Digital innovation is accelerating. Businesses need to create new customer experiences, make faster and better decisions through smarter collaboration, and create new digital business models and revenue streams, in a secure manner. Organisations need partners that understand what they do, to help shape their business and lead their sector through the application of digital technologies.

Logicalis is helping clients to plan their digital journey, releasing the creativity that runs through businesses and using digital technology to deliver outstanding results.

Technology and innovative services are transforming business. Enabled by Logicalis.
HIGHLIGHTS

EMPLOYEES
4,000+

REVENUE
$1.5bn

NORTH AMERICAN REVENUE
$465m

LATIN AMERICA REVENUE
$415m

EUROPE REVENUE
$520m

ASIA PACIFIC REVENUE
$135m

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**HIGHLIGHTS**

**REVENUE**

$1.5bn

(2015 $1.5bn)

**ANNUITY SERVICES (20%)**

$300m

(2015 $318m)

**GROSS PROFIT (23%)**

$353m

(2015 $372m)

**EBITDA (5.3%)**

$81m

(2015 $97m)

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**REGIONAL REVENUE**

- **2016**
  - North America: 30%
  - Latin America: 27%
  - Europe: 34%
  - Asia Pacific: 9%

- **2015**
  - North America: 25%
  - Latin America: 36%
  - Europe: 31%
  - Asia Pacific: 8%

**PRODUCT REVENUE**

- **FY2016**
  - Cisco: 52%
  - IBM: 16%
  - HPE: 7%
  - Other: 25%

- **FY2015**
  - Cisco: 57%
  - IBM: 16%
  - HPE: 6%
  - Other: 21%

**GROSS PROFIT CONTRIBUTION**

- **FY2016**
  - North America: 31%
  - Latin America: 28%
  - Europe: 31%
  - Asia Pacific: 10%

- **FY2015**
  - North America: 27%
  - Latin America: 36%
  - Europe: 28%
  - Asia Pacific: 9%
• Latin America impacted by strong US$ and Brazilian macroeconomic conditions
• North America benefited from an acquisition made in September 2015 and an improved underlying performance
• Europe benefited from the full year impact of the inforsacom acquisition made in January 2015

• Product revenues up 3% driven by strong growth in Oracle and HPE
• Services revenues were down 5% due to weaker demand in Latam and the strong US$

• HPE up 23%
• ‘Other’ vendors growth driven by increase in Oracle revenue

• Gross profit impacted by mix change caused by a reduced Latin America contribution as a result of the strong $US
Understanding the digital world

IT moving from a support service to a major source of business innovation

The next ten years will bring the dawn of the first truly digital decade – an age in which business is rightly mesmerised by digital transformation driven by cloud, mobility, big data analytics and social business. Digital is creating new companies and new business models that allow traditional businesses to transform the customer experience, streamline their own business models, and – more fundamentally – open up a wealth of opportunity for innovation across industry and government.

We are defining the Digital Enabled Enterprise as an organisation that embraces technology and services to improve the customer experience (CX) it delivers to both internal and external customers and, in doing so, often changes the nature of the organisation itself. The alignment of, and investment in, technology and business models is critical to more effectively engage digital customers at every touchpoint in the CX lifecycle.

Logicalis offers customers a compelling value proposition; a clear role in enabling and supporting this new, digitally defined value chain – a role that is very much in step with our customers’ digital agendas.

IT infrastructure positioned as a major enabler of business agility and growth

IT leaders are looking for a trusted advisor to help them seize the opportunities that digital brings and manage the inherent big changes required – from creating new data centres and networking platforms that underpin digital capabilities, to re-defining security architectures and IT operations. This new digital world requires IT providers to connect and engage with new stakeholders, such as the Chief Digital and Data Officers (CDx) who will drive their organisations’ digital strategies. They will build new applications, disrupt existing business processes and transform their approach to existing and new forms of data, to deliver sustainable business change.

Logicalis is extending its proposition, adding new capabilities and service offerings and further cementing relationships with our existing vendors, as well as new vendor ecosystem partners. ‘Digital’ leverages many of our existing capabilities, skills and solutions, increasing their value to our existing IT contacts (building next-generation automated data centres, enabling high-speed wireless access, securing IT infrastructure, IT service management) and re-defines them for a new audience (building application development platforms, integrating core applications or infrastructure into the cloud, building big data platforms, information analytics, ubiquitous video and collaboration) – to create relevance for line of business and CDx.

DIGITAL INNOVATION

CHIEF INFORMATION OFFICER (CIO) SURVEY

42% of CIOs’ time is devoted to ‘engaging with line of business’ and ‘scoping and provisioning new IT services’.

42%

Source: Logicalis’ CIO Annual Survey 2015
Security challenges inherent in enabling digital transformation

IT departments are now under more pressure to deliver and facilitate IT-based services and solutions – and at an unprecedented rate. This brings with it significant security issues. Not only are organisations facing traditional information security risks, but providing the degree of agility that the business demands is leaving them exposed to new cyber threats. As a result, IT infrastructures are becoming more vulnerable than ever before – indeed, IT leaders list security in their top priorities for this year (source: Q1 2016, TechTarget), and many organisations are planning to increase security spending.

Modern security strategies must be ‘baked’ into an organisation’s infrastructure and services, and must be considered on an end-to-end basis – from the business requirements and design stages through to implementation and operation.

Logicalis takes a consultative, architectural approach to helping organisations respond to security threats across the entire attack continuum: before, during and after an attack. We work with our customers to develop comprehensive strategies that can be implemented in phases, and provide a security platform that is effective, manageable, and adaptable enough to confront increasingly sophisticated threats.

