalty and commitment among employees and act as a retention mechanism. It is essential for the Group to retain skills over the longer term and to motivate and incentivise senior management and other key employees to drive sustainable value creation over multiple reporting periods. This is achieved through long-term incentive plans and annual awards using the deferred bonus scheme. Financial performance targets for selected employees are set annually. On partial achievement of certain of these targets, a pro-rata bonus value is accrued. The value is deferred over a three-year period, with one third being available for a cash pay-out on an annual basis. The employee has to remain in the employment of the Company to retain the right to be paid the bonus.</p>
<b>Datacentrix Share Option Scheme</b>	Variable	<p>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.</p> <p>The Social, Ethics and Remuneration Committee determines the criteria for the allocation, awards and/or grants to the employees of the Company and its operations. Further detail on the criteria is set out below and has been approved by the Board.</p> <p>Eligible participants are recommended by the CEO and are then submitted to the Social, Ethics and Remuneration Committee, which submits its approved participants to the Board for final approval.</p>

# Social, Ethics and Remuneration Committee

continued

## Equity-settled share option plan

The Group plan provides for a grant price equal to the five day weighted 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.

## Executive directors' remuneration

Remuneration and benefits for executive directors' remuneration are set out in note 2 of the annual financial statements. No current or retired director receives a pension funded by the Group.

## Contractual provisions of executive directors and management

No special contractual arrangements apply to the appointments and termination of employment of the senior executives and no fixed term contracts of employment remain to be fulfilled. For executive directors and management notice of termination is one month.

Severance packages are not less than the minimum prescribed by law at the relevant time. Currently, none of the senior executives have special termination benefits or balloon payment provisions in their employment contracts, and Group policy prevents any senior executive from being compensated for loss of office.

Senior executives are subject to a restraint of trade condition prohibiting such individuals from taking employment with competing organisations for a period of 18 months after termination of employment. No consideration is paid to these employees in terms of this restraint.

Equity-settled share option plan	Group	
	2015 Options	2014 Options
Outstanding at the beginning of the year	21 954 798	23 294 173
Granted during the year	125 000	75 000
Exercised during the year	(22 500)	(403 750)
Forfeited during the year	(272 500)	(1 010 625)
Outstanding at the end of the year	21 784 798	21 954 798

**The remuneration philosophy reflects Datacentrix' commitment to align with best practice in the areas of remuneration, retention and reward in an effort to attract and retain exceptional talent.**

## Executive Committee remuneration

The total remuneration of members of the Executive Committee is set out in note 2 of the annual financial statements.

## 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.

No share options have been allocated to directors or prescribed officers during the current year. At year end, share options allocated to prescribed officers amounted to 7,260,000 (at an average option price of R4.23) to the value of R32 million.

## Non-executive directors

The appointment of non-executive directors ("NEDs") is governed by a letter of appointment that sets out, among other things, the term of appointment, duties and responsibilities, fees and other

payments, and termination of services. NEDs receive a standard fee for their services on the Board and Board committees. The Social, Ethics and Remuneration Committee reviews the level of fees and makes recommendations to the Board for consideration. In terms of Datacentrix' Memorandum of Incorporation, fees payable to NEDs must be approved by shareholders in general meeting. The current level of fees payable to non-executive directors was approved by shareholders at the previous AGM. The proposed fees will be tabled for approval at the next AGM.

## Succession planning

The Social, Ethics and Remuneration Committee reviews the Group's succession plan and communicates any areas of concern to the Board. The Group is presently not at risk in any senior executive position. The development of the plan is ongoing and is formally reviewed on an annual basis.

# Nominations Committee

## **Mandate and duties of the Nominations Committee**

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

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

## **Composition of the Nominations Committee**

The members of the Nominations Committee are non-executive directors.

The committee is chaired by the Chairman of the Board as recommended by King III.

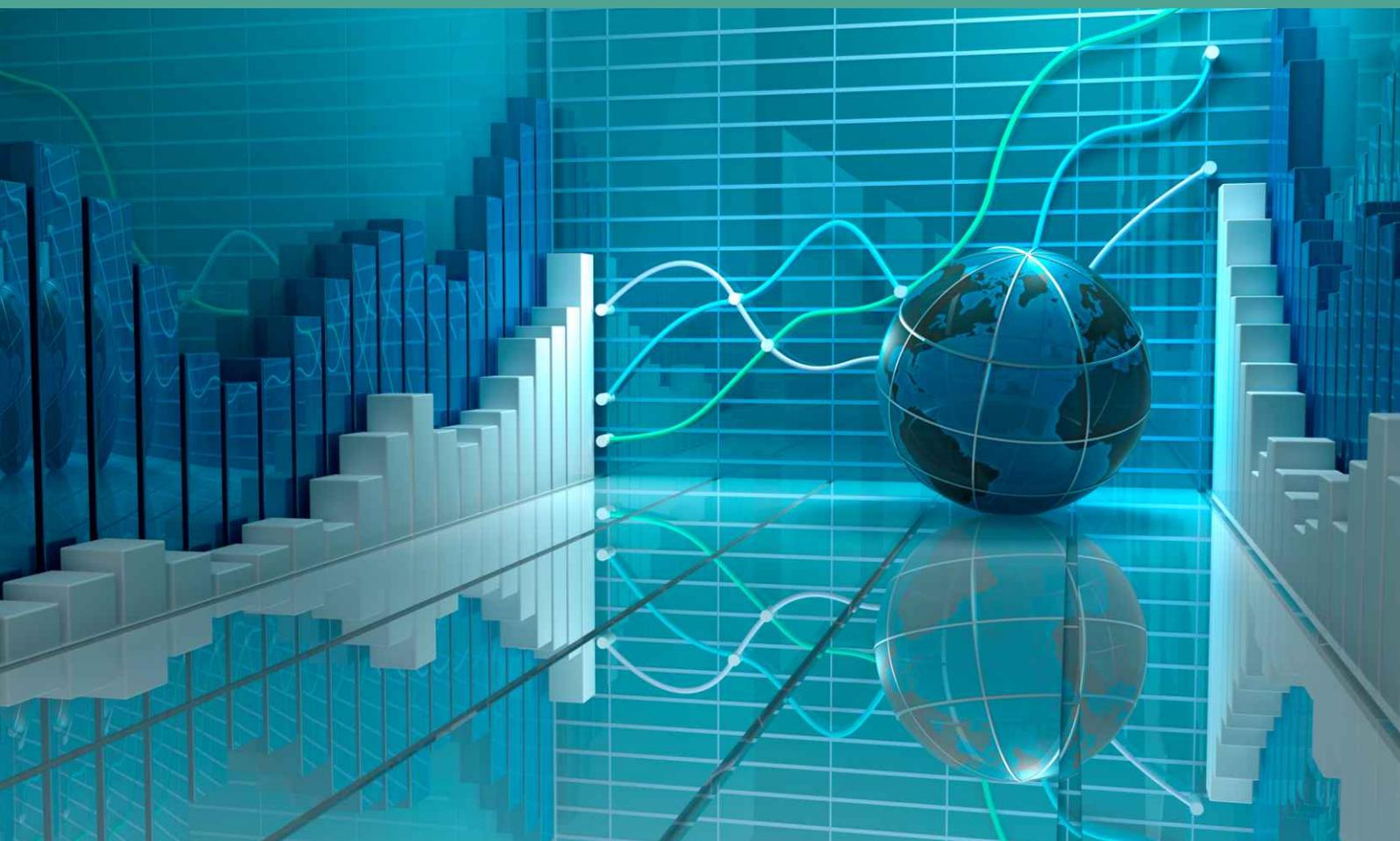
## **Meetings of the Nominations Committee**

The committee met once during the financial year.

## **Roles and responsibilities of the Nominations Committee**

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

# ANNUAL FINANCIAL STATEMENTS



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The annual financial statements for the year ended 28 February 2015 have been prepared under the supervision of the Group Financial Director, Elizabeth Naidoo (CA)SA.

# Directors' report

The directors have pleasure in presenting their report on the activities of the Group and Company for the year ended 28 February 2015.

## General review

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

## Share capital

There were no movements in the share capital of the Company in the current or prior financial period. Details of the authorised and issued share capital appear in note 21 to the annual financial statements.

## Dividends

Details of the dividends and distributions declared and paid are shown in note 9 to the annual financial statements.

## Datacentrix Holdings Share Trust

The two trustees, Nolitha Fakude and Dudu Nyamane, both independent non-executive directors, manage the Datacentrix Holdings Share Trust. The trustees are responsible for the financial management of the trust and ensure adherence to the rules of the share trust deed. Details of the share trust are included in note 27 to the annual financial statements.

## Subsidiaries and joint venture

Details of principal subsidiary companies appear in note 14 and details of the joint venture appear in note 13 to the annual financial statements.

## Major shareholders

Shareholders holding beneficially, directly or indirectly in excess of 5% of the issued share capital of the Company are detailed in note 37 to the annual financial statements.

## Events subsequent to financial year end

The events subsequent to financial year end are detailed in note 29 to the annual financial statements. 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.

## Capital expenditure

The Company spent R13.7 million (2014: R16.3 million) on property and equipment. R2.2 million (2014: R3.5 million) was spent on spares stock, also classified as equipment.

## Auditor

SizweNtsalubaGobodo Inc. continued in office as auditor for the Group for 2015. At the forthcoming Annual General Meeting ("AGM"), SizweNtsalubaGobodo Inc. will be proposed for re-appointment as the independent external auditor of the Group for the 2016 financial year.

## Dealing in securities

At the last AGM held on 27 June 2014, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 46 and 48 of the Companies Act, by way of special resolution, for acquisition of its own shares.

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 in a closed period prior to the publication of its year-end and interim results. During this time, the Group's directors, prescribed officers and employees, and their families and associates, are restricted from dealing, whether directly or indirectly, in the Company's shares based on 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.

## Borrowing powers

The borrowing powers of the company and subsidiaries are detailed in note 31 to the annual financial statements.

## Directorate

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

# Directors' report continued

## Directorate (continued)

Richard Lyon, the Chief Financial Officer of Pinnacle Holdings Limited, was appointed as a non-executive director to the Board effective 25 February 2015. No other changes to the Board took place during the financial period.

## Directors' and prescribed officers' remuneration

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

## 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 to be determined by the Board. Additional information on the competence, qualifications and experience of the company secretary is provided in the corporate governance report.

## Directors' responsibilities

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

## Audit and Risk Committee

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

## Going concern

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

## Financial results

The financial results for the year ended 28 February 2015 are set out in detail within these annual financial statements.

## Interests of directors

During the financial year, other than transactions with companies related to the shareholders of the Group, which are disclosed in the annual financial statements, no material contracts were entered into which directors of the Company had an interest in and which significantly affected the business of the Group.

The interests of directors in terms of direct and indirect beneficial interest are disclosed under note 2 of the annual financial statements.

## Related party transactions

The related party transactions are disclosed in note 33 of the annual financial statements.

## Sponsor

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

## Insurance

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

# Audit and Risk Committee's report

In compliance with the requirements of section 94 of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act"), an Audit and Risk Committee is appointed annually by shareholders at the Annual General Meeting ("AGM"). During the year under review, this committee comprised of Alwyn Martin (Chairman); Nolitha Fakude; and Dudu Nyamane.

During the financial year ended 28 February 2015, in addition to the duties set out in the Audit and Risk Committee's terms of reference, the committee carried out its functions as follows:

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

The Audit and Risk Committee has satisfied itself through enquiry that SizweNtsalubaGobodo Inc. and Alex Philippou, the designated auditor, are independent of the Company. The Audit and Risk Committee recommended the annual financial statements for the year ended 28 February 2015 for approval to the Board. The Board has subsequently approved the annual financial statements, which will be open for discussion at the forthcoming AGM.

The committee has considered and satisfied itself of the appropriateness of the expertise and experience of the Group Financial Director, Elizabeth Naidoo, and the finance function. An abridged curriculum vitae of the Group Financial Director appears in the Governance section of this integrated annual report under the Board of directors.



Alwyn Martin  
Chairman, Audit and Risk Committee  
Midrand  
17 April 2015

# Certificate of the company secretary

I certify, in my capacity as company secretary and in accordance with section 88 of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, that for the year ended 28 February 2015 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  
17 April 2015

# Directors' statement of responsibility

The annual financial statements are prepared in accordance with the appropriate accounting policies based on International Financial Reporting Standards ("IFRS"), the Companies Act of South Africa and incorporate appropriate and responsible disclosure, supported by reasonable and prudent judgements and estimates, which have been used consistently. The responsibility of the external auditor is to independently audit and report on the fair presentation of the financial statements in all material respects and their report is presented on page 60.

