

**DATACENTRIX HOLDINGS LIMITED**  
**INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA**  
**(REGISTRATION NUMBER: 1998/006413/06)**  
**SHARE CODE: DCT**  
**ISIN: ZAE 000016051**  
**("Datacentrix" or "the Group" or "the Company")**

**UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2014 AND DIVIDEND DECLARATION**

**Key financial indicators**

- Operating profit increased by 18% to R66 million
- Earnings per share increased by 15% to 24.1 cents and headline earnings per share increased by 16% to 24.3 cents
- Revenue increased by 9% to R1.102 billion
- Operating margin increased by 9% from 5.5% to 6%
- Net asset value per share increased by 6% from 275 cents to 292 cents
- Interim gross cash dividend declared of 8.0908 cents per share

**Condensed Consolidated Statements of Comprehensive Income for the six months ended 31 August 2014**

	Unaudited 6 months ended 31 August 2014 R'000	Unaudited 6 months ended 31 August 2013 R'000	Audited 12 months ended 28 February 2014 R'000
<b>Revenue</b>	<b>1 102 340</b>	1 008 924	2 279 512
<b>Operating profit</b>	<b>65 963</b>	55 991	125 290
Net interest received	1 028	3 030	1 174
<b>Profit before taxation</b>	<b>66 991</b>	59 021	126 464
Taxation	<b>(19 786)</b>	(18 083)	(37 539)
<b>Total comprehensive income attributable to ordinary shareholders</b>	<b>47 205</b>	<b>40 938</b>	<b>88 925</b>
<b>Basic earnings per ordinary share (cents)</b>	<b>24.1</b>	20.9	45.4
<b>Diluted basic earnings per ordinary share (cents)</b>	23.9	20.8	45.2
<b>Gross dividend per share (cents)</b>	<b>8.09</b>	12.32	20.49
<b>Earnings before interest, taxation, depreciation and amortisation ("EBITDA")</b>	<b>78 924</b>	70 082	152 398
<b>Headline earnings per ordinary share (cents)</b>	<b>24.3</b>	21.0	45.6
<b>Diluted headline earnings per ordinary share (cents)</b>	24.1	20.9	45.4
Weighted average number of shares in issue* (000s)	195 798	195 798	195 798
Weighted average number of shares in issue for purpose of dilution* (000s)	197 241	196 782	196 804
<i>*adjusted for treasury shares</i>			
<b>Reconciliation between earnings for the period attributable to ordinary shareholders and headline earnings</b>			
Earnings attributable to ordinary shareholders	<b>47 205</b>	40 938	88 925
Loss on sale of property and equipment	<b>327</b>	119	374
<b>Headline earnings</b>	<b>47 532</b>	<b>41 057</b>	<b>89 299</b>

Condensed Consolidated Statements of Financial Position as at 31 August 2014

	Unaudited 31 August 2014 R'000	Unaudited 31 August 2013 R'000	Audited 28 February 2014 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>203 899</b>	223 888	206 109
Property and equipment	66 459	67 067	69 006
Intangible assets – software	12 531	11 901	9 646
Intangible assets – business combination	90 154	89 963	91 516
Investment in joint venture	103	977	914
Finance lease receivables – long-term	1 675	29 727	7 191
Deferred taxation assets	32 977	24 253	27 836
<b>Current assets</b>	<b>775 376</b>	720 754	756 190
Current taxation assets	5 785	-	11 844
Finance lease receivables – short-term	13 948	30 576	19 271
Inventories	72 888	57 310	44 408
Trade and other receivables	548 197	387 310	478 130
Cash and cash equivalents	134 558	245 558	202 537
<b>TOTAL ASSETS</b>	<b>979 275</b>	944 642	962 299
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>570 949</b>	512 790	537 943
Share capital	21	21	21
Share premium	36 100	35 934	36 079
Treasury shares	(42 790)	(42 333)	(42 766)
Equity-settled share scheme reserve	44 961	41 581	43 161
Retained earnings	532 657	477 587	501 448
<b>Non-current liabilities</b>	<b>21 593</b>	60 413	39 125
Loan payable – long-term	8 859	17 000	18 793
Deferred revenue – long-term	11 071	14 104	13 175
Finance lease payables – long-term	1 663	29 309	7 157
<b>Current liabilities</b>	<b>386 733</b>	371 439	385 231
Trade and other payables	291 721	260 463	306 872
Deferred revenue – short-term	67 635	42 376	53 284
Finance lease payables – short-term	13 783	29 250	18 565
Current tax liabilities	528	11 858	112
Loans payable – short-term	10 381	24 575	3 517
Lease smoothing liability	2 685	2 917	2 881
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>979 275</b>	944 642	962 299
Net asset value (adjusted for treasury shares) per share (cents)	291.6	261.9	274.7
Tangible net asset value (adjusted for treasury shares) per share (cents)	239.2	209.9	223.1
Weighted average number of shares in issue* (000s)	195 798	195 798	195 798