Business outcomes becoming the primary Key Performance Indicator for the CIO

As line of business assumes more and more control of IT spending and direction, CIOs are increasingly focused on delivering service portfolios that meet the needs of line of business executives. In doing so, they are increasingly adopting a service defined infrastructure model, enabling them to switch their focus from IT support to policy driven service provisioning and decision making. Over time they will gain more visibility, agility and the control they need to deliver new capabilities to their customers – at the speed of business.

The legacy investments in people, processes and technology that underpin organisations’ day to day operations must be supported by a new agile model that defines the skills, processes and platforms demanded by a service defined model – from the technology that underpins current IT delivery, to processes and culture. The service defined IT department will put internal customers at the core of its operations – technologies and services will be the means to the end, but the primary focus will be on business outcomes.

Logicalis is a multi-skilled, innovative and agile Digital Enabler, with a track record for digital IT projects that deliver tangible business outcomes and fuel powerful digital innovation.

“IT leaders list security in their top priorities for this year.”

ANNUAL SURVEY

Our annual survey with CIOs suggests they are now spending a circa 50:50 balance between technology management and the delivery of a portfolio of services.

50:50

Source: Logicalis’ CIO Annual Survey 2015
Logicalis revenues remained flat in FY2016 despite weak emerging market currencies and a trading slowdown in Brazil. Our revenue mix, which has been impacted by the loss of a large UK services contract and by the dilution of the services contribution from Latin America caused by the stronger US dollar, resulted in a slight drop in gross profits.

This stronger US dollar helped to contain the translated impact of operating costs for those territories outside of the US despite an increase in restructuring expenses across much of the business, resulting in a small improvement. EBITDA margins remained above 5% although overall Group EBITDA dropped by 17% or by $16m to $81m.

From a geographic perspective, the strong US dollar and difficult trading conditions in Brazil resulted in a significant drop in the relative contribution from Latin America, in both revenue and gross profit terms. In previous years, Latin America was the largest contributor to revenues and gross profit. In the US, the recent acquisition of ATIG boosted the contribution from that region and we are confident that the business will continue to develop positively from this new level. Europe benefited from a strong performance from our German businesses, including inforsacom which we acquired in FY2015. Our operations are still relatively small in Asia Pacific but we continue to explore ways to grow successfully without deviation from our core markets, such as the acquisition of Thomas Duryea Consulting in Australia which adds scale to our existing Australian operations.

With our vendor partners, there was a reduction in Cisco’s relative share due to the weaker conditions across Latin America, while our HPE sales were stronger in the US. The ‘other’ segment will have a larger weighting going forward as Oracle becomes more important to the Group as a consequence of our expansion in Germany.

Looking forward, we remain confident about the prospects for our industry and our positioning. We have a strong balance sheet delivered by good working capital management. Logicalis is transitioning itself into a ‘Digital Enabler’ for its customers, tapping into themes such as security to augment its strong networking heritage, and is investing in areas such as data analytics to grow its data centre infrastructure offerings for customers. The strong dollar continues to impact the translated value of local currency services, and while we are confident in our positioning, skills set and global coverage, we remain cautious at a macro level with the state of global growth and the fragile state of emerging markets.
The role of the IT department is changing, bringing fresh challenges, shifting roles and new responsibilities.

Logicalis’ future is now mapped out by an Executive Board. This group sits alongside our statutory Board and has more direct involvement in shaping and realising our vision and strategy for Logicalis: to evolve into a digital-centric IT provider.

This strategy will be realised through both our financial performance and growth in existing markets, and a number of acquisitions completed over the last 12 months. Each has been driven by a clear strategic goal, whether that be to increase our scale, increase our services mix, or introduce new capabilities – particularly in areas such as data analytics and business intelligence, cloud and security.

We are also aligning our services more to line of business as we identify new job functions to sell to and influence, and developing industry-aligned propositions

ACQUISITIONS
During FY2016, Logicalis made a number of acquisitions:
• May 2015: Logicalis acquired Trovus, a UK business intelligence consultancy, which provides business insight solutions, professional services and managed services to mid-market commercial and public sector clients. Already this business (Trovus) has opened up opportunities in banking and trading operations, professional services, healthcare and construction. It is sharing its expertise with our other operations in Ireland, Germany and the Channel Islands.
• September 2015: Logicalis completed the acquisition of Advanced Technology Integration Group from MCPc, Inc., a solution provider offering systems integration and professional services to enterprise and commercial customers across the Midwest region of the US.
• October 2015: Logicalis acquired Lekscom Limited, a Channel Islands-based provider of networking and collaboration services to large enterprise and commercial clients. It enhanced Logicalis’ existing professional and managed services in the Channel Islands, especially around networking, communication and security services.
• December 2015: Logicalis acquired Thomas Duryea Consulting Pty Limited, a data centre and cloud services provider based in Melbourne, Australia. As a result, Logicalis Australia has been able to expand its outsourcing practice, incorporating a service desk in Australia and a comprehensive Microsoft practice. The Australian operation now has one of the largest data centre practices in Australia, allowing it to grow its Dell and EMC relationship and deliver data centre and cloud solutions.

NEW CENTRES OF EXCELLENCE
We have created centres of excellence to leverage our global footprint and skills across the Group – accelerating the value we can bring our customers in new digital technologies such as software, security, cloud and analytics.

DEVELOPMENT OF SOFTWARE SKILLS
With software gaining relevance in all domains of IT (hardware, services, cloud, custom applications), system integrators and IT service providers must adapt their portfolios to sustain relevance for customers. Over the last 18 months, for instance, we have established a strong software practice in our Brazilian operation – more than 60 people are now developing software solutions for software defined networks, development & operations (DevOps) and multi cloud, as well as vertical specific solutions such as smart cities, banking, retail and IoT.