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 2015.

The directors of the Group, whose names are given in the Governance section under the Board of directors of this integrated 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 61 to 106 were approved by the Board of directors on 17 April 2015, and are signed on its behalf by:



Nolitha Fakude  
Independent, Non-executive Chairman



Ahmed Mahomed  
Chief Executive Officer

# Independent auditor's report

## To the shareholders of Datacentrix Holdings Limited

We have audited the consolidated and separate annual financial statements of Datacentrix Holdings Limited, set out on pages 61 to 105, which comprise the consolidated and separate statements of financial position as at 28 February 2015, and the statements of comprehensive income, changes in equity and of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the financial statements

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

## Auditor's responsibility

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

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

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

## Opinion

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Datacentrix Holdings Limited as at 28 February 2015, and its consolidated and separate financial performances and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## Other reports required by the Companies Act

As part of our audit of the consolidated and separate annual financial statements for the year ended 28 February 2015, we have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



SizweNtsalubaGobodo Inc.  
Alex Philippou  
Registered Auditor  
Engagement Director  
17 April 2015

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Nonkululeko Gobodo (Executive Chairman), Victor Sekese (Chief Executive).

A comprehensive list of all directors is available at the company offices or registered office. SizweNtsalubaGobodo Incorporated. Registration number: M2005/034639/21

# Statements of Comprehensive Income

for the year ended 28 February 2015

	Notes	Group		Company	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Revenue</b>	3	2 249 661	2 279 512	-	-
Changes in inventories of finished goods and work in progress		13 286	(7 908)	-	-
Finished goods		(1 516 646)	(1 524 699)	-	-
Employee benefits expense		(507 322)	(520 472)	-	-
Depreciation and amortisation expenses		(25 669)	(27 331)	-	-
Operating expenses		(68 541)	(74 035)	(1 126)	(843)
(Loss)/Profit from joint venture		(967)	223	-	-
Investment income	4	5 257	5 184	11	50 008
Finance costs	5	(2 602)	(4 010)	-	-
<b>Profit before taxation</b>	6	146 457	126 464	(1 115)	49 165
Income taxation expense	7	(42 980)	(37 539)	-	(1)
<b>Profit after taxation</b>		103 477	88 925	(1 115)	49 164
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year attributable to shareholders</b>		103 477	88 925	(1 115)	49 164
Basic earnings per ordinary share (cents)	8	52.9	45.4		
Diluted basic earnings per ordinary share (cents)	8	52.6	45.2		

# Statements of Financial Position

as at 28 February 2015

	Notes	Group		Company	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
		200 179	206 341	119 328	150 520
Property and equipment	10	68 421	69 006	-	-
Intangible assets - business combinations	11	88 854	91 516	-	-
Intangible assets - software	12	9 803	9 646	-	-
Investment in joint venture	13	-	914	-	-
Investment in subsidiaries	14	-	-	119 328	150 520
Finance lease receivable	15	-	7 191	-	-
Deferred taxation assets	16	33 101	28 068	-	-
<b>Current assets</b>					
		780 739	756 190	7 125	7 241
Loan to share trust	17	-	-	6 627	6 627
Current taxation assets		1 998	11 844	-	-
Finance lease receivable	15	7 191	19 271	-	-
Inventories	18	31 122	44 408	-	-
Trade and other receivables	19	448 936	478 130	195	181
Cash and cash equivalents	20	291 492	202 537	303	433
<b>TOTAL ASSETS</b>					
		980 918	962 531	126 453	157 761
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
		612 425	537 943	126 125	157 718
Share capital	21	21	21	21	21
Share premium	21	36 092	36 079	39 280	39 280
Treasury shares	21	(35 983)	(35 983)	-	-
Equity-settled share scheme reserve	21	39 208	36 378	46 061	43 161
Retained earnings		573 087	501 448	40 763	75 256
<b>Non-current liabilities</b>					
		19 889	39 357	-	-
Deferred revenue	22	6 438	13 175	-	-
Loan payable	14	13 338	18 793	-	-
Deferred taxation liabilities	16	113	232	-	-
Finance lease payables	23	-	7 157	-	-
<b>Current liabilities</b>					
		348 604	385 231	328	43
Deferred revenue	22	67 580	53 284	-	-
Finance lease payables	23	7 157	18 565	-	-
Trade and other payables	24	265 096	306 872	325	39
Current taxation liabilities		304	112	3	4
Loan payable	14	6 405	3 517	-	-
Lease smoothing liability		2 062	2 881	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>					
		980 918	962 531	126 453	157 761

# Statements of Changes in Equity

for the year ended 28 February 2015

	Share capital R'000	Share premium R'000	Treasury shares* R'000	Equity- settled share scheme reserve R'000	Retained earnings R'000	Total R'000
<b>GROUP</b>						
<b>Balance at 28 February 2013</b>	21	35 962	(35 983)	31 449	460 181	491 630
Total comprehensive income for the year	-	-	-	-	88 925	88 925
Treasury shares - movement during the year	-	117	-	(431)	-	(314)
Share-based payments	-	-	-	5 360	-	5 360
Dividend paid	-	-	-	-	(47 658)	(47 658)
<b>Balance at 28 February 2014</b>	<b>21</b>	<b>36 079</b>	<b>(35 983)</b>	<b>36 378</b>	<b>501 448</b>	<b>537 943</b>
Total comprehensive income for the year	-	-	-	-	103 477	103 477
Treasury shares - movement during the year	-	13	-	(70)	-	(57)
Share-based payments	-	-	-	2 900	-	2 900
Dividend paid	-	-	-	-	(31 838)	(31 838)
<b>Balance at 28 February 2015</b>	<b>21</b>	<b>36 092</b>	<b>(35 983)</b>	<b>39 208</b>	<b>573 087</b>	<b>612 425</b>
<b>COMPANY</b>						
<b>Balance at 28 February 2013</b>	21	39 280	-	37 801	76 054	153 156
Total comprehensive income for the year	-	-	-	-	49 164	49 164
Share-based payments	-	-	-	5 360	-	5 360
Dividend paid	-	-	-	-	(49 962)	(49 962)
<b>Balance at 28 February 2014</b>	<b>21</b>	<b>39 280</b>	<b>-</b>	<b>43 161</b>	<b>75 256</b>	<b>157 718</b>
Total comprehensive income for the year	-	-	-	-	(1 115)	(1 115)
Share-based payments	-	-	-	2 900	-	2 900
Dividend paid	-	-	-	-	(33 378)	(33 378)
<b>Balance at 28 February 2015</b>	<b>21</b>	<b>39 280</b>	<b>-</b>	<b>46 061</b>	<b>40 763</b>	<b>126 125</b>

\* Treasury share movements relating to the share incentive scheme of the Group have been accounted for in the equity-settled share scheme reserve as this reflects the nature of the transaction.

# Statements of Cash Flow

for the year ended 28 February 2015

	Notes	Group		Company	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash receipts from customers		2 266 148	2 206 551	-	-
Cash paid to suppliers and employees		(2 067 100)	(2 063 924)	(854)	(1 214)
<b>Cash generated from/(utilised in) operations</b>	34	<b>199 048</b>	<b>142 627</b>	<b>(854)</b>	<b>(1 214)</b>
Interest received	36	6 599	8 737	11	8
Interest paid		(2 602)	(4 010)	-	-
Dividend received from subsidiaries		-	-	-	50 000
Dividend paid	9	(31 838)	(47 658)	(33 378)	(49 962)
Taxation paid	35	(38 094)	(60 414)	(1)	-
<b>Net cash inflow/(outflow) from operating activities</b>		<b>133 113</b>	<b>39 282</b>	<b>(34 222)</b>	<b>(1 168)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Additions to property and equipment		(15 979)	(18 576)	-	-
Additions to intangible assets - software		(6 982)	(7 863)	-	-
Proceeds from sale of property and equipment		58	696	-	-
Decrease in investment		-	-	34 092	1 212
Acquisition of subsidiary		-	(34 402)	-	-
Movement in joint venture loan		(53)	53	-	-
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(22 956)</b>	<b>(60 092)</b>	<b>34 092</b>	<b>1 212</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Increase in equity-settled share scheme reserve		(70)	(431)	-	-
Decrease in amounts due under finance leases		(18 565)	(26 543)	-	-
Decrease in loans payable		(2 567)	(23 440)	-	-
<b>Net cash outflow from financing activities</b>		<b>(21 202)</b>	<b>(50 414)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>88 955</b>	<b>(71 224)</b>	<b>(130)</b>	<b>44</b>
Cash and cash equivalents at the beginning of the year		202 537	273 761	433	389
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>291 492</b>	<b>202 537</b>	<b>303</b>	<b>433</b>

# Notes to the Annual Financial Statements

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated and separate annual financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of JSE Limited, and the Companies Act of South Africa (Act 71 of 2008), as amended.

The consolidated and separate financial statements have been prepared on the historical cost basis, except for financial instruments carried at fair value, as applicable.

The principle accounting policies adopted are set out below. The principal accounting policies, which comply with IFRS, have been consistently applied in all material respects in the current and comparative years.

All subsidiaries and other entities, controlled by the Company, complied with these accounting policies.

### Basis of consolidation

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

### Business combinations

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

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

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

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

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

### Interest in joint venture

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

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

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Interest in joint venture (continued)

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

### Operating segments

An operating segment is a component of an entity:

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

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

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

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

### Property and equipment

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

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

When the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are discounted to their present values. A gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

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

### Impairment of assets

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

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.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of assets (continued)

Impairment losses are recognised in profit and loss for the year. It is first allocated to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis. The recoverable amount is determined in terms of the value in use.

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

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

### Intangible assets

#### Goodwill

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

All business combinations are accounted for by applying the acquisition method in accordance with the principles of IFRS 3: Business Combinations. Goodwill is allocated to cash generating units and tested annually for impairment. A recognised impairment loss is never reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### 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.

#### Intangible assets – business combinations

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

### Leases

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

#### The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges related to leases are charged to profit or loss as they accrue.

Assets held under operating leases are not recognised in the Group's statement of financial position. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

#### The Group as lessor

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

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Leases (continued)

#### *The Group as lessor (continued)*

Rental income from operating leases (excluding costs for other services) 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. Amounts due from the lessee are recorded as receivables.

### Taxation

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

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

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

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

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when the different taxable entities intends to settle current tax assets and liabilities on a net basis.

### Inventories

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

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

### Financial instruments

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

#### Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is party to a contract whose terms require delivery of the financial asset 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..

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

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial assets (continued)

#### *Effective interest method*

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

#### *Loans and receivables*

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

#### *Impairment of financial assets*

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

For all other financial assets, including finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### *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 either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### *Equity instruments*

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

#### *Financial liabilities*

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

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### **Financial liabilities at amortised cost**

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

#### **Derecognition of financial liabilities**

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

#### **Derivative financial instruments**

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 30.

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.

#### **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, the amount of revenue can be measured reliably and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Contracts containing multi-elements are split upfront into the various elements i.e. the sale of goods and service and maintenance components are separately measured and recognised.

Revenue earned from the sale of goods is recognised when goods are delivered and title has passed.

Revenue derived from services rendered relating to service and maintenance contracts are recognised by reference of the stage of completion. The stage of completion of the contract is directly linked to the period of the contract, which varies between 12 to 36 months. The excess revenue received in relation to these contracts are deferred over the remainder of the contract life.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease and classified as revenue.

The interest income earned on finance leases are recognised as revenue.

#### **Interest and dividends received**

Interest income on investments 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. Profits and losses arising on exchange are accounted for in profit or loss.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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.

### Employee benefits

#### *Short-term employee benefits*

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

#### *Share-based payment transactions*

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

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

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

#### *Retirement benefits*

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

#### *Other employee benefits*

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

#### *Leave pay accrual*

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

## Critical accounting judgements and key sources of estimation uncertainty

### *Critical judgements in applying the Group's accounting policies*

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

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### *Critical judgements in applying the Group's accounting policies (continued)*

##### *Revenue recognition*

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

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

##### *Consolidation of the Datacentrix Holdings Share Trust – share incentive trust of the Group*

Management considered the various elements on determining whether it controls and should consolidate the Datacentrix Holdings Share Trust as set out in IFRS 10: Consolidated Financial Statements and the definition of a structured entity as set out in IFRS 12: Disclosure of Interests in Other Entities.