**Condensed Consolidated Statement of Changes in Equity for the six months ended 31 August 2014**

	Share capital R'000	Share premium R'000	Treasury shares R'000	Equity-settled share scheme reserve R'000	Retained earnings R'000	Total R'000
<b>Balance at 28 February 2013</b>	<b>21</b>	<b>35 962</b>	<b>(42 335)</b>	<b>37 801</b>	<b>460 181</b>	<b>491 630</b>
Total comprehensive income	-	-	-	-	40 938	40 938
Treasury shares movement	-	(28)	2	-	-	(26)
Share-based payments	-	-	-	3 780	-	3 780
Dividend paid	-	-	-	-	(23 532)	(23 532)
<b>Balance at 31 August 2013</b>	<b>21</b>	<b>35 934</b>	<b>(42 333)</b>	<b>41 581</b>	<b>477 587</b>	<b>512 790</b>
Total comprehensive income	-	-	-	-	47 987	47 987
Treasury shares movement	-	145	(433)	-	-	(288)
Share-based payments	-	-	-	1 580	-	1 580
Dividend paid	-	-	-	-	(24 126)	(24 126)
<b>Balance at 28 February 2014</b>	<b>21</b>	<b>36 079</b>	<b>(42 766)</b>	<b>43 161</b>	<b>501 448</b>	<b>537 943</b>
Total comprehensive income	-	-	-	-	47 205	47 205
Treasury shares movement	-	21	(24)	-	-	(3)
Share-based payments	-	-	-	1 800	-	1 800
Dividend paid	-	-	-	-	(15 996)	(15 996)
<b>Balance at 31 August 2014</b>	<b>21</b>	<b>36 100</b>	<b>(42 790)</b>	<b>44 961</b>	<b>532 657</b>	<b>570 949</b>

**Condensed Consolidated Statement of Cash Flows for the six months ended 31 August 2014**

	Unaudited 6 months ended 31 August 2014 R'000	Unaudited 6 months ended 31 August 2013 R'000	Audited 12 months ended 28 February 2014 R'000
Profit before taxation	66 991	59 021	126 464
Adjusted for non-cash items	13 008	12 188	28 076
Working capital changes	(90 612)	(23 103)	(11 913)
- Inventories	(28 480)	(20 163)	(7 261)
- Trade and other receivables	(70 067)	(10 242)	(100 886)
- Finance lease receivables	10 839	(5 376)	28 465
- Trade and other payables	(2 904)	12 678	67 769
<b>Cash (utilised)/generated from operations</b>	<b>(10 613)</b>	<b>48 106</b>	<b>142 627</b>
Net interest received	1 905	5 654	4 727
Dividend paid	(15 996)	(23 532)	(47 658)
Taxation paid	(18 452)	(11 438)	(60 414)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(43 156)</b>	<b>18 790</b>	<b>39 282</b>
<b>Net cash outflow from investing activities</b>	<b>(11 453)</b>	<b>(49 114)</b>	<b>(60 092)</b>
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(13 370)</b>	<b>2 121</b>	<b>(50 414)</b>
Net decrease in cash and cash equivalents	(67 979)	(28 203)	(71 224)
Cash and cash equivalents at the beginning of the period	202 537	273 761	273 761
<b>Cash and cash equivalents at the end of the period</b>	<b>134 558</b>	<b>245 558</b>	<b>202 537</b>

## Basis of preparation

The condensed financial statements of the Group are prepared as a going concern on a historical cost basis except for certain financial instruments, which are stated at fair value as applicable. The condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the information as required by IAS 34: Interim Financial Reporting, the Listings Requirements of JSE Limited, and the Companies Act of South Africa (Act 71 of 2008), as amended. The principal accounting policies, which comply with IFRS, have been consistently applied in all material respects in the current and comparative years. All new interpretations and standards were assessed and adopted with no material impact.