This requires the development of new technical skills, working with our traditional partners and new next-generation partners in an expanded multi-vendor ecosystem. This is an exciting opportunity for Logicalis to enter new markets, which currently includes the development of a Platform-as-a-Service offering to enable rapid development of IoT applications – this project is being delivered with the support of FINEP (Brazilian development fund) as part of the INOVA Telecom program (launched by the Brazilian government).

Our ituma business, a pioneer of Wi-Fi-enabled services, has developed new opportunities such as 3D in-location navigation, product and service offerings access, product promotions and omni-channel retail ordering.

Security Solutions
In a digital world, security is a fundamental challenge – as a result, it will be one of the biggest areas of investment for Logicalis over the next three years. Digital Business happens everywhere: at the edge, on the mobile device, in the data centre, in the use of customers’ most prized asset – their data. This ubiquity is driving significant change in our customers’ approach to digital security. They are adopting threat-centric approaches; moving away from tens, and sometimes hundreds of point solutions to build a holistic approach and coherent architectural response to the changing threat landscape. They are looking for a partner that can support them through the threat continuum, and provide a solution from security advisory consulting and solutions design through to managed services.

Our centres of excellence leverage our global footprint and skills across the Group

WE SHOWCASE SOME GREAT EXAMPLES OF OUR SOFTWARE SERVICES IN THE CASE STUDIES’ SECTION ON PAGES 11–22
Logicalis has leveraged relationships with key vendors such as Cisco and Intel, as well as investing in skills, solutions and services, to ensure that we remain a key strategic security advisor and provider to our customers.

CLOUD SOLUTIONS
Cloud continues to dominate our customers’ business and IT strategies. We have responded to this by ensuring that we can support them whatever form of cloud they choose to adopt; private, hybrid, managed or public cloud service offerings. Accordingly, our cloud strategy benefits from the regional investments we have made in recent years, to ensure that we can engage with customers across geographies and serve specific vertical markets.

Our US business has invested in building a world-class independent software vendor (ISV) programme. It has proven effective in enabling ISVs to enter the Software as a Service (SaaS) market by providing a platform and services to host their applications, and moving them to new consumption models and revenue streams.

In our European business private and hybrid cloud growth has been strong. Our IT by Wire blueprinted consulting and architecture methodology accelerates our customers’ adoption and operational capabilities, to create new agile and responsive internal cloud services.

DATA ANALYTICS
Data is hugely valuable to all our customers, and this has driven our focus on rapidly extending our capability in big data and analytics. For instance, our Brazilian operation has developed R:42, an end-to-end real-time business analytics platform. It is built to combine a huge number of events from different sources and analyse them in accordance with customised business rules.

Meanwhile, acquisitions made in the last 18 months – Trovus, a business intelligence consultancy in the UK, and a joint venture stake in ituma in Germany, a specialist developer of spatial intelligence software – have enabled us to establish a centre of data analytics and business intelligence expertise, which shares knowledge with our operations around the globe. Our business intelligence solutions are based on a high-touch consultancy service to customers that delivers business intelligence outcomes using best of breed technologies (SAS, IBM, HPE).

Our spatial intelligence solutions combine motion and location-aware networking with powerful analytics to give customers the capability to build rich mobile experiences in retail and service-led industries.

In this digital world, the role of the CIO is evolving. In response, we have re-thought the way we communicate our value proposition, taking a combined consulting and advisory (from a business perspective) and architectural (from a technology point of view) approach to the CIO and CDo. The focus now is on helping to transition IT from a support role to a major innovation source for businesses.

In so doing, we have created a number of initiatives in our local operations to allow closer engagement with CIOs and Heads of Digital Strategy. For instance, almost two years ago our UK operation set up an initiative called the IT Innovators Club. Its objective is to foster discussion between forward-looking IT professionals to ignite fresh thinking and the sharing of ideas. To date we have brought...
together over 300 Heads of IT and Digital Strategy through quarterly dinners and our Ignite Innovation networking evenings.

This concept has since been adopted in some of our other operations, notably in Australia and the US. Logicalis Australia hosts an IT leaders’ executive programme and in the US, Logicalis hosts quarterly multi-customer briefings at its West Chester, Ohio briefing centre. The focus of its event is on the Service Defined Enterprise and the new role of the CIO. We are also looking to replicate similar programmes in our Latin America and Asia Pacific regions.

CUSTOMER INTIMACY AND INDUSTRY EXPERTISE

As a Digital Enabler to our customers, a key differentiator is our customer intimacy – demonstrating that we really understand our customers’ businesses to deliver the best possible solutions, whilst keeping an eye on cost and innovation.

In the US, we offer industry solutions for the healthcare market – a proposition built around a team with industry-specific skills and top subject-matter experts with the highest credentials in enterprise medical imaging systems and clinical performance for healthcare organisations. This team provides consulting services to our healthcare customers – with a focus on ensuring that Logicalis’ digital solutions advance their clinical and business objectives.

Our healthcare offerings are based on real-world experience, expertise with a wide range of technologies and services, and a history of customer success and trust. We have invested in new skills and new partnerships to develop our capabilities in imaging, telehealth, healthcare analytics, patients’ experience (mobile enablement) and electronic medical record system implementation. The US Healthcare Practice Leader continues to evolve the practice’s strategy, evaluating and adding high-value, industry-specific suppliers to further enhance and differentiate our offerings for the healthcare sector.