Management has made considerations from strategic points of view, which include Datacentrix Holdings being closely involved in the design and purpose of the trust as a vehicle to operate the share incentive scheme of the Group and the authority to appoint the trustees of the trust. From an operational perspective the trust receives financial support from Datacentrix Holdings Limited which also includes the absorption of any potential deficit of the trust on termination, should this occur and the fact that the operations of the trust is considered to be contingent to the purpose of the trust. Based on these indicators the trust is a structured entity and is controlled by Datacentrix Holdings Limited and therefore consolidated in the Group.

##### *Key sources of estimation uncertainty*

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

##### *Impairment of goodwill*

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

##### *Useful lives and residual values of assets*

Useful lives and residual values of assets are reviewed at least once a year, at year end. Management is of the opinion that the useful lives and residual values of the assets currently carried are in line with industry norms. Refer to note 10, 11 and 12 for details.

##### *Inventory carried at net realisable value*

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

##### *Provision for bad debts*

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

##### *Fair value of financial instruments*

As described in note 30, 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.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### Critical judgements in applying the Group's accounting policies (continued)

##### Fair value of share-based payments reserve

The fair value is determined using the binomial model. Refer note 27 for inputs and assumptions made in the binomial model.

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

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

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

Standards and Interpretations	Details of amendment	Effective for annual periods beginning on or after
IFRS 3: Business Combination: (Amendment)	The objective of this amendment is to clarify certain aspects of accounting for contingent consideration in a business combination.	Applies retrospectively for annual periods beginning on or after 1 July 2014. Early adoption is permitted.
IFRS 3: Business Combinations (Amendment)	The objective of this amendment is to clarify that paragraph 2(a) of IFRS 3: Business Combinations: <ul style="list-style-type: none"> <li>▶ excludes the formation of all types of joint arrangements as defined in IFRS 11: Joint Arrangements from the scope of IFRS 3; and</li> <li>▶ the scope exception only applies to the financial statements of the joint venture or the joint operation itself.</li> </ul>	
IFRS 8: Operating Segments: (Amendment)	The objective of this amendment is to ensure that a reconciliation of the total of the reportable segments' assets to the entity's assets are disclosed, if that amount is regularly provided to the chief operating decision maker.	
IFRS 2: Share-based Payment: (Amendment)	The objective of this amendment is to clarify the definition of a vesting condition.	
IFRS 13: Fair Value Measurement: (Amendment)	The objective of this amendment is to ensure that paragraphs relating to IFRS 9 and IAS 39 containing guidance related to the measurement of short-term receivables and payables with no stated interest rate at invoice amounts are adjusted.	
IAS 16: Property, Plant and Equipment: (Amendment)	The objective of this amendment is to clarify the requirements for the revaluation method in IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets to address concerns about the calculation of the accumulated depreciation or amortisation at the date of the revaluation.	

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Standards and Interpretations	Details of amendment	Effective for annual periods beginning on or after
IAS 24: Related Party Disclosures: (Amendment)	The amendment is that an entity providing KMP services to the reporting entity should be disclosed as a related party of the reporting entity.	Applies retrospectively for annual periods beginning on or after 1 July 2014. Early adoption is permitted.
IAS 38: Intangible Assets (Amendment)	The amendment was in line with the proportionate restatement of accumulated amortisation under the revaluation method.	
IFRS 13: Fair Value Measurement (Amendment)	The objective of this amendment is to clarify that the portfolio exception applies to all contracts within the scope of IAS 39: Financial Instruments: Recognition and Measurement or IFRS 9: Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32: Financial Instruments: Presentation	
IAS 19: Employee Benefits (Amendment)	The objective of this project is to provide additional guidance to IAS 19: Employee Benefits on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan.	
IFRS 9: Financial Instruments	This is a new standard that is meant to replace IAS 39: Financial Instruments: Recognition and Measurement, when it becomes effective.	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018
IFRS 15: Revenue from Contracts with Customers	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: <ul style="list-style-type: none"> <li>▶ identify the contract with the customer;</li> <li>▶ identify the performance obligations in the contract;</li> <li>▶ determine the transaction price;</li> <li>▶ allocate the transaction price to the performance obligations in the contracts; and</li> <li>▶ recognise revenue when (or as) the entity satisfies a performance obligation.</li> </ul>	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2017
Investment Entities: Applying the Consolidated Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	The issue is to clarify whether the exemption to present consolidated financial statements, set out in paragraph 4 of IFRS 10, is available to entities affected by Investment Entities amendments.	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Standards and Interpretations	Details of amendment	Effective for annual periods beginning on or after
Disclosure Initiative (Amendments to IAS 1)	The amendments relate to the following: <ul style="list-style-type: none"> <li>▶ materiality;</li> <li>▶ order of the notes;</li> <li>▶ subtotals;</li> <li>▶ accounting policies; and</li> <li>▶ disaggregation.</li> </ul>	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	The objective was to add new guidance to IFRS 11: Joint Arrangements on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The IASB decided that acquirers of such interests shall apply all of the principles on business combinations accounting in IFRS 3: Business Combinations, and other IFRSs, that do not conflict with the guidance in IFRS 11 and disclose the information that is required in those IFRSs in relation to business combinations.	
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	This project is a limited-scope amendment to IAS 16 and IAS 38 to clarify the use of a revenue-based depreciation or amortisation method.	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	The objective of the project is to address the acknowledged inconsistency between the requirements in IFRS 10: Consolidated Financial Statements and IAS 28: Investments in Associates and Joint Ventures (2011), in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 (2011) restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary.	
<b>Annual Improvements 2012-2014</b>	IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: <ul style="list-style-type: none"> <li>▶ Changes in methods of disposal</li> </ul> IFRS 7: Financial Instruments: Disclosures <ul style="list-style-type: none"> <li>▶ Servicing contracts</li> <li>▶ Applicability of the amendments to IFRS 7 to condensed interim financial statements</li> </ul> IAS 19: Employee Benefits: <ul style="list-style-type: none"> <li>▶ Discount rate: regional market issue</li> </ul> IAS 34: Interim Financial Reporting: <ul style="list-style-type: none"> <li>▶ Disclosure of information 'elsewhere in the interim financial report'</li> </ul>	

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity). Management assessed all the Standards and Interpretations and does not believe that any of these will have a material impact on the results of the Company in future periods.

## 2. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

### Executive directors

Remuneration and benefits for executive directors were as follows:

	Salaries R'000	Bonuses R'000	Benefits R'000	Retirement contributions R'000	Total R'000
<b>2015</b>					
Ahmed Mahomed	3 248	4 021	29	412	7 710
Elizabeth Naidoo	2 027	2 110	113	269	4 519
	5 275	6 131	142	681	12 229
<b>2014</b>					
Ahmed Mahomed	3 003	3 612	32	381	7 028
Elizabeth Naidoo	1 903	2 060	104	252	4 319
	4 906	5 672	136	633	11 347

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	2014 Total R'000
<b>2015</b>						
Officer 1	1 918	1 905	71	-	3 894	3 403
Officer 2	1 687	1 418	51	214	3 370	3 329
Officer 3 (resigned January 2014)	-	-	-	-	-	1 148
Officer 4	1 309	1 307	244	186	3 046	2 943
Officer 5	1 048	1 046	87	126	2 307	1 558
Officer 6 (resigned May 2014)	260	-	14	27	301	1 080
Officer 7	1 111	668	92	150	2 021	2 035
Officer 8 (appointed November 2014)	281	91	1	36	409	-
	7 614	6 435	560	739	15 348	15 496

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

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

### Non-executive directors - fees for services as directors

	Total	
	2015 R'000	2014 R'000
Nolitha Fakude <sup>^</sup>	-	-
Alwyn Martin	370	466
Dudu Nyamane	303	371
Arnold Fourie	162	-
Gary Morolo <sup>#</sup>	-	982
Joan Joffe <sup>*°</sup>	-	142
Thenjiwe Chikane <sup>#</sup>	-	190
Pete Backwell <sup>#</sup>	-	464
Antony Ball <sup>#</sup>	-	343
Richard Lyon <sup>~</sup>	-	-
	<b>835</b>	<b>2 958</b>

\* Fee includes role as LID # Resigned during the previous year ° Retired during the previous year

<sup>^</sup> Waived right to fees <sup>~</sup> Appointed during the current year

### Directors' shareholding

<i>Executive directors</i>	2015 Beneficial		2014 Beneficial	
	Direct	Indirect	Direct	Indirect
Ahmed Mahomed	160 400	-	160 400	-

<i>Non-executive directors</i>	Non- beneficial	2015 Beneficial		Non- beneficial	2014 Beneficial	
		Direct	Indirect		Direct	Indirect
Directors of Pinnacle Holdings Limited <sup>@</sup>	68 520 048	-	-	68 520 048	-	-
	68 520 048	-	-	68 520 048	-	-

<sup>@</sup>Arnold Fourie is a shareholder in and director of a major shareholder, Pinnacle Holdings Limited.

<sup>@</sup>Richard Lyon is a director of a major shareholder, Pinnacle Holdings Limited.

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

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

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

### Share options

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

	Number of options 28 Feb 2014	Allocated during the year	Sold or lapsed during the year	Number of options 28 Feb 2015	Option price R	Granting date	Value of options R
Ahmed Mahomed	1 750 000	-	-	1 750 000	3.43	02/10/2006	6 002 500
	500 000	-	-	500 000	3.11	30/01/2009	1 555 000
	3 000 000	-	-	3 000 000	4.11	25/11/2009	12 330 000
	1 333 334	-	-	1 333 334	3.97	23/06/2010	5 293 336
	1 333 334	-	-	1 333 334	4.22	05/10/2011	5 626 669
	1 333 333	-	-	1 333 333	4.90	22/06/2012	6 533 332
Elizabeth Naidoo	1 000 000	-	-	1 000 000	3.43	02/10/2006	3 430 000
	300 000	-	-	300 000	3.11	30/01/2009	933 000
	666 667	-	-	666 667	3.97	23/06/2010	2 646 668
	666 667	-	-	666 667	4.22	05/10/2011	2 813 335
	666 666	-	-	666 666	4.90	22/06/2012	3 266 663
	12 550 001	-	-	12 550 001			50 430 503

No share options have been allocated to directors or prescribed officers during the current year. At year end, share options allocated to prescribed officers amounted to 7,260,000 (at an average option price of R4.23) to the value of R32 million.

## 3. REVENUE

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

	Group	
	2015 R'000	2014 R'000
Sale of goods	1 351 280	1 475 914
Services rendered	897 039	800 045
Interest on finance lease receivables	1 342	3 553
	2 249 661	2 279 512

## 4. INCOME FROM INVESTMENTS

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Interest on bank deposits	5 257	5 184	11	8
Dividends received from subsidiaries	-	-	-	50 000
	5 257	5 184	11	50 008

## 5. FINANCE COSTS

Interest paid on loans and to financial institutions	1 286	661	-	-
Interest paid on finance lease payables	1 316	3 349	-	-
	2 602	4 010	-	-

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 6. PROFIT BEFORE TAXATION

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

	Group	
	2015 R'000	2014 R'000
<b>Auditors' remuneration</b>		
- external audit fees	1 287	3 396
- fees for other services (taxation and advisory services)	313	1 164
<b>Net foreign exchange loss</b>	322	907
<b>Depreciation of property and equipment</b>	16 182	16 388
<b>Amortisation of software and intangibles</b>	9 487	10 943
<b>Expense for doubtful debts</b>	912	3 300
<b>Total employee benefits expense</b>	507 322	520 472
<b>Operating lease payment - equipment</b>	19 327	15 541
<b>Operating lease payments - properties</b>	21 499	18 019
<b>Retirement fund contributions (included in employee benefits expense)</b>	29 452	28 488
<b>Loss on disposal of property and equipment</b>	324	374

## 7. INCOME TAXATION EXPENSE

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Taxation charge</b>				
SA normal taxation - current year	48 322	41 958	-	1
Deferred taxation - current year	(5 572)	(4 765)	-	-
Dividend tax	230	346	-	-
	42 980	37 539	-	1

SA normal income taxation is calculated at 28% (2014: 28%) of the estimated assessable profit for the year. Deferred taxation is calculated at 28% (2014: 28%). In terms of the dividends taxation, the local dividend taxation rate is 15% (2014: 15%).