The condensed consolidated financial statements of the Group have not been reviewed or audited by the Group's auditors. The condensed consolidated financial statements of the Group were prepared under the supervision of Mrs Elizabeth Naidoo CA (SA), the Financial Director of the Group.

## Subsequent events

No material events have occurred between the six month period ended 31 August 2014 ("interim period") and the date of this announcement.

## The business of Datacentrix

Datacentrix is an integrated ICT systems provider to corporate and public sector organisations in South Africa. The Group's comprehensive portfolio, proven execution capability and value-driven strategy underpin its position as one of the leading local ICT players. The Group consists of three operational divisions: Managed Services, Technology (previously Infrastructure) and Business Solutions.

## Overview

Datacentrix has undergone a transformational journey over the last few years. In 2008, product revenue accounted for the largest share of the business. The organisation recognised that the business model would come under pressure due to hardware commoditisation and technology prices declining. Today, the company predominantly delivers complex infrastructure solutions, with a growing managed service, application and cloud business. Its portfolio includes most of the significant enterprise hardware and software vendors. The Group has largely delivered on the implementation of its organic growth strategy, having built the capability to assist customers in navigating the ever-changing IT landscapes. The Group will continue to complement its organic growth strategy with acquisitions.

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

The board of directors of Datacentrix ("Board") is pleased to announce the financial results for the interim period ended 31 August 2014. The Group's financial performance reflects the success of its strategy, with operating profit increasing by 18% to R66 million and revenue increasing to R1.102 billion from R1.009 billion. Despite the market remaining under margin pressure, the Group's operating margins improved from 5.5% to 6%, driven by a shift to higher-value complex solutions revenue and focused cost management. Profit after tax ("PAT") increased by 15% from R40.9 million to R47.2 million and headline earnings per share ("HEPS") increased 16% from 21.0 cents to 24.3 cents. As previously communicated, the move to a solutions-systems integration business has increased working capital requirements.

## Operational review

The Group showed solid performance for the interim period, achieving revenue and PAT growth from all divisions. The continued focus on complex solutions is contributing positively to Group performance, with areas such as solution sales into the datacentre and networking solutions gaining good acceptance in the marketplace. In the cloud space, the Group launched both Infrastructure as a Service ("IaaS") and Platform as a Service ("PaaS") offerings during the reporting period.

The change in operating margin is as a result of cost management and change in business mix. Overall expenditure was well managed, resulting in payroll costs remaining consistent with the comparative period.

The Group comprises three operational divisions: Managed Services, Technology and Business Solutions. The Managed Services division contributed 35% to the Group's PAT, with the Technology division responsible for 50%, and the Business Solution division 13%.

## Segmental analysis

	Managed Services		Technology		Business Solutions		Corporate		Total Group	
Unaudited six months ended	31 Aug '14 R'000	31 Aug '13 R'000	31 Aug '14 R'000	31 Aug '13 R'000	31 Aug '14 R'000	31 Aug '13 R'000	31 Aug '14 R'000	31 Aug '13 R'000	31 Aug '14 R'000	31 Aug '13 R'000
Revenue	253 407	234 875	763 531	700 799	85 402	73 250	-	-	1 102 340	1 008 924
EBITDA	29 834	32 088	38 848	35 211	10 242	2 783	-	-	78 924	70 082
Operating profit	23 964	24 012	33 325	29 924	8 674	2 055	-	-	65 963	55 991
Net interest	(805)	(2 272)	-	-	-	-	1 833	5 302	1 028	3 030
Profit before taxation	23 159	21 740	33 325	29 924	8 674	2 055	1 833	5 302	66 991	59 021
Taxation	(6 841)	(6 838)	(9 845)	(9 177)	(2 562)	(637)	(538)	(1 431)	(19 786)	(18 083)
Total comprehensive income for the period	16 318	14 902	23 480	20 747	6 112	1 418	1 295	3 871	47 205	40 938

The comparative segmental information has been adjusted to more accurately reflect a change in internal reporting that occurred subsequent to the comparative year's interim results. This has resulted in the Cloud Services business being reflected as part of the Managed Services division (previously included under in the Technology division).