Key suppliers such as Cisco and HPE have recognised the US Healthcare Practice for its unique, high-value approach in the marketplace. The US team is also now collaborating with healthcare-focused colleagues in Asia Pacific and Latin America, sharing ideas and best practices with them.

We have also built an industry practice for ISVs. Logicalis is helping tier two ISVs by giving them access to cloud and IT operation experts with core competencies in cloud, managed services, service management and automation and orchestration, DevOps and continuous delivery. We take a highly consultative approach and work as an extension of their teams to implement or operate SaaS offerings efficiently and profitably.

ONE OF THE GREAT SUCCESSES OF THIS TEAM IS HIGHLIGHTED IN THE CASE STUDY FOR IFS ON PAGE 14

We will stay one step ahead in this rapidly changing environment.

The support of the Logicalis Executive Board ensures that we now develop replicable vertical solutions such as those for healthcare and ISVs – transforming local practices into shared global centres of excellence.

EMPLOYEE DEVELOPMENT AND LEADERSHIP

Our success in evolving into a leading Digital Enabler requires that we have the best people and skills in our organisation. Our leadership needs to be equipped to lead high-performing teams, understand and maximise their strengths, and be able to deal with the challenges of leading a global organisation. In 2016, we launched a Group-wide Employee Development Programme to enable all of our operations to provide the right business and people skills training to their employees.

In addition to this project we have also launched a Leadership Programme: the Logicalis Leadership Academy is an aspirational programme to help attract and retain the leaders of the future.

You can read more about this in our Corporate Responsibility section.

DIGITAL TRANSFORMATION

So in summary, digital transformation brings all these investments and initiatives together for the business, equipping Logicalis with the capabilities and resources required to stay one step ahead in a rapidly changing business and technology environment – getting the best from our management team and our people across the world around a common strategy.
Enabled by Logicalis...

Some regional examples of digital innovation enabled by Logicalis.
In 2016, the city of Rio de Janeiro will host the Olympic Games and is investing in several urban improvements, deploying new technological solutions to renew regions, such as the Port area. The Porto Maravilha region (Rio de Janeiro, Brazil) will become one of Brazil’s largest smart city projects which will include the deployment of smart public services such as a City Wi-Fi network, smart sensing services, a mobile unit solution integrated to the Rio Operations Centre to provide communication access in the case of disasters and mega-events, and collaboration services designed for tourist attention.

The project is part of Cisco’s Urban Innovation Legacy and PromonLogicalis is the selected partner responsible for delivering this project based on Cisco’s Smart City solutions.

The Porto Maravilha Urban Innovation Legacy project aims at creating a more humane, smart and connected neighbourhood to citizens and visitors, and stimulate the area’s social and economic development.
2,000 customers in 60 countries needed fast and secure data from IFS in the US

Enabled by Logicalis...

SANDY SHUTE
SENIOR ACCOUNT EXECUTIVE,
LOGICALIS US

Logicalis has helped enterprise resource planning (ERP) software vendor IFS, compete in today’s marketplace with cloud hosting and Infrastructure as a Service (IaaS). The company has 2,000 customers and is present in more than 60 countries.

Since 2012, with the advent of cloud infrastructure and SaaS offerings, the company’s North American division found the need to add hosting and software as a service to its portfolios. Recognising the need to quickly address changing customer requirements, IFS (an ISV) decided to seek an enterprise cloud hosting partner that understood the nature of implementing and supporting enterprise-class applications. IFS would also need to provide a seamless experience to its customers, supporting not only their applications but also the cloud infrastructure level.

IFS felt that Logicalis offered the best overall alignment to its own and its customers’ needs with its cloud-based infrastructure management solution. Logicalis provides the backend infrastructure, processes and resources required for end customers to run ERP application software developed and installed by IFS. Unlike most pay-as-you-go IaaS offerings, the Logicalis enterprise cloud has the capacity to run mission-critical workloads and support customers that need a long-term IT infrastructure service.

IFS thinks the benefits of working with Logicalis come down to being able to provide a 24x7 professional managed environment, which many of its customers do not wish to maintain in-house due to the cost. The risk of losing servers, data and business continuity is also greatly reduced, because it is in a professionally managed, secure and hosted facility managed with ITIL processes, and backed up by a service level agreement.
Secure roaming environment for clinical staff at Box Hill Hospital, Australia

Enabled by Logicalis...

DAMIAN ZAMMIT
NATIONAL PRACTICE MANAGER,
LOGICALIS AUSTRALIA

In 2015, Thomas Duryea Consulting (TD) (a Logicalis Group company) was awarded a contract from Lend Lease Building Corporation (LLBC) to design and implement a secure roaming desktop environment for the newly built Box Hill Hospital (BHH). LLBC and BHH wanted to use this opportunity to set a new benchmark for clinical information access, providing staff with a virtualised and transportable computing environment with cutting edge information security.

As part of the works TD was engaged to design and implement the solution for BHH. BHH, as with all healthcare environments, has unique workflow requirements, relying heavily on shared workstations. A highly available and redundant virtual desktop deployment gives clinicians the freedom that comes with roaming sessions, which means they can treat more patients, spend more time with patients and have critical information at their fingertips. Securing the user experience within the virtual desktop meant that patient data is easily accessible yet protected from inappropriate access.

TD also improved the speed and automation for which systems were accessed by clinicians and staff by implementing an Imprivata single sign-on solution that enabled care providers to spend less time with technology and more time with patients. By eliminating the need to repeatedly type usernames and passwords, providers could quickly and securely access clinical and administrative applications, which streamlines clinical workflows, and began the adoption of a new Electronic Patient Medical Records environment.