	%	%	%	%
<b>Reconciliation of rate of taxation</b>				
Taxation at statutory rate	28.0	28.0	28.0	28.0
Share-based payment expense not allowed for taxation	0.5	1.0	-	-
Finance costs not allowed for taxation	0.2	-	-	-
Other expenses/(income) not allowed for taxation	0.7	0.7	(28.0)	(28.1)
<b>Effective taxation rate for the year</b>	29.4	29.7	(0.0)	(0.1)

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 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	
	2015 R'000	2014 R'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of earnings and headline earnings per share	195 797 991	195 797 991
Effect of dilutive potential ordinary shares: Share options	981 838	1 005 852
Weighted average number of ordinary shares for the purposes of diluted earnings and headline earnings per share	196 779 829	196 803 843
<b>Earnings for the purpose of earnings per share</b>	103 477	88 925
<b>Earnings per share (cents)</b>		
Basic	52.9	45.4
Diluted	52.6	45.2
<b>Headline earnings for the purposes of headline earnings per share</b>		
Total comprehensive income attributable to ordinary shareholders	103 477	88 925
Loss on disposal of assets	324	374
Headline earnings for the purposes of basic and diluted headline earnings per share	103 801	89 299
<b>Headline earnings per share (cents)</b>		
Basic	53.0	45.6
Diluted	52.8	45.4
<b>Net asset value per share</b>		
Net asset value per share is calculated by dividing the ordinary shareholders' equity by the issued share capital at year end		
<b>Number of shares</b>		
Closing number of shares (net of shares held by the Datacentrix Holdings Share Trust)	195 797 991	195 797 991
<b>Net asset value</b>		
Ordinary shareholders' equity	612 425	537 943
Net asset value (adjusted for treasury shares) per share (cents)	312.8	274.7
<b>Tangible net asset value per share</b>		
Tangible net asset value per share is calculated by dividing the ordinary shareholders' equity, less intangibles, by the issued share capital at year end		
Ordinary shareholders' equity	612 425	537 943
Adjustment: Less intangible assets	(98 657)	(101 162)
Tangible net asset value	513 768	436 781
Tangible net asset value (adjusted for treasury shares) per share (cents)	262.4	223.1

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 9. DIVIDEND AND PROPOSED DIVIDEND

The total dividend paid by the Group during the financial period amounted to R31 836 753 (2014 : R47 657 231).

The Board declared a gross cash dividend of 9.46 cents per share for the year ended 28 February 2015, bringing the total dividend for the year to 17.55 cents per share. The proposed dividend for the year ended 28 February 2015 is payable to all shareholders on the Register of Members on 22 May 2015. 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 9.46 cents per share;
- ▶ the dividend tax to be withheld by the Company amounts to 1.419 cents per share;
- ▶ therefore the net dividend payable to shareholders who are not exempt from dividends tax amounts to 8.04 cents per share, while the gross dividend payable to shareholders who are exempt from dividends tax amounts to 9.46 cents per share;
- ▶ the issued share capital of the Company at the declaration date comprises of 205 265 683 ordinary shares; and
- ▶ the Company's income tax reference number is 9739/002/71/6.

Therefore, a total gross annual dividend of 17.55 cents per share, which includes the interim dividend of 8.09 cents per share paid on 4 November 2014, has been declared for the year.

## 10. PROPERTY AND EQUIPMENT – GROUP ONLY

2015	Opening balance R'000	Transfers R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>Cost</b>					
Land	1 915	-	-	-	1 915
Buildings	13 548	-	87	-	13 635
Motor vehicles	2 326	-	506	-	2 832
Furniture and fittings	9 887	-	204	(7)	10 084
Computer equipment	73 995	-	12 518	(2 043)	84 470
Office equipment	8 404	-	100	(33)	8 471
Spare parts	22 469	-	2 287	(2 999)	21 757
Leasehold improvements	6 709	-	277	-	6 986
	139 253	-	15 979	(5 082)	150 150

2015	Opening balance R'000	Transfers R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
<b>Accumulated depreciation</b>					
Land	-	-	-	-	-
Buildings	255	-	-	-	255
Motor vehicles	1 274	-	342	-	1 616
Furniture and fittings	6 288	-	401	(7)	6 682
Computer equipment	35 262	-	10 933	(1 844)	44 351
Office equipment	2 321	-	506	(30)	2 797
Spare parts	21 075	-	2 433	(2 819)	20 689
Leasehold improvements	3 772	-	1 567	-	5 339
	70 247	-	16 182	(4 700)	81 729

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 10. PROPERTY AND EQUIPMENT – GROUP ONLY (continued)

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

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

	Group	
	2015 R'000	2014 R'000
<b>Net book value and depreciation rates applied</b>		
Land	1 915	1 915
Buildings (5%) (2014: 5%)	13 380	13 293
Motor vehicles (16.7%) (2014: 16.7%)	1 216	1 052
Furniture and fittings (10%) (2014: 10%)	3 402	3 599
Computer equipment (20%) (2014: 20%)	40 119	38 733
Office equipment (16.7% to 33.3%) (2014: 16.7% to 33.3%)	5 674	6 083
Spare parts (33.3%) (2014: 33.3%)	1 068	1 394
Leasehold improvements (period of lease)	1 647	2 937
	68 421	69 006

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

### Useful lives

The Group reviews the estimated useful lives and residual values of property and equipment in terms of IAS 16 at the end of each reporting period. No changes to the useful lives or residual values of property and equipment were deemed necessary based on the current year review.

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

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 11. INTANGIBLE ASSETS – BUSINESS COMBINATIONS – GROUP ONLY

2015	Goodwill R'000	Customer relationships R'000	Other R'000	Total R'000
Carrying amount at the beginning of the year	79 843	10 729	944	91 516
Cost	88 361	13 122	1 000	102 483
Accumulated amortised/impairments	(8 518)	(2 393)	(56)	(10 967)
Additions during the year	-	-	-	-
Amortisation recognised during the year	-	(2 596)	(66)	(2 662)
Carrying amount at the end of the year	79 843	8 133	878	88 854
Cost	88 361	13 122	1 000	102 483
Accumulated amortisation/impairments	(8 518)	(4 989)	(122)	(13 629)
<b>2014</b>				
Carrying amount at the beginning of the year	51 625	5 302	-	56 927
Cost	60 143	5 302	-	65 445
Accumulated amortised/impairments	(8 518)	-	-	(8 518)
Additions during the year	28 218	7 820	1 000	37 038
Amortisation recognised during the year	-	(2 393)	(56)	(2 449)
Carrying amount at the end of the year	79 843	10 729	944	91 516
Cost	88 361	13 122	1 000	102 483
Accumulated amortisation/impairments	(8 518)	(2 393)	(56)	(10 967)

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

- ▶ Customer relationships: Five years (2014: Five years)
- ▶ Other intangible assets - Licences: Fifteen years (2014: Fifteen years)

Additions to intangible assets in the prior year relate to the acquisition of eNetworks as disclosed in Note 14.

Customer relationships have been valued in accordance with an excess earnings ("MEEM") valuation method, which considers the projected earnings attributable to existing customer relationships at the time of the acquisition. The Group reviews the useful lives of the intangible assets at the end of each reporting period, no changes have been deemed necessary in the current or prior year.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The calculations were done with reference to the smallest cash generating units being the:

- ▶ Gauteng Commercial business within the Technology division;
- ▶ Enterprise Resource Planning business within the Business Solutions division;
- ▶ Gauteng Enterprise Information Management business within the Business Solutions division; and
- ▶ eNetworks Proprietary Limited business respectively.

The recoverable amounts of the cash generating units are determined based on value in use. This value in use is determined by means of a discounted cash flow model. Five year cash flow forecasts were used to assess this. The key assumptions in the calculations included an average discount rate of 15% (2014: 15%), 4% terminal growth rate and expected volume growth of 7%. The risk profiles of the cash generating units are considered to be similar and hence a similar discount rate has been used. Management considers these rates to be highly conservative.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 12. INTANGIBLES – SOFTWARE – GROUP ONLY

	2015 R'000	2014 R'000
Carrying amount at the beginning of the year	9 646	10 277
Cost	31 817	27 581
Amortised to the beginning of the year	(22 171)	(17 304)
Additions during the year	6 982	7 863
Disposals during the year	-	(3 627)
Amortisation on disposals during the year	-	3 627
Amortisation recognised during the year	(6 825)	(8 494)
Carrying amount at the end of the year	9 803	9 646
Cost at acquisition	38 799	31 817
Amortised to the end of the year	(28 996)	(22 171)

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

- ▶ Software: Three years (2014: Three years)

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

## 13. INVESTMENT IN JOINT VENTURE

	Group	
	2015 R'000	2014 R'000
Equity accounted investment		
Reconciliation between proportionate investment and current investment value:		
Investment at cost	1 204	1 204
Proportionate share in losses - opening balance	(237)	(460)
Proportionate net asset value - opening balance	967	744
Proportionate share of (losses)/profits for the year	(2 226)	223
Unrecognised proportionate share of losses carried forward	1 259	-
Investment in joint venture	-	967
Loan from joint venture	-	(53)
Total interest in joint venture	-	914

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 13. INVESTMENT IN JOINT VENTURE (continued)

The Group has a 50% interest in Electronic-DNA Proprietary Limited, a company incorporated in South Africa. The company supplies licences for security software developed. The interest free loan to the joint venture was repaid in the current year. The equity accounted investee is not a publicly listed entity and consequentially does not have a published price quotation.

The financial information of the joint venture is as follows:

	Group	
	2015 R'000	2014 R'000
Non-current assets	1 705	1 870
Current assets	1 860	1 694
<b>Total assets</b>	<b>3 565</b>	<b>3 564</b>
Long-term liabilities	(375)	(328)
Current liabilities	(5 708)	(1 302)
<b>Total liabilities</b>	<b>(6 083)</b>	<b>(1 630)</b>
<b>Net asset value</b>	<b>(2 518)</b>	<b>1 934</b>
Revenue	2 669	5 014
Cost of sales	(27)	(3 808)
Gross profit	2 642	1 206
Expenses	(7 071)	(662)
Other income	24	30
Operating (loss)/profit	(4 405)	574
Income taxation expense	(48)	(128)
<b>(Loss)/Profit for the year</b>	<b>(4 453)</b>	<b>446</b>

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

**14. INVESTMENT IN SUBSIDIARIES**

	Company	
	2015 R'000	2014 R'000
Shares at cost	12 514	12 514
Amount owing by subsidiary companies	106 814	138 006
	<b>119 328</b>	<b>150 520</b>

Name of subsidiary <i>Principal activity</i>	Issued share capital		Effective percentage held		Shares at cost		Net receivable	
	2015	2014	2015 %	2014 %	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Datacentrix Proprietary Limited</b> <i>ICT technology and managed services</i>	2	2	100	100	10 857	10 857	106 814	138 006
<b>Datacentrix Solutions Proprietary Limited</b> <i>Dormant</i>	200	200	100	100	#	#	-	-
<b>Datacentrix Infrastructure Optimisation Proprietary Limited</b> <i>Dormant</i>	22 200	22 220	100	100	1 657	1 657	-	-
<b>Dezzo Trading 386 Proprietary Limited</b> <i>Dormant</i>	100	100	100	100	#	#	-	-
<b>Datacentrix Properties Proprietary Limited*</b> <i>Property</i>	100	100	100	100	-	-	-	-
<b>Styleprops Services 18 Proprietary Limited*</b> <i>Dormant</i>	100	100	100	100	-	-	-	-
<b>Datacentrix Outsourcing Proprietary Limited</b> <i>Dormant</i>	100	100	100	100	#	#	-	-
<b>Dirigible IT Proprietary Limited*</b> <i>Dormant</i>	100	100	100	100	-	-	-	-
<b>Nokusa Engineering Informatics Proprietary Limited*</b> <i>Enterprise information management</i>	210	210	100	100	-	-	-	-
<b>eNetworks Proprietary Limited*</b> <i>Internet service provider</i>	100	100	100	100	-	-	-	-
					<b>12 514</b>	<b>12 514</b>	<b>106 814</b>	<b>138 006</b>

\* 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.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 14. INVESTMENT IN SUBSIDIARIES (continued)

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

	Group	
	2015 R'000	2014 R'000
Datacentrix Proprietary Limited	141 948	119 636
Nokusa Engineering Informatics Proprietary Limited	25	2 098
Datacentrix Holdings Share Trust	23	128
eNetworks Proprietary Limited	8 603	6 950
Datacentrix Properties Proprietary Limited	(427)	(518)
	<b>150 172</b>	<b>128 294</b>

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

### Acquisition of subsidiary – eNetworks Proprietary Limited (2014 financial year)

On 1 May 2013 control of eNetworks Proprietary Limited was obtained, a company specialising in internet provisioning and related services, by acquiring 100% of the shares and voting interests in the company. The capacity to source network connectivity and bandwidth at wholesale prices and deploy bespoke fibre networks enables Datacentrix to build fully integrated end-to-end solutions for customers.