### Managed Services

The Managed Services division focuses on enabling customers to grow their businesses by enhancing their business processes and systems to enable meaningful management decision making. The division's revenue grew by 8% to R253 million, while PAT was up 10% for the reporting period. Performance within this unit was not as high as expected due to a major outsource customer insourcing its services in line with its local and global strategy. The Internet Service Provider ("ISP"), Network Service Provider ("NSP") and communications business, eNetworks, continues to perform well; and the division's Managed Talent Services business enjoyed a robust performance. The Group has developed a compelling cloud offering (Microsoft Exchange, IAAS, PAAS and application hosting) that offer long-term growth opportunities for the Managed Services business. With data privacy and residency concerns being raised at a global level, organisations will turn to local cloud providers. This has the potential to be a driver for local cloud providers.

### Technology

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. Tight cost management within the Technology division contributed to a slightly improvement in operating margins from 4.3% to 4.4%. Revenue within this unit showed growth of 9% while PAT grew by 13%. The investment in skills over the last few years has provided the unit with the capability to design and implement complex infrastructure solutions, resulting in more strategic customer engagements.

### Business Solutions

The Business Solutions division aims to allow businesses to better utilise the information generated, manipulated and stored within their ICT infrastructures. Revenue in the Business Solutions division increased by 17% and PAT by 331%. The division contributed 13% to total earnings for the period, with a robust performance in the six months. Good growth was achieved within the Enterprise Information Management ("EIM") business. This business unit houses a significant EIM skills pool and is a leading player in the local EIM solutions and services space. The Enterprise Resource Planning ("ERP") and Analytics, and Business Intelligence business units had a more subdued performance, although there have been some ERP project wins that will be deployed in the second half of the year.

### Prospects

The Group will continue on its path as a skilled, services and solutions-led organisation. People are key to the business and Datacentrix will support the ongoing development and nurturing of the right skills to deliver intelligent, complex solutions to the market in an ever changing IT landscape. The company is supported by top-level vendor accreditations and accolades. Recent vendor awards recognise the enhanced execution capability of the company. Two such awards include a global award by HP and Microsoft as an 'Outstanding Frontline Partner (FLP) for 2014 in Unified Communications & Collaboration', and 'Canalys EMEA 'Infrastructure Growth Partner of the year'.

The company believes that its focus on complex solutions, execution capability and its customer-centric approach has positioned the Group favourably within the market. Datacentrix will continue to seek out suitable acquisition opportunities to broaden its reach and to bringing new solutions sets to its customers.

### Black Economic Empowerment

Datacentrix has maintained its Level Two (AAA) B-BBEE Contributor status, with 125% procurement recognition. The Group was also named by ratings and research agency, Empowerdex, in the recent Mail and Guardian survey, as South Africa's most empowered company within the ICT services sector. In addition, the organisation reached the number one spot in the socio-economic development and management control categories and was ranked as the 14<sup>th</sup> most empowered listed company overall.

### Dividend

In respect of the six-month period ended 31 August 2014, the Board declared a gross cash dividend of 8.0908 cents per share. The dividend for the six-month period ended 31 August 2014 is payable on Monday, 3 November 2014 to all shareholders on the Register of Members as at Friday, 31 October 2014.

In terms of the dividends tax, effective 1 April 2012, the following additional information is disclosed:

- the local dividend tax rate is 15%;
- the dividends will be payable from income reserves;
- no STC credits have been utilised. Accordingly, the dividend to utilise in determining the dividends tax is 8.0908 cents per share;
- the dividend tax to be withheld by the Company amounts to 1.21362 cents per share;
- therefore, the net dividend payable to shareholders who are not exempt from dividends tax amounts to 6.87718 cents per share, while the gross dividend payable to shareholders who are exempt from dividends tax amounts to 8.0908 cents per share;
- the issued share capital of the Company at the declaration date comprises of 205 265 683 ordinary shares; and
- the Company's income tax reference number is 9739/002/71/6.

Declaration date:	Tuesday, 7 October
Last day to trade:	Friday, 24 October
Share trade ex-dividend:	Monday, 27 October
Record date:	Friday, 31 October
Payment date:	Monday, 3 November

Share certificates may not be dematerialised or rematerialised between Monday, 27 October 2014 and Friday, 31 October 2014, both days inclusive.

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

For and on behalf of the Board:

**Nolitha Fakude**  
Independent Non-Executive Chairman

**Ahmed Mahomed**  
Chief Executive Officer

7 October 2014

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

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