TD delivered the entire project through project management, architecture, build and deployment to all 800 devices, supporting approximately 2,500 staff in total.
RUSSELL EVANS
CLIENT MANAGER,
LOGICALIS UK

As part of the University’s Digital Campus Transformation Programme, Wolverhampton University chose Logicalis for the design and build of a software-defined compute, storage and virtualisation infrastructure to underpin its Digital Platforms Project. The platform is a foundation project of the University’s digital transformation of services, resources and information to students and staff.

Logicalis has created a highly automated and agile digital platform that will allow the University to adapt to market forces and enable business transformation.

The platform provides the opportunity for the University to behave like an internal service provider, building a portfolio of services tailored to the diverse needs of the University community, quickly and without adding operational complexity for the IT team. It creates more opportunities to learn via interesting, relevant tools that can help broaden and challenge the learning of students, and has evolved the culture and processes of the University to remain competitive.

Logicalis’ platform architecture approach, known as IT by Wire, provides a five-layer software-defined stack that, for the University, blends infrastructure, virtualisation, automation, cloud integration and instrumentation.

The software-defined architecture helps organisations to automate the provisioning, control, management and cost of IT services at speed, shifting department focus from operational fix to policy-driven decision making, in line with an internal service provider model.

The University is now able to deliver new services at the speed of business, and meet the evolving needs and expectations of digitally immersed students, as well as supporting its planned investment and adapting to future opportunities or challenges.

Digital campus transformation project for Wolverhampton University, UK

Enabled by Logicalis...
Digital added value for the City of Stuttgart

Enabled by Logicalis...

SIMON MARG
MANAGING DIRECTOR,
ITUMA GMBH, GERMANY

In 2015, ituma, a joint venture company with Logicalis, was chosen by Stuttgart-Marketing GmbH, the official tourism partner to deliver City Wi-Fi. Its vision was to create a valuable, modern city platform that serves an up-to-date information channel with bundled services as well. Together with one of the leading German internet providers, Unitymedia, the project offered thousands of citizens special daily Wi-Fi services whilst showing Stuttgart’s city highlights in a ‘Walled Garden’.

Facing the crucial problem of dealing with the strict German data protection laws, ituma proved to be the perfect partner for this project. Using its proven encryption methods, it could offer a highly secure and law-protective service, and is even certified as an official conveying partner – awarded with the Location Privacy Seal.

The Walled Garden of Stuttgart is a well-defined and closed ecosystem, in which Stuttgart-Marketing GmbH has control over the contents and media accessible by the devices connected to the City Wi-Fi network. This special service contains information, regional services, commercial websites or websites of partner companies. It is a locked and controllable channel that provides selected services to the end-users.

The vision for digital innovation to deliver a modern service to its citizens has been achieved. Today, the inhabitants and visitors of Stuttgart are given the opportunity to gain free access to current offers, and to get information about events, news and culture, as well as city services such as timetables for public transport or opening times of the town hall.

One associated benefit to Stuttgart, in addition to increasing its brand value, has been the remarkable return on investment by sponsorship and cooperation of local businesses. In addition, using ituma’s location-based software, the click behaviour and accessing of the services by the users can also be analysed to direct future service development.
For more information on our impact across the globe, please visit our website, www.logicalis.com
How we create value

We achieve agility through local business innovation and management to execute a single strategy, leveraged globally via a collaborative culture and collaboration tools. This is supported by a small central structure for executive management of finance, HR and marketing, and an Executive Board for shaping and driving the Group strategy.

WE SERVE OUR CUSTOMERS
The customer, and understanding their business needs, is at the heart of what we do. Our strategy is to be a trusted business partner for the long term and realise our vision to enable our customers on their digital transformation journey to deliver real and tangible business outcomes.

PARTNER ECOSYSTEM
We have relationships with a number of global suppliers that account for over 75% of our product revenues as well as expanding our partner ecosystem to other traditional IT vendors and a number of ‘new’ partners to deliver new digital solutions and services.

KNOWLEDGE AND INSIGHT
We invest in skills training, development facilities and hands-on experience in our local operations to enable our people to stay at the forefront of technology and service innovation. We also leverage local knowledge around the globe to provide availability to all our countries of key virtual resources in both technology and in-depth industry knowledge.

BUILDINGS AND INFRASTRUCTURE
We have over 60 local offices around the globe to serve over 6,000 customers as well as 11 data centres and 11 managed service centres in Asia Pacific, Europe, North America and Latin America. Our systems, processes and technology help to deliver and support our products and services globally.

FINANCE
The Logicalis Group is a division of Datatec Limited, a $6bn multi-national Group listed on the Johannesburg Stock Exchange and the Alternative Investment Market of the London Stock Exchange. Being privately owned, Logicalis has financial strength and stability to access sources of capital for funding ongoing operations, investment and acquisitions.

OPERATIONAL EXCELLENCE
Our customers expect high levels of customer service and a technology partner that remains relevant to the dynamic technological world that we live in. We strive to maintain our high levels of service through conducting annual customer and vendor surveys in all our key markets and benchmarking our service against industry best practice to ensure that we maintain operational excellence.

DRIVING GROWTH
We will grow the business in existing markets and through a number of planned and targeted acquisitions, driven by a clear strategic goal, whether that be to increase our scale, increase our services mix, or introduce new capabilities, particularly in areas such as data analytics and business intelligence, cloud and security.

PROFIT AND CASH
The business generates strong operating cash flows and a strong EBITDA margin of over 5%, through balancing a strong services product mix and a tight control on working capital.