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

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

The total consideration is payable over a three-year period from the date of the transaction and has been recorded as the loan payable in the statement of financial position, with the expected payment due during the 2016 financial year being reflected as a current liability. In the current year an amount of R3.6 million was settled in cash (2014: R15 million), with the remaining consideration payable over the next two years based on the audited results of the company for the 2015 and 2016 financial years. The loan payable bears interest equal to interest received by the Group on cash balances held with its commercial bankers.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 15. FINANCE LEASE RECEIVABLES

	Group	
	2015 R'000	2014 R'000
Total finance lease receivables at beginning of the year	26 462	54 927
Total capital payments received	(19 271)	(28 465)
Total finance lease receivables at the end of the year	7 191	26 462

	2015			2014		
	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)	7 359	(168)	7 191	20 613	(1 342)	19 271
Long-term (within 2-5 years)	-	-	-	7 359	(168)	7 191
	7 359	(168)	7 191	27 972	(1 510)	26 462

Terms of finance lease receivables

	Currency	Nominal interest rate	2015		2014	
			Face value	Carrying value	Face value	Carrying value
Finance leases	ZAR	5% - 15%	7 359	7 191	27 972	26 462

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

The fair values of the receivables under finance leases approximates their carrying amounts.

## 16. DEFERRED TAXATION ASSETS/(LIABILITIES)

	Group	
	2015 R'000	2014 R'000
Provisions, forward exchange contract and lease liabilities	32 337	25 261
Intangible assets - business combinations	(2 506)	(3 269)
Property and equipment	4 268	3 571
Calculated taxation loss	518	398
Prepayments	(1 840)	(1 444)
Deferred revenue on long-term contracts and finance lease receivables	211	3 319
	32 988	27 836
Split between net deferred taxation assets and liabilities:		
Deferred taxation assets	33 101	28 068
Deferred taxation liabilities	(113)	(232)
	32 988	27 836

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 16. DEFERRED TAXATION ASSETS/(LIABILITIES) (continued)

	Group	
	2015 R'000	2014 R'000
<b>Movement in deferred taxation:</b>		
Carrying amount at the beginning of the year	27 836	25 320
Movement in:		
Provisions, forward exchange contract and lease liabilities	7 076	4 462
Intangible assets - business combinations	763	(1 784)
Property and equipment	697	354
Calculated taxation loss	120	145
Prepayments	(396)	(715)
Deferred revenue on long-term contracts and finance lease receivables	(3 108)	54
Carrying amount at the end of the year	32 988	27 836

The taxation effects of temporary timing differences of the Company and certain 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.

## 17. LOAN TO SHARE TRUST

	Company	
	2015 R'000	2014 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 27 for details in respect of the share trust. The fair value equates the carrying value of the loan.

## 18. INVENTORIES

	Group	
	2015 R'000	2014 R'000
Finished goods	20 351	11 470
Work in progress	6 679	31 474
Consumables	4 092	1 464
	31 122	44 408

Consumables stock relates to cartridges, which are supplied by our Managed Print and Document Solutions business unit to customers.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade receivables	439 329	465 423	-	-
Allowance for impairment	(4 212)	(3 300)	-	-
Prepayments	12 194	14 883	-	-
Other receivables	1 625	1 124	195	181
	<b>448 936</b>	<b>478 130</b>	<b>195</b>	<b>181</b>

The carrying amount of the trade and other receivables approximates fair value because of the short period to maturity.

The average credit period on sales of goods is 45 days (2014: 45 days). No interest is charged on the trade receivables. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. Before accepting any new customers, the Group checks bank and trade references to assess the potential customer's credit quality and defines credit limits by assessing the results of the checks. There are no customers who represent more than 10% of the total balance of trade receivables. Included in the Group's trade receivable balance is debtors with a carrying amount of R92 million (2014: R38 million), which are past due at the reporting date. Based on an assessment of the credit quality an allowance for impairment against trade receivables has been raised as detailed below. The remaining receivable balances are considered to be recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 59 days (2014: 61 days).

Trade receivables have been pledged to the Group's bankers in terms of the unutilised bank facilities as disclosed in note 20.

### Reconciliation of the allowance for impairment

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Opening balance	(3 300)	-	-	-
Allowance for impairment additions	(912)	(3 300)	-	-
	<b>(4 212)</b>	<b>(3 300)</b>	<b>-</b>	<b>-</b>

## 20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Bank balances and cash	289 946	200 989	303	433
Bank guarantees/deposits	1 546	1 548	-	-
	<b>291 492</b>	<b>202 537</b>	<b>303</b>	<b>433</b>

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

The Company has guaranteed various borrowing and banking facilities of Datacentrix Proprietary Limited in favour of ABSA Bank Limited comprising unutilised primary lending facilities of R70 million (2014: R70 million) and other facilities R98 million (2014: R98 million).

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

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

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Share capital</b>				
<b>Authorised</b> 400,000,000 (2014: 400,000,000) ordinary shares of R0,0001 each	40	40	40	40
<b>Issued</b> 205,265,683 (2014: 205,265,683) ordinary shares of R0,0001 each	21	21	21	21
Unissued shares are under the control of the directors in terms of the Group's Memorandum of Incorporation.				
<b>Share premium</b>				
Carrying amount at the beginning of the year	36 079	35 962	39 280	39 280
Movement relating to treasury shares	13	117	-	-
Carrying amount at the end of the year	36 092	36 079	39 280	39 280
<b>Treasury shares</b>	(35 983)	(35 983)	-	-
<b>Equity-settled share scheme reserve</b>				
Carrying amount at the beginning of the year	36 378	31 449	43 161	37 801
Treasury share movements	(70)	(431)	-	-
Expensed during the year	2 900	5 360	2 900	5 360
Carrying amount at the end of the year	39 208	36 378	46 061	43 161

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

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 22. DEFERRED REVENUE

	Group	
	2015 R'000	2014 R'000
Carrying amount at the beginning of the year	66 459	61 901
Long-term portion	13 175	18 126
Short-term portion	53 284	43 775
Deferral of revenue during the year	368 302	272 631
Realisation of revenue during the year	(360 743)	(268 073)
Carrying amount at the end of the year	74 018	66 459
Long-term portion	6 438	13 175
Short-term portion	67 580	53 284

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

## 23. FINANCE LEASE LIABILITIES

Total finance lease liabilities at the beginning of the year	25 722	52 265
Total capital repayments	(18 565)	(26 543)
Total finance lease liabilities at the end of the year	7 157	25 722

	2015			2014		
	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)	7 324	(167)	7 157	19 881	(1 316)	18 565
Long-term (within 2-5 years)	-	-	-	7 323	(166)	7 157
	7 324	(167)	7 157	27 204	(1 482)	25 722

### Terms of finance lease liabilities

	Currency	Nominal interest rate	2015		2014	
			Face value	Carrying value	Face value	Carrying value
Finance leases	ZAR	5% - 15%	7 324	7 157	27 204	25 722

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

The fair values of the liabilities under finance leases approximates their carrying amounts.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade payables	180 256	203 733	240	-
Other accruals and payables	18 896	26 998	75	39
VAT payable	14 886	21 314	-	-
Employee related liabilities	50 035	53 353	10	-
Audit fee accrual	1 023	1 474	-	-
	<b>265 096</b>	<b>306 872</b>	<b>325</b>	<b>39</b>

Trade and other payables approximates fair value because of the short period to maturity, except for Derivatives held for risk management, refer to note 30. The fair value of derivatives is based on market valuations.

## 25. 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 2015 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:

- ▶ R697,010 (2014: R697,010) for rental payments for Datacentrix Proprietary Limited with the beneficiary being IFOUR Properties Three Proprietary Limited;
- ▶ R533,376 (2014: R533,376) for rental payments for Datacentrix Proprietary Limited with the beneficiary being Parch Properties 74 Proprietary Limited;
- ▶ R315,700 (2014: R315,700) for rental payments for Datacentrix Proprietary Limited with the beneficiary being United African Marine Insurance Proprietary Limited.

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

## 26. OPERATING LEASE ARRANGEMENTS

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

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

	Group	
	2015 R'000	2014 R'000
Within one year	15 416	16 993
In the second to fifth year	7 048	32 730
	<b>22 464</b>	<b>49 723</b>

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

Within one year	23 776	13 910
In the second to fifth year	14 509	18 710
	<b>38 285</b>	<b>32 620</b>

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 27. SHARE-BASED PAYMENTS

### Equity-settled share option plan

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

The inputs into the binomial model are as follows:

Exercise price	2015	2016	2017	2018	2019	2020	Total
250 cents	28 750	-	-	-	-	-	28 750
270 cents	293 548	-	-	-	-	-	293 548
285 cents	15 000	-	-	-	-	-	15 000
300 cents	212 500	-	-	-	-	-	212 500
305 cents	50 000	-	-	-	-	-	50 000
310 cents	15 000	-	-	-	-	-	15 000
311 cents	1 600 000	-	-	-	-	-	1 600 000
315 cents	20 000	-	-	-	-	-	20 000
324 cents	3 750	2 500	2 500	1 250	-	-	10 000
330 cents	50 000	-	-	-	-	-	50 000
331 cents	20 000	-	-	-	-	-	20 000
339 cents	5 625	3 750	3 750	1 875	-	-	15 000
340 cents	25 000	-	-	-	-	-	25 000
343 cents	2 750 000	-	-	-	-	-	2 750 000
350 cents	50 000	-	-	-	-	-	50 000
360 cents	32 500	5 000	5 000	2 500	-	-	45 000
370 cents	35 000	3 750	3 750	3 750	3 750	-	50 000
376 cents	10 000	-	-	-	-	-	10 000
379 cents	-	2 500	2 500	2 500	2 500	-	10 000
383 cents	-	1 250	1 250	1 250	1 250	-	5 000
385 cents	-	4 062	5 625	5 625	5 625	1 563	22 500
386 cents	5 625	3 750	3 750	1 875	-	-	15 000
387 cents	-	625	625	625	625	-	2 500
390 cents	3 750	3 125	3 125	1 875	625	-	12 500
391 cents	55 000	-	-	-	-	-	55 000
394 cents	8 750	1 250	-	-	-	-	10 000
397 cents	3 933 335	-	-	-	-	-	3 933 335
399 cents	7 500	5 000	5 000	2 500	-	-	20 000
400 cents	83 750	2 187	1 250	1 250	1 250	313	90 000
401 cents	10 000	-	-	-	-	-	10 000
402 cents	-	313	625	625	625	312	2 500
410 cents	89 375	6 250	6 250	3 125	-	-	105 000
411 cents	8 750	1 250	-	-	-	-	10 000
412 cents	6 250	2 500	1 250	-	-	-	10 000
415 cents	-	6 250	6 250	6 250	6 250	-	25 000
417 cents	1 250	2 500	2 500	2 500	1 250	-	10 000
419 cents	4 375	625	-	-	-	-	5 000
420 cents	30 000	5 000	5 000	5 000	5 000	-	50 000
422 cents	3 395 831	558 333	279 167	-	-	-	4 233 331

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 27. SHARE-BASED PAYMENTS (continued)

### Equity-settled share option plan (continued)

Exercise price	2015	2016	2017	2018	2019	2020	Total
428 cents	20 000	10 000	7 500	2 500	-	-	40 000
430 cents	3 750	2 500	2 500	1 250	-	-	10 000
431 cents	3 000 000	-	-	-	-	-	3 000 000
436 cents	625	1 250	1 250	1 250	625	-	5 000
437 cents	31 250	12 500	6 250	-	-	-	50 000
440 cents	625	1 250	1 250	1 250	625	-	5 000
449 cents	8 750	1 250	-	-	-	-	10 000
450 cents	20 625	1 250	1 250	1 250	625	-	25 000
456 cents	6 250	2 500	1 250	-	-	-	10 000
458 cents	6 250	2 500	1 250	-	-	-	10 000
460 cents	28 125	1 250	625	-	-	-	30 000
463 cents	6 250	2 500	1 250	-	-	-	10 000
467 cents	3 750	2 500	2 500	1 250	-	-	10 000
470 cents	30 000	-	-	-	-	-	30 000
473 cents	8 750	1 250	-	-	-	-	10 000
475 cents	6 250	2 500	1 250	-	-	-	10 000
476 cents	3 125	1 250	625	-	-	-	5 000
480 cents	25 000	-	-	-	-	-	25 000
482 cents	21 250	6 250	2 500	-	-	-	30 000
484 cents	6 250	2 500	1 250	-	-	-	10 000
485 cents	25 000	-	-	-	-	-	25 000
487 cents	8 750	1 250	-	-	-	-	10 000
488 cents	17 500	2 500	-	-	-	-	20 000
490 cents	2 729 167	1 225 000	279 167	-	-	-	4 233 334
495 cents	1 875	1 250	1 250	625	-	-	5 000
499 cents	73 750	1 250	-	-	-	-	75 000
500 cents	50 625	1 250	1 250	1 250	625	-	55 000
505 cents	3 125	1 250	625	-	-	-	5 000
512 cents	12 500	5 000	2 500	-	-	-	20 000
520 cents	6 250	2 500	1 250	-	-	-	10 000
530 cents	30 000	-	-	-	-	-	30 000
539 cents	17 500	2 500	-	-	-	-	20 000
546 cents	26 250	3 750	-	-	-	-	30 000
550 cents	15 000	-	-	-	-	-	15 000
<b>Total</b>	<b>19 114 381</b>	<b>1 924 270</b>	<b>657 709</b>	<b>55 000</b>	<b>31 250</b>	<b>2 188</b>	<b>21 784 798</b>

**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% (2014: 7.5%), continuously compounded, was used based on industry averages.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 27. SHARE-BASED PAYMENTS (continued)

### Equity-settled share option plan (continued)

	Group	
	2015 Options	2014 Options
Outstanding at the beginning of the year	21 954 798	23 294 173
Granted during the year	125 000	75 000
Exercised during the year	(22 500)	(403 750)
Forfeited during the year	(272 500)	(1 010 625)
Outstanding at the end of the year	21 784 798	21 954 798

The weighted average share price at the date of exercise for share options exercised during the year was R4.07 (2014: R4.40).