CUSTOMERS
We deliver IT solutions and services that deliver real and tangible business outcomes for our customers and enable long-term engagement.

PARTNERS
We continue to invest in skills, solutions and services, to ensure that we remain a crucial strategic partner to our key vendors.

SHAREHOLDERS
Ultimately delivering operational excellence through excellent customer service drives revenue and profit growth and generates shareholder value.

THE COMMUNITY
We support a number of initiatives in our local countries that give something back to the local community, through both donations and volunteering work.
A global perspective with local insights

Making our services portfolio consistent around the world

Market
Originating in Logicalis US and rolled out globally

The challenge
To design and implement a common and consistent service platform, across all 24 operating countries in the Logicalis Group, which shows Logicalis’ global capabilities in a way that will benefit its local and global customers.

Sharing expertise
The global platform allows Logicalis’ operations to define, sell and deliver services in a common and efficient way that helps to bring the Logicalis portfolio to global customers.

Sharing knowledge and expertise

Discovering CIOs’ pressures and priorities globally

Market
Originating in Logicalis HQ and rolled out globally

The challenge
To develop a global survey that could be used in every country and that includes the most current IT trends and challenges that CIOs may be facing within their organisations.

Sharing expertise
Logicalis headquarters made it possible for its employees to work and collaborate with colleagues all over the world, and exchange experiences by developing Logicalis Connected, a global collaboration and social platform, where all 4,000 employees of different nationalities can connect with each other, and share content, ideas, skills and expertise.

The platform was launched in April 2015 and it already has nearly 3,000 active users and over 120 local and global active projects. Logicalis is planning to open the platform to customers and partners by the first quarter of 2017.

Sharing knowledge and expertise

Sharing knowledge and expertise

Market
Originating in Logicalis US and rolled out globally

The challenge
To make it easy for all Logicalis employees across 24 countries to collaborate in the most efficient, time-saving and cost-effective way.

Sharing expertise
Logicalis headquarters made it possible for its employees to work and collaborate with colleagues all over the world, and exchange experiences by developing Logicalis Connected, a global collaboration and social platform, where all 4,000 employees of different nationalities can connect with each other, and share content, ideas, skills and expertise.

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Sharing knowledge and expertise

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To develop a global survey that could be used in every country and that includes the most current IT trends and challenges that CIOs may be facing within their organisations.

Sharing expertise
Logicalis headquarters made it possible for its employees to work and collaborate with colleagues all over the world, and exchange experiences by developing Logicalis Connected, a global collaboration and social platform, where all 4,000 employees of different nationalities can connect with each other, and share content, ideas, skills and expertise.

The platform was launched in April 2015 and it already has nearly 3,000 active users and over 120 local and global active projects. Logicalis is planning to open the platform to customers and partners by the first quarter of 2017.

Sharing knowledge and expertise

Sharing knowledge and expertise

Market
Originating in Logicalis US and rolled out globally

The challenge
To design and implement a common and consistent service platform, across all 24 operating countries in the Logicalis Group, which shows Logicalis’ global capabilities in a way that will benefit its local and global customers.

Sharing expertise
The global platform allows Logicalis’ operations to define, sell and deliver services in a common and efficient way that helps to bring the Logicalis portfolio to global customers.

The first Logicalis operation joined in 2014 after its launch. The platform currently has participation from 13 Logicalis operations and over 30,500 users.
Defining the journey to the digital era

Market
Originating with Logicalis UK, knowledge sharing with Logicalis Ireland, US and Germany

The challenge
Logicalis realised that digital enablement needs to be driven by the way that customers intend to use applications and data in the future; this will define how Logicalis might help them to modernise their internal IT infrastructure, move into the cloud or modernise their IT management strategy so that they can manage all combinations of options. In order to assist its customers, Logicalis UK developed a new advisory service called ‘Digital Ready Workshop’. The purpose of the service was to explore the future with its customers and to provide the right recommendations to a timeline of modernisation and improvement.

Sharing expertise
Logicalis UK has already trained Logicalis Ireland’s technical architects to deliver this locally, and is working with Logicalis US and Logicalis Germany on extending it to their regions. Logicalis UK does not want simply to share it with other Logicalis operations— it wants to work on this collaboratively because each country has expertise in different aspects of the workshop.
A strong leadership team
LOGICALIS EXECUTIVE BOARD

1. JENS MONTANANA
CHAIRMAN
Jens is the founder and chief architect behind Datatec, which he established in 1986. Between 1989 and 1993, he served as Managing Director and Vice-President of US Robotics (UK) operations, a wholly owned subsidiary of US Robotics Inc. which was acquired by 3Com. In 1993 he co-founded US start-up Xedia Corporation in Boston, Massachusetts, which was subsequently sold to Lucent Corporation in 1999.

In 1994, Jens became Chairman and Chief Executive Officer (CEO) of Datatec, which listed on the Johannesburg Stock Exchange in November 1994 and on the AIM of the London Stock Exchange in 2006.

Jens is Chairman of Logicalis, a role he assumed in March 2007. He has previously served on the boards and subcommittees of various public companies, and currently serves as Chairman of Corero plc, an AIM listed network security business.

2. MARK ROGERS
CHIEF EXECUTIVE OFFICER
Mark joined Logicalis in 2003 as Finance Director for Logicalis UK, and in 2004 he became Chief Financial Officer, European Operations. Since March 2007, he has taken on the role of Chief Operating Officer (COO) for Logicalis Group and in March 2014, he was appointed President and COO of Logicalis Group with effect from 1 March 2015.