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous years since listing. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The estimated fair value of the options at year end amounts to R29,792,890 (2014: R30,025,382). The trust has a potential future exposure of Rnil (2014: Rnil) since the shares owned by the trust and shares available for issue to the trust in terms of the trust deed, are more than the options not yet exercised. The trust deed makes provision for additional shares to be issued to the trust in the event of the options exercised exceeding the shares held by the trust.

## 28. RETIREMENT BENEFIT PLANS

The Alexander Forbes Provident Fund with 983 members (2014: 1,094 members) and the Momentum Wealth Provident Fund with 27 members (all ex-Nokusa Engineering Informatics Proprietary Limited employees) are defined contribution funds of which the majority of the Group's permanent employees are members. These funds have been registered by the Registrar of Pension Funds and are governed by the Pension Funds Act 24 of 1956. The Group does not provide any post-retirement medical benefits to its employees.

## 29. EVENTS AFTER YEAR END

The annual financial statements were authorised for issue by the Board of directors on 17 April 2015 and are subject to the approval of the shareholders at the AGM.

The following non-adjusting event took place after the reporting period:

The Group has, through its wholly-owned subsidiary, Datacentrix Proprietary Limited, entered into a sale of shares agreement with Pinnacle Holdings Limited to acquire 100% of the issued share capital of Pinnacle Holdings Limited's wholly-owned subsidiary, Infracol Proprietary Limited, together with Infracol Proprietary Limited's wholly-owned subsidiary, Merqu Communications Proprietary Limited, from Pinnacle Holdings Limited, as one indivisible transaction, for a total maximum cash consideration of R85 million.

The total purchase consideration is an all-inclusive amount of between R65 million up to a maximum of R85 million, which will be determined by multiplying the audited profit after tax of Infracol Proprietary Limited as at 30 June 2015 by a PE ratio of 8.5. The purchase consideration is to be settled by way of electronic fund transfer from existing cash resources within 9 business days after the last of the conditions precedent referred to in the paragraph below have been fulfilled or waived, as the case may be.

The acquisition is subject to the fulfilment or waiver, as the case may be, of inter alia, the following conditions precedent by no later than 30 September 2015, or such later date as agreed to in writing by the parties to the agreement:

- ▶ the Seller obtaining written confirmation from third parties to contracts to which Infracol Proprietary Limited is a party, consenting to the change in control of Infracol Proprietary Limited;
- ▶ the shareholders of Datacentrix Holdings Limited approving the Acquisition; and
- ▶ all requisite regulatory, including JSE Limited ("JSE") and Competition Commission approvals being obtained.

The effective date of the acquisition is 1 July 2015.

Other than the disclosed above, there are no material events after year end that require additional disclosure.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 30. 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 2014.

### 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.

### Estimation of fair values

The following summarises the valuation methods and assumptions used in estimating the fair values of financial instruments reflected in the tables below.

#### *Loans and receivables*

The carrying value of loans and receivables, which include cash and cash equivalents, with a remaining life of less than one year approximates fair value due to the short-term period to maturity. The fair value of long-term receivables is calculated based on the present value of future principal and interest cash flows.

#### *Other financial liabilities*

The carrying value of other financial liabilities with a maturity of less than one year approximates fair value due to their short-term nature. For longer maturities fair value is calculated based on the present value of future principal and interest cash flow

#### *Forward exchange contracts*

The fair value of forward exchange contracts is based on quoted market prices by comparing the contracted forward rate to the present value of the current forward rate on an equivalent contract with the same maturity date. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

#### *Investments*

The fair value of held-to-maturity investments is calculated based on the present value of future principal and dividend cash flows.

#### *Fair value hierarchy*

The tables below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- ▶ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ▶ Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- ▶ Level 3: inputs for asset or liability that are not based on observable market data (unobservable inputs).

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 30. FINANCIAL INSTRUMENTS (continued)

### Categories of financial instruments

GROUP 2015	Fair value hierarchy	Loans and receivables R'000	Total R'000	Fair value R'000
<b>Financial assets</b>				
Finance lease receivables	2	7 191	7 191	7 191
Trade and other receivables excluding prepayments	2	436 742	436 742	436 742
Cash and cash equivalents	2	291 492	291 492	291 492
		735 425	735 425	735 425
<b>2014</b>				
<b>Financial assets</b>				
Finance lease receivables	2	26 462	26 462	26 462
Trade and other receivables excluding prepayments	2	463 247	463 247	463 247
Cash and cash equivalents	2	202 537	202 537	202 537
		692 246	692 246	692 246

GROUP 2015	Fair value hierarchy	Liabilities at amortised cost R'000	Fair value through profit and loss R'000	Total R'000	Fair value R'000
<b>Financial liabilities</b>					
Finance lease liabilities	2	7 157	-	7 157	7 157
Loans payable	2	19 743	-	19 743	19 743
Derivatives held for risk management	2	-	69	69	69
Trade and other payables, excluding VAT payable and derivatives	2	250 141	-	250 141	250 141
		277 041	69	277 110	277 110
<b>2014</b>					
<b>Financial liabilities</b>					
Finance lease liabilities	2	25 722	-	25 722	25 722
Loans payable	2	22 310	-	22 310	22 310
Derivatives held for risk management	2	-	2 442	-	-
Trade and other payables, excluding VAT payable and derivatives	2	283 116	-	284 273	284 273
		331 148	2 442	333 590	333 590

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 30. FINANCIAL INSTRUMENTS (continued)

### Categories of financial instruments (continued)

COMPANY 2015	Fair value hierarchy	Loans and receivables R'000	Total R'000	Fair value R'000
<b>Financial assets</b>				
Loan to share trust	2	6 627	6 627	6 627
Trade and other receivables	2	195	195	195
Amounts owing by subsidiary companies	2	106 814	106 814	106 814
Cash and cash equivalents	2	303	303	303
		113 939	113 939	113 939

### 2014

<b>Financial assets</b>				
Loan to share trust	2	6 627	6 627	6 627
Trade and other receivables	2	181	181	181
Amounts owing by subsidiary companies	2	138 006	138 006	138 006
Cash and cash equivalents	2	433	433	433
		145 247	145 247	145 247

COMPANY 2015	Fair value hierarchy	Liabilities at amortised cost R'000	Total R'000	Fair value R'000
<b>Financial liabilities</b>				
Trade and other payables	2	325	325	325
		325	325	325

### 2014

<b>Financial liabilities</b>				
Trade and other payables	2	39	39	39
		39	39	39

### Financial risk management objectives

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

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

### Market risk

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

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 30. FINANCIAL INSTRUMENTS (continued)

### Foreign currency risk management

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

### Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover all foreign currency payments and receipts within 100% of the exposure generated. Foreign exchange contracts are entered into for most transactions as frequent purchases are made from foreign entities. On short-term contracts, currency fluctuations are passed onto customers. Limited currency risks related to long-term contracts exist. At year end, the Group held no foreign denominated cash balances.

	Foreign currency amount FC'000	Spot rate	R'000	Fair value R'000
<b>2015</b>				
US Dollar	1 711	11.63	19 898	19 964
GBP	-	17.93	-	-
Euro	-	13.05	-	-
			19 898	19 964
<b>2014</b>				
US Dollar	3 729	10.70	39 900	40 054
GBP	-	17.95	-	-
Euro	24	14.77	354	358
			40 254	40 412

### Foreign currency sensitivity

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

	USD 1: R11.63	R12.65	R13.56	R14.64
<b>2015</b>				
Forex loss	272	293	317	342
Forward exchange contracts	322	348	376	406
Creditors	(51)	(55)	(59)	(64)
<b>2014</b>	USD 1: R10.70	R11.55	R12.48	R13.47
Forex loss	769	830	897	968
Forward exchange contracts	1 095	1 182	1 277	1 379
Creditors	(326)	(352)	(380)	(411)

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 30. FINANCIAL INSTRUMENTS (continued)

### Foreign currency sensitivity (continued)

2015	Euro 1: R13.06	R14.10	R15.23	R16.45
Forex loss	38	41	44	48
Forward exchange contracts	35	38	41	44
Creditors	3	3	3	4
<b>2014</b>	<b>Euro 1: R14.77</b>	<b>R15.95</b>	<b>R17.23</b>	<b>R18.61</b>
Forex loss	48	52	56	60
Forward exchange contracts	49	53	57	62
Creditors	(1)	(1)	(1)	(2)
<b>2015</b>	<b>GBP 1: R17.94</b>	<b>R19.37</b>	<b>R20.92</b>	<b>R22.59</b>
Forex loss	(8)	(8)	(9)	(10)
Forward exchange contracts	(8)	(8)	(9)	(10)
Creditors	-	-	-	-
<b>2014</b>	<b>GBP 1: R17.89</b>	<b>R19.32</b>	<b>R20.86</b>	<b>R22.53</b>
Forex loss	(7)	(7)	(8)	(9)
Forward exchange contracts	(7)	(7)	(8)	(9)

### 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	
	2015 R'000	2014 R'000
Interest bearing financial assets	7 191	26 462
Interest bearing financial liabilities	(26 900)	(48 032)
Cash and cash equivalents	291 492	202 537
	<b>271 783</b>	<b>180 967</b>

### Cash flow sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased 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	
	100 basis point increase R'000	100 basis point increase R'000
Variable interest rate instruments	27	18

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 30. FINANCIAL INSTRUMENTS (continued)

### Credit risk management

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

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

The Group has the following amounts due from major customers:

2015	Number of customers	Value R'000	%
Greater than R5 million	17	224 966	52
Greater than R2 million but less than R5 million	24	74 443	17
Less than R2 million	983	135 708	31
	1 024	435 117	100
<b>2014</b>			
Greater than R5 million	17	231 542	50
Greater than R2 million but less than R5 million	27	77 542	17
Less than R2 million	853	153 039	33
	897	462 123	100

The Group has the following amounts included in trade debtors which are past due but not impaired:

2015	Carrying amount
60 days	9 188
90 days and longer	83 307
	92 495
<b>2014</b>	
60 days	15 911
90 days and longer	21 848
	37 759

The entity is exposed to credit risk management in terms of finance lease receivables as disclosed in note 15 and cash and cash equivalents as disclosed in note 20.

### 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.

The liquidity risk extends to the finance lease payables as set out in note 23, the loan payable set out in note 14 and the trade and other payables as set out in note 24.

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 31. 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.

## 32. SEGMENTAL ANALYSIS

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

Principal activities are as follows:

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

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

	Managed Services R'000	Technology R'000	Business Solutions R'000	Corporate R'000	Group R'000
<b>2015</b>					
<b>Revenue</b>	516 695	1 572 023	160 943	-	2 249 661
<b>EBITDA</b>	83 985	69 693	16 760	-	170 438
<b>Operating profit</b>	65 661	64 450	15 293	(1 602)	143 802
Net interest	(1 179)	-	-	3 834	2 655
<b>Profit before taxation</b>	64 482	64 450	15 293	2 232	146 457
Income taxation expense	(18 922)	(18 915)	(4 488)	(655)	(42 980)
<b>Earnings for the year attributable to ordinary shareholders</b>	45 560	45 535	10 805	1 577	103 477
	Managed Services R'000	Technology R'000	Business Solutions R'000	Corporate R'000	Group R'000
<b>2014</b>					
<b>Revenue</b>	518 222	1 596 935	164 355	-	2 279 512
<b>EBITDA</b>	80 695	56 322	15 381	-	152 398
<b>Operating profit</b>	65 766	46 923	13 975	(1 374)	125 290
Net interest	(3 349)	-	-	4 523	1 174
<b>Profit before taxation</b>	62 417	46 923	13 975	3 149	126 464
Income taxation expense	(18 538)	(13 935)	(4 150)	(916)	(37 539)
<b>Earnings for the year attributable to ordinary shareholders</b>	43 879	32 988	9 825	2 233	88 925

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

## 33. 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 and joint venture

Details of investments in subsidiaries and joint venture are disclosed in note 13 and 14. No goods and services were sold by the Company to its subsidiaries. Transactions between subsidiaries are eliminated on consolidation for Group results.

### Shareholders

The principal shareholders of the Company are detailed in the shareholders' analysis in note 37. Details on dividends paid to shareholders are disclosed in the statement of changes in equity and note 9.

### Share trust

The detail of the loan between the Company and the Datacentrix Holdings Share Trust is set out in note 17.

### Other transactions and balances

The Group had the following transactions and balances with related parties:

	Group	
	2015 R'000	2014 R'000
<b>Sales to related parties included in revenue</b>		
Axis Proprietary Limited	315	437
Infrasol Proprietary Limited	337	-
Pinnacle Micro Proprietary Limited	387	1 151
<b>Purchases from related parties included in cost of sales</b>		
Axis Proprietary Limited	151 014	55 142
Centrafin Proprietary Limited	1 600	100
Infrasol Proprietary Limited	849	-
Pinnacle Business Solutions Proprietary Limited	2 963	101
Pinnacle Micro Proprietary Limited	45 639	93 828
<b>Dividends paid</b>		
Pinnacle Holdings Limited (through a subsidiary company)	11 142	-
<b>Balances owing by related parties included in trade and other receivables</b>		
Axis Proprietary Limited	-	392
<b>Balances owing to related parties included in trade and other payables</b>		
Axis Proprietary Limited	2 801	16 962
Centrafin Proprietary Limited	153	-
Electronic-DNA Proprietary Limited	253	-
Pinnacle Business Solutions Proprietary Limited	946	-
Pinnacle Micro Proprietary Limited	14 025	-

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

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

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
<b>Profit before taxation</b>	<b>146 457</b>	126 464	<b>(1 115)</b>	49 165
Adjusted for:	<b>25 057</b>	28 076	<b>(11)</b>	(50 008)
Loss on sale of property, equipment and intangibles	<b>324</b>	374	-	-
Depreciation of property and equipment	<b>16 182</b>	16 388	-	-
Amortisation of intangibles	<b>9 487</b>	10 943	-	-
Loss/(Profit) from joint venture	<b>967</b>	(223)	-	-
Interest received	<b>(6 599)</b>	(8 737)	<b>(11)</b>	(8)
Dividend received from subsidiary	-	-	-	(50 000)
Smoothing of leases	<b>(819)</b>	(156)	-	-
Share-based payments	<b>2 900</b>	5 360	-	-
Profit on sale of treasury shares	<b>13</b>	117	-	-
Interest paid	<b>2 602</b>	4 010	-	-
<b>Operating profit before working capital changes</b>	<b>171 514</b>	154 540	<b>(1 126)</b>	(843)
Working capital changes	<b>27 534</b>	(11 913)	<b>272</b>	(371)
Inventories	<b>13 286</b>	(7 261)	-	-
Trade and other receivables	<b>29 194</b>	(100 886)	<b>(14)</b>	19
Finance lease receivables	<b>19 271</b>	28 465	-	-
Deferred revenue and trade and other payables	<b>(34 217)</b>	67 769	<b>286</b>	(390)
Cash generated from (utilised in) operations	<b>199 048</b>	142 627	<b>(854)</b>	(1 214)

**35. TAXATION PAID**

Opening balance	<b>11 732</b>	(6 028)	<b>(4)</b>	(3)
Statement of comprehensive income charge - current and withholding taxation	<b>(42 980)</b>	(37 539)	-	(1)
Current taxation charge acquired	-	(350)	-	-
Movement in deferred taxation balance	<b>(5 152)</b>	(2 516)	-	-
Deferred taxation acquired in business combination	-	(2 249)	-	-
Closing balance	<b>(1 694)</b>	(11 732)	<b>3</b>	4
	<b>(38 094)</b>	(60 414)	<b>(1)</b>	-

**36. INTEREST RECEIVED**

Interest included in investment income	<b>5 257</b>	5 184	-	-
Interest included in revenue	<b>1 342</b>	3 553	-	-
	<b>6 599</b>	8 737	-	-

# Notes to the Annual Financial Statements continued

for the year ended 28 February 2015

**37. SHAREHOLDER ANALYSIS**

Major shareholders	2015		2014	
	Number of shares	%	Number of shares	%
Pinnacle Group	68 520 048	33	68 520 048	33
Eglin Investments Number 31 Proprietary Limited	20 000 000	10	20 000 000	10
Directors, management and staff	791 879	1	790 509	1
Datacentrix Holdings Share Trust	9 467 692	4	9 467 692	4
General public and corporate investors				
- 36One Asset Management	20 690 593	10	15 266 837	7
- Old Mutual Funds	15 542 264	8	17 642 377	9
- Investec	11 885 061	6	9 645 525	5
- Other	58 368 146	28	63 932 695	31
	205 265 683	100	205 265 683	100

2015	Number of shareholders	%	Number of shares	%
1 to 10 000 shares	1 223	79	3 277 546	2
10 001 to 50 000 shares	167	11	4 022 839	2
50 001 to 100 000 shares	31	2	2 253 790	1
100 001 to 500 000 shares	68	4	14 989 715	7
500 001 to 1 000 000 shares	19	1	13 655 534	7
1 000 001 shares and over	45	3	167 066 259	81
	1 553	100	205 265 683	100

2014	Number of shareholders	%	Number of shares	%
1 to 10 000 shares	1 000	75	2 827 263	1
10 001 to 50 000 shares	181	14	4 266 452	2
50 001 to 100 000 shares	29	2	2 353 655	1
100 001 to 500 000 shares	65	5	14 159 948	7
500 001 to 1 000 000 shares	29	2	21 119 312	10
1 000 001 shares and over	24	2	160 539 053	79
	1 328	100	205 265 683	100

**Public and non-public shareholders**

2015	Number of shareholders	%	Number of shares	%
Non-public shareholders	6	0.4	10 258 201	5.0
- Directors, management and staff	5	0.3	790 509	0.4
- Datacentrix Holdings Share Trust	1	0.1	9 467 692	4.6
Public shareholders	1 547	99.6	195 007 482	95
	1 553	100	205 265 683	100

2014	Number of shareholders	%	Number of shares	%
Non-public shareholders	6	0.4	10 258 201	5.0
- Directors, management and staff	5	0.3	790 509	0.4
- Datacentrix Holdings Share Trust	1	0.1	9 467 692	4.6
Public shareholders	1 322	99.6	195 007 482	95
	1 328	100	205 265 683	100

# Notice of the Annual General Meeting

## **Datacentrix Holdings Limited**

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

**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 seventeenth annual general meeting ("AGM") of shareholders of the Company, which will be held at the registered office of the Company, Corporate Park North, 238 Roan Crescent, Old Pretoria Road, Midrand, 1685 on Friday, 3 July 2015 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 ("Board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 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 AGM is Friday, 26 June 2015. Accordingly, the last day to trade Datacentrix shares in order to be recorded in the Register to be entitled to vote will be Friday, 19 June 2015.

## **Presentation of annual financial statements**

The audited annual financial statements of the Company for the year ended 28 February 2015, including the directors' report, the independent auditor's report and the report of the Audit and Risk Committee, to be presented as required in terms of section 30(3)(d) of the Companies Act.

## **Report from the Social, Ethics and Remuneration Committee**

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

## **Ordinary resolutions 1.1 to 1.3: 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 approved by shareholders at the first AGM following such appointment. In terms hereof, the appointment of Mr R Lyon will be approved by shareholders at the AGM. In addition, one third of the non-executive directors, excluding the newly appointed director, must retire from office at the AGM and may, if eligible and willing, offer themselves for re-election. In terms hereof, Ms N Fakude and Mr A Fourie will be retiring from office at the AGM. Ms N Fakude and Mr A Fourie have confirmed their willingness to continue to serve as members of the Board. Brief biographical details of each of the aforementioned directors, and the balance of the Board are contained in the Governance section under the Board of directors of the integrated annual report of which this notice forms part.

Ordinary resolution 1.1

**"RESOLVED THAT** Mr R Lyon be and is hereby elected as a director of the Company."

Ordinary resolution 1.2

**"RESOLVED THAT** Ms N Fakude be and is hereby re-elected as a director of the Company."

Ordinary resolution 1.3

**"RESOLVED THAT** Mr A Fourie be and is hereby re-elected as a director of the Company."

# Notice of the Annual General Meeting continued

## Ordinary resolutions 2.1 to 2.3: Appointment to Audit and Risk Committee

In terms of section 94(2) of the Companies Act, a public company must at each AGM elect an audit committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. Regulation 42 to the Companies Act specifies that one third of the members of the audit committee must have appropriate academic qualifications or experience in the areas as listed in the regulation. In order to fill the vacancy on the Audit and Risk Committee, the Board resolved to appoint Ms N Fakude, the independent non-executive Chairman of the Board, as a member of the committee, having considered the recommendations of King III as well as the current composition of the Board. The two other members of the committee are independent non-executive directors.

The Board is satisfied that the proposed members of the Audit and Risk Committee meet all relevant statutory requirements, including being independent non-executive directors as defined by King III. The appointment of Ms N Fakude as a member of the Audit and Risk Committee will be subject to her re-election as a director of the Company.

### Ordinary resolution 2.1

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

### Ordinary resolution 2.2

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

### Ordinary resolution 2.3

**"RESOLVED THAT** Ms N Fakude be and is hereby elected as a member of the Audit and Risk Committee."

## Ordinary resolution 3: Appointment of external auditors

SizweNtsalubaGobodo Inc., has indicated its willingness to continue in office and ordinary resolution 3 proposes the re-appointment of SizweNtsalubaGobodo Inc. as the Company's independent auditors by shareholders. Section 90(3) of the Companies Act requires the designated auditor to meet the criteria as set out in section 90(2) thereof. The Board is satisfied that both SizweNtsalubaGobodo Inc. and the designated auditor, Alex Philippou, meet all relevant requirements.

**"RESOLVED THAT** SizweNtsalubaGobodo Inc. be and is hereby re-appointed as the Company's independent external auditors, with Alex Phillipou being the individual registered auditor, until the next AGM."

## Ordinary resolution 4: Authority to issue authorised but unissued ordinary shares

In terms of the Companies Act, directors are authorised to allot and issue the authorised but unissued ordinary shares of the Company, unless otherwise provided in the Company's Memorandum of Incorporation or in instances as set out in section 41 of the Companies Act, 2008. In accordance with the provisions of the Company's Memorandum of Incorporation, shareholders in a general meeting may authorise the directors to issue unissued securities and/or grant options to subscribe for unissued securities as the directors in their discretion, provided that such corporate action(s) has/have been approved by JSE Limited and are subject to the JSE Listings Requirements. The directors confirm that, as at the date of this notice, 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. This authority is furthermore, as per the ordinary resolution 4, set out below, limited to a maximum of 5% of the total issued ordinary shares of the Company 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 ordinary shares of the Company as at the date of this notice 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 corporate action(s) has/have been approved by JSE Limited and are subject to the JSE Listings Requirements and the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended."

# Notice of the Annual General Meeting continued

## **Ordinary resolution 5: Authority to issue shares, and to sell treasury shares, for cash**

**"RESOLVED THAT** the directors of Datacentrix Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –

- ▶ allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- ▶ sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company;

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

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

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

## **Ordinary resolution 6: Group remuneration policy**

The King Report on Corporate Governance for South Africa, 2009 (King III) recommends that the remuneration policy of the Company be submitted to shareholders for consideration and approval by way of 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 policy as contained on page 45 of the integrated annual report of which this notice forms part.