Mark has extensive experience in the technology and service sectors both in the UK and internationally. He spent 20 years at Racal Electronics/Thales of which 13 years were at Finance Director level. Whilst at Thales he was also Chairman of CityLink Telecommunications. Mark has significant mergers and acquisitions’ experience including the sale of Racal Telecom to Global Crossing for £1bn as well as experience in the acquisition and integration of other various-sized businesses.

He started his career with Revlon where he qualified as a Chartered Management Accountant.

3. BOB BAILKOSKI
CHIEF FINANCIAL OFFICER
Bob joined Logicalis Group in November 2015 as Chief Financial Officer. He is a chartered accountant and brings over ten years of international experience to his role having previously worked in Australia, Switzerland and the US. Prior to joining Logicalis, Bob was Group Finance Director at Monitise plc, a mobile banking and payment specialist, and before that was Finance Director of the sailing holidays’ division at TUI Travel plc.

Bob started his career with PricewaterhouseCoopers before joining Wolseley plc where he held a variety of finance, commercial and strategic roles.

4. VINCE DELUCA
CEO LOGICALIS US
Vince is CEO of Logicalis US. He joined Logicalis in 2010 as the COO. Prior to Logicalis, he served as Senior Vice President for Wipro with responsibility for Infrastructure Practice Service Delivery and Client Engagement. He joined Wipro in 2004 when it acquired Infocrossing where he was a key executive. Vince guided Infocrossing through multiple acquisitions and organic growth initiatives. Before Infocrossing, Vince managed the strategy group responsible for defining and implementing overall strategic direction for SMS, a mid-sized IT outsourcing firm. He also served as Vice President, Solutions Development for Marconi’s worldwide Enterprise Division, and was a board appointed member of the Global Executive Team responsible for planning, developing and implementing a new Enterprise Division.

5. RODRIGO PARREIRA
CEO LOGICALIS LATIN AMERICA
Rodrigo joined PromonLogicalis as Executive Director in 2008, when Logicalis acquired Promon Tecnologia. He joined Promon Group in 2000, where he was responsible for communications solutions and mobile data, and then became Business Development Director for Promon Engineering, responsible for projects in the energy sector. In 2005, he was appointed Executive Director of Technology.

In March 2009, Rodrigo was appointed COO for Logicalis Southern Cone and in 2010, he took over as its CEO. In March 2012, he was appointed CEO of Logicalis Latin America.

Rodrigo is a physicist with a Ph.D. in mathematical physics from the University of Sao Paulo, Brazil. He started his corporate career at McKinsey & Co as a consultant focused in the telecommunications industry. He then worked for Cluster Consulting, where he led projects in the areas of IT and telecommunications in several European countries.

LOGICALIS STATUTORY BOARD

JENS MONTANANA
See Jens’ biography above for information.

MARK ROGERS
See Mark’s biography above for information.

IAN COOK
NON-EXECUTIVE DIRECTOR
Ian joined Logicalis as CEO, European Operations in 2003 and became CEO of Logicalis Group in March 2007. In March 2014, Ian stepped down to become Executive Chairman of Logicalis Group after seven years of leadership, and since March 2015, he has been a Non-Executive Director on the Logicalis Board.

Ian has extensive experience in the technology industry spanning more than 30 years. He joined Logicalis from Damovo where he had extensive involvement in its international operations as COO.

Prior to Damovo, in 1990 Ian led the Board of Cablestream which became Siemens Network Systems Ltd (SNSL), one of the UK’s leading network integrators. Over a ten-year period at SNSL he rose to Group Managing Director responsible for operations across Europe.

FELIPE LIMA
NON-EXECUTIVE DIRECTOR
Felipe has been President and CEO of Promon Engenharia S.A. since August 2013. He is also a Member of the Executive Committee of Grupo Promon, as well as a Non-Executive Director of the Logicalis Board.

Felipe has been Executive Director and CFO of Grupo Promon, as well as CFO and Board Member for Votorantim Ciment North America (VCNA). He was with Citigroup, as a Vice President of its Latin America High Yield Capital Markets Group in New York and the Capital Markets desk in Brazil. Prior to Citigroup he served in various roles at Unibanco, Promon Engenharia, Schlumberger and Caterpillar. Felipe has a B.S. in Mechanical Engineering from Universidade Estadual de Campinas.

STEPHEN DAVIDSON
NON-EXECUTIVE DIRECTOR
Stephen is Chairman of Datatec, Actual Experience plc and PRS for Music and a Non-Executive Director of Inmarsat plc, EB Tele Mobile China Limited, Jaywing plc and Restore plc. He was previously Vice Chairman Investment Banking at WestLB Panmure, and Chief Executive and Finance Director of Telewest Communications plc. He has a 1st class honours degree in Mathematics and Statistics from the University of Aberdeen.

IVAN DITTRICH
NON-EXECUTIVE DIRECTOR
Ivan re-joined Datatec on 30 May 2016 from Vodacom, where he had been Group Chief Financial Officer from June 2012 to July 2015. Prior to that he held a number of senior executive positions at Datatec, including Group Chief Financial Officer from May 2008 to June 2012, in a career that spanned 13 years. Ivan qualified as an accountant with Deloitte in South Africa and also worked for PwC in London.
OUR PEOPLE

Logicalis recognises that its people are critical to the ongoing success of the business and, by striving to attract the best talent, develop and reward its people for great performance and engage effectively with them, Logicalis aims to optimise the performance of the business.

In Logicalis, the focus on advanced technologies requires a high level of technical expertise, and management works closely with its vendors to ensure that employees are trained appropriately and have the necessary accreditations. In the interests of the long-term sustainability of the business and in order to retain some of our top leadership talent, Logicalis has launched a Group-wide leadership development programme in FY2017, aimed at developing our senior leaders of the future for the challenges of our fast changing industry. The programme focuses on developing leaders’ self-awareness, and explores key leadership competencies such as customer insight, strategic thinking and change leadership.