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

# Notice of the Annual General Meeting continued

## Special resolution 1: Non-executive directors' fees

In terms of sections 66(8) and 66(9) of the Companies Act, 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 from at least 75% (seventy five percent) of the votes exercised 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 sections 66(8) and 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, and that the remuneration structure and amounts as set out below, be and is hereby approved with effect from the current financial year for a period of two years until such time as rescinded or amended by shareholders by way of a special resolution:

	<b>Proposed</b>	<b>Present</b>
Chairman of the board – annually	R600 000	R600 000
Lead independent director – annually	-	-
Chairman of the Social, Ethics and Remuneration Committee – per meeting	R42 400	R40 000
Chairman of the Audit and Risk Committee – per meeting	R49 820	R47 000
Members of the Board and Social, Ethics and Remuneration Committee – per meeting	R28 620	R27 000
Members of the Audit and Risk Committee – per meeting	R30 530	R28 800

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

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

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

- (a) the Board of directors of the Company ("the Board"), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and
- (b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 2 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

## Explanatory note

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

Special resolution number 2 to be adopted at this AGM requires the approval from at least 75% (seventy five percent) of the votes exercised on such resolution by shareholders present or represented by proxy at the meeting.

# Notice of the Annual General Meeting continued

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

- (a) By the time that notice of this annual general meeting ("AGM") is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 2 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a related or inter-related company or corporation;
- (b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 2 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and
- (c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

### Special resolution 3: General approval to acquire shares

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

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

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

# Notice of the Annual General Meeting continued

## **Explanatory note**

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

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

Special resolution number 3 to be adopted at this AGM requires the approval from at least 75% (seventy five percent) of the votes exercised on such resolution by shareholders present or represented by proxy at the meeting.

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

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

- major shareholders of the Company – page 106; and
- share capital of the Company – page 91.

## **Material change**

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

## **Directors' responsibility statement**

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

## **Adequacy of working capital**

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

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

## **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 AGM."

## **Electronic participation**

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

# Notice of the Annual General Meeting continued

## Voting and proxies

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

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

A form of proxy is included for completion by registered certificated shareholders and dematerialised shareholders with own name registration that are unable to attend the AGM and wish to be represented thereat. Forms of proxy must be completed and received by the company secretary no later than 10:00 on Wednesday, 1 July 2015. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the AGM to the exclusion of their appointed proxy(ies) should such member wish to do so.

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

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and to vote in his/her stead. **Shareholders and proxies attending the AGM on behalf of shareholders are reminded that section 63(1) of the Companies Act 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  
17 April 2015

# SHAREHOLDER INFORMATION



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# Shareholders' diary

Financial year end	28 February
Annual General Meeting for the year ended 28 February 2015	3 July 2015

## Results announcements

Interim results for six months to 31 August 2015	6 October 2015
Announcement of annual results to 29 February 2016	April 2016
Annual financial statements for the year ended 29 February 2016	May 2016

## Dividend

Declaration date:	Monday, 20 April 2015
Last day to trade:	Friday, 15 May 2015
Share trade ex-dividend:	Monday, 18 May 2015
Record date:	Friday, 22 May 2015
Payment date:	Monday, 25 May 2015

Share certificates may not be dematerialised or rematerialised between Monday, 18 May 2015 and Friday, 22 May 2015, both days inclusive.

# Proxy form

**Datacentrix Holdings Limited**

Incorporated in the Republic of South Africa

(Registration number: 1998/006413/06)

Share code: DCT ISIN: ZAE000016051

**(“Datacentrix” or “the Company” or “the Group”)**

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form (“certificated ordinary shareholders”); or
- have dematerialised their ordinary shares (“dematerialised ordinary shareholders”) and are registered with “own-name” registration, at the seventeenth annual general meeting (“AGM”) of shareholders of the Company to be held at the office of the Company, Corporate Park North, 238 Roan Crescent, Old Pretoria Main Road, Midrand, 1685 at 10:00 on Friday, 3 July 2015 and any adjournment thereof.

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

These ordinary shareholders must not use this form of proxy.

I/We (name in block letters) \_\_\_\_\_

of (address) \_\_\_\_\_

Telephone (work) \_\_\_\_\_ Telephone (home) \_\_\_\_\_ Cellphone \_\_\_\_\_

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

1. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_

2. \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_

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

# Proxy form continued

Agenda item	Number of ordinary shares		
	For	Against	Abstain
Ordinary resolution number 1.1 - The election of Mr R Lyon as a director			
Ordinary resolution number 1.2 - The re-election of Ms N Fakude as a director			
Ordinary resolution number 1.3 - The re-election of Mr A Fourie as a director			
Ordinary resolution number 2.1 - The appointment of Mr A Martin as member and Chairman of the Audit and Risk Committee			
Ordinary resolution number 2.2 - The appointment of Ms D Nyamane as member of the Audit and Risk Committee			
Ordinary resolution number 2.3 - The appointment of Ms N Fakude as member of the Audit and Risk Committee			
Ordinary resolution number 3 - The appointment of SizweNtsalubaGobodo Inc. as external auditors of the Company, together with Alex Phillipou, for the ensuing financial year			
Ordinary resolution number 4 - Authority to issue authorised but unissued ordinary shares			
Ordinary resolution number 5 - Approval to issue ordinary shares, and to sell treasury shares, for cash			
Ordinary resolution number 6 - Approval of the Group remuneration philosophy			
Special resolution number 1 - Approval of the non-executive directors' fees			
Special resolution number 2 - Financial assistance to related and inter-related companies			
Special resolution number 3 - General approval to acquire shares			
Ordinary resolution number 7 - Signing authority			

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

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2015

Signature \_\_\_\_\_ Assisted by (if applicable) \_\_\_\_\_

# Notes to the proxy form

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

Hand deliveries to: Computershare Investor Services Proprietary Limited 70 Marshall Street Johannesburg, 2001	Postal deliveries to: Computershare Investor Services Proprietary Limited PO Box 61051 Marshalltown, 2107
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14. to be received by no later than 10:00 on Wednesday, 1 July 2015.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

# Notes to the proxy form continued

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

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

Attention is also drawn to the "Notes to the proxy".

The completion of a form of proxy does not preclude any shareholder from attending the AGM.

# Contact information

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

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## Company secretary

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## Auditors and reporting accountants

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# GLOSSARY



Abbreviations

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# Abbreviations

**AGM:** Annual General Meeting

**B-BBEE:** Broad-based Black Economic Empowerment

**BCS:** Business Critical Systems

**BI:** Business Intelligence

**CEO:** Chief Executive Officer

**CEWA:** Central, East and West Africa

**CIRT:** Computer Incident Response Team

**Companies Act:** Companies Act, 2008 (Act 71 of 2008), as amended

**CSDP:** Central Securities Depository Participant

**CSI:** Corporate Social Investment

**CSIR:** Council for Scientific and Industrial Research

**DoH:** Department of Health

**EBITDA:** Earnings Before Interest, Taxation, Depreciation and Amortisation

**EE:** Employment Equity

**EIM:** Enterprise Information Management

**EMEA:** Europe (including Mediterranean), Middle East and Africa

**EPR:** Electronic Patient Record

**EPS:** Earnings Per Share

**ERP:** Enterprise Resource Planning

**ESM:** Enterprise Systems Management

**FPS:** Forensic Pathology Services

**HEPS:** Headline Earnings Per Share

**HR:** Human Resources

**IaaS:** Infrastructure as a Service

**IASB:** International Accounting Standards Board

**IFRS:** International Financial Reporting Standards

**ISS:** Industry Standard Server

**IT:** Information Technology

**ITB:** Information Technology Business

**iThemba:** iThemba Governance and Statutory Solutions Proprietary Limited

**King III:** King Code of Governance

**KPIs:** Key Performance Indicators

**LID:** Lead Independent Director

**MDP:** Management Development Programme

**MEMA:** Middle East, Mediterranean and Africa

**MSSP:** Managed Security Service Provider

**NED:** Non-executive Director

**NGO:** Non-governmental Organisations

**NQF:** National Qualifications Framework

**OECD:** Organisation for Economic Cooperation and Development

**OHS:** Occupational Health and Safety

**PaaS:** Platform as a Service

**PBT:** Profit Before Taxation

**PCR:** Process Control Release

**POD:** Proof of Delivery

**PPS:** Printing and Personal Systems

**PuE:** Power usage Effectiveness

**QMS:** Quality Management System

**RASP:** Riverbed® Authorised Support Partner

**SaaS:** Software as a Service

**SANRAL:** South African Roads Agency Limited

**SENS:** Stock Exchange News Service

**SHEQ:** Safety, Health, Environment and Quality

**SOC:** Security Operations Centre

**STI:** Short-term Incentive

**TCOE:** Total Cost of Employment

**TCTC:** Total Cost To Company

**TUT:** Tshwane University of Technology

**WAN:** Wide Area Network

**WCG:** Western Cape Government

# Definition of terms

**Business Intelligence (“BI”):** A business solution that enables customers to make meaningful business decisions from their structured and unstructured data by providing the systems they need to do so.

**Cloud services:** Public and private cloud services with management, monitoring, security, and always-on availability.

**Colocation:** The provision of high density, network-rich, secure colocation, enabling customers to reduce their operating costs and minimise risk through the provision of fully managed datacentre solutions.

**Communications:** Leading networking and unified communications solutions that enhance customer communications both inside and outside of their organisations.

**Datacentres:** An end-to-end data solution that encompass Infrastructure as a Service (“IaaS”) either on-premise or hosted, and includes 24x7x365 support and maintenance services, ensuring the continuous processing, storage, protection and management of customer data.

**eLearning:** A total solution that involves the use of technology in classrooms to support the teaching and learning process that spans ICT infrastructure and software, storage, hosting and networking, support services, teacher training and classroom equipment.

**Electronic fraud management:** A managed service that helps customers guard against electronic fraud and identity theft, encompassing all legal, operational and compliance requirements.

**End user computing:** Solutions that help customers simplify the management of their end user computing environment and mobile devices through customised product rollout and maintenance solutions, product mapping and financing solutions, automated procurement, complete asset and mobile device management, as well as network security access management and application virtualisation.

**Enterprise information management (“EIM”):** A business information solution that ensures that customers gain better business insight and reduce risks relating to information governance.

**Enterprise resource planning (“ERP”):** A business solution that integrates business processes to save time and expense; enable faster more accurate decision making; and ensure the visibility of data across the organisation.

**Enterprise systems management (“ESM”):** The configuration, management, monitoring and controlling of distributed enterprise systems.

**Hosting:** Managed services that are delivered via leading infrastructure and are provided with service level agreements and 99.999% network uptime guarantee.

**Managed networks:** The service of designing, building, implementing, operating and maintaining local and wide area networks, providing solutions from the network core to the network edge, as well as datacentre deployment.

**Managed print and document services:** Integrated document solutions that respond to complete document requirements across the document life cycle from creation and distribution, to collaboration and archiving.

**Managed shared services:** The provision of service offerings that encompass a customer’s ICT information processes, associated technologies, service management and supporting services; delivering strategically aligned value by utilising defined input and output controls with structured measurements and reporting to support and enhance service levels.

**Managed systems:** The service of managing all the disciplines associated with customer systems management that supports the world’s leading vendors’ hardware and operating systems.

# Definition of terms continued

**Monitoring:** The service of monitoring and controlling all server hardware systems, operating systems, application services, databases, network devices and servers running in an ICT environment to establish and maintain critical system health.

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**Security operations centre (“SOC”):** The managed service of monitoring and defending customer environments against security threats, which offers a powerful analytical tool that helps to simplify compliance, enhance security and ensure risk mitigation.

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**Security:** End-to-end security solutions for monitoring, assessing and defending company information.

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**Server platforms:** The procurement, installation, management and maintenance of customer server environments using leading server technology, and specialist virtualisation and consolidation solutions.

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**Service aggregation:** The service of managing customer vendor relationships and service framework by becoming the central point of contact for all customer service issues and for all customer service providers.

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**Service desk:** An always-available managed services solution, providing customers the ability to rapidly report any IT problems and solve ongoing issues.

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**Storage solutions:** Enterprise storage technology (tiered and virtual), complete implementation, management and monitoring services that are supported by professional consulting and technical expertise to ensure the ongoing availability, security and controlled accessibility to company data and information.

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