There is also an initiative this year to develop our employees’ business and people skills, to equip them with some critical skills to be more effective in their roles, such as delivering great customer service and managing people successfully.

Logicalis has a culture of meritocracy where great performance is rewarded. The majority of employees at Logicalis have performance objectives which are linked to the strategy of the local business. Talent and succession management reviews of the leadership team in each business are held annually, to focus on the retention of top talent and effective succession management.

Logicalis aims to be an employer of choice within the technology industry, attracting, developing and retaining the best talent. To assess what its employees think of the business, Logicalis conducted its first Group-wide employee engagement survey in FY2015, where many improvements were made within the different operations, as well as for example, at a group-wide level, the social collaboration tool ‘Logicalis Connected’ was launched to encourage communication and the sharing of ideas across the business. The next survey will take place in June this year.

In FY2017, the business is also formally launching an international mobility programme, to enable leadership and technical expertise to be moved around the business, to solve particular challenges and also to offer enriching development opportunities for some of our employees. There are already a significant

Promoting a responsible culture
The number of assignments taking place within the Latin America region and the new policies should facilitate more assignments around the rest of the Group. A further priority in FY2017 is to start developing a more standardised approach across the business to career bands and career paths, which can support the retention of talent, as employees can then understand how they can develop long-term careers at Logicalis.

Human resource practices and policies ensure that all employees, wherever they work, whatever their role, are treated equally, fairly and respectfully at all times. Logicalis maintains consistent and transparent diversity policies across all its markets. All employees within Logicalis annually complete an online Code of Conduct training course to remind them of the importance of integrity to the success of the business.

**ENVIRONMENT**

As a responsible international provider of IT solutions, Logicalis seeks to measure and minimise the way in which any of its commercial activities may impact on the environment. Logicalis is also committed to providing practical advice and support to its customers and vendor partners to help them along the path to ever cleaner and greener IT solutions.

As an early adopter of Green IT ideas and activities, Logicalis recognises that a responsible attitude to Green IT can lead to significant reductions in energy consumption and carbon emissions. As well as reducing greenhouse gases and operational costs, the technologies it promotes, such as remote working and video and teleconferencing, enable more flexible working, greater productivity and improved business continuity.

Logicalis promotes remote working and video conferencing across regional and home offices to minimise car or air transportation and reduce its carbon footprint. This is also supported through Logicalis’ schemes to encourage employees to use public transport. Many of our local operations support initiatives for reducing power and water usage and monitoring waste reduction in our offices. These range from paper and plastic recycling to water filtration and office lighting efficiency systems.

Our data centres are designed to best practice standards to measure power usage effectiveness (PUE) and save energy.

We aim to be an employer of choice within the technology industry.
COMMUNITY
During 2015, all our operating companies increased their activity in helping to improve the quality of life for their local communities. Here are just a few highlights:

During the 2015 holiday season, Logicalis US donated $75,000 to 35 organisations in the communities it serves across the US. In addition, Logicalis US encourages all employees to donate their time in their local community by allowing eight hours of paid time off annually.

Logicalis Singapore provided voluntary support to SWAMI Home, a voluntary charity organisation for care of the elderly and the needy. It supported activities that included playing games with the elderly, sponsoring tea break pastries and having a birthday celebration for elderly people who had a birthday in July. They also participated in another volunteering programme to KK Women’s and Children’s Hospital, the largest medical facility in Singapore that provides specialist care for women and children.

Logicalis SMC in the Netherlands supported community and sport events to raise awareness and money (€3,000) for the Dutch KWF Cancer Foundation and the Movember Foundation against prostate cancer. It is also supporting a programme to educate schools and communities in Mbeya (Tanzania) in how to use water filters and therefore drink cleaner drinking water. The contribution for this project is part of a programme from its coffee supplier Roots and Wings. For every coffee bag the company buys, Roots and Wings will donate a small amount to its chosen micro-project in Tanzania.

Logicalis UK raised £1,200 for the Shelter housing and homelessness charity. This was from a Christmas raffle and money raised from a Rugby World Cup predictor competition. A team from Logicalis Ireland took part in a corporate five kilometre event and in doing so raised €700 for the LauraLynn Hospice.

Logicalis Germany made donations of money, clothes and household goods to support refugees staying at the refugee camp in Neu-Isenburg as well as helping accepted asylum seekers to integrate into the local community.

Logicalis Australia made a donation to CareFlight Magic Mania events, which provides outings for special needs children and their parent/s or caregiver.

In Brazil, PromonLogicalis donated 30 desktop computers to Projeto Casulo, which supports young children and adults in education programmes for work and their local community. It also donated some household appliances to Casa do Zezinho, a non-profit organisation that supports young people and children from low-income families living in highly vulnerable situations. The institution offers supplementary education such as art, culture and professional training workshops.
## INCOME STATEMENT – UNAUDITED

<table>
<thead>
<tr>
<th></th>
<th>2016 US$m</th>
<th>2015 US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,533.9</td>
<td>1,535.1</td>
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<tr>
<td><strong>Cost of sales</strong></td>
<td>(1,180.5)</td>
<td>(1,163.5)</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>353.4</td>
<td>371.6</td>
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<tr>
<td><strong>Administrative expenses</strong></td>
<td>(272.5)</td>
<td>(274.6)</td>
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<tr>
<td><strong>EBITDA</strong></td>
<td>80.9</td>
<td>97.0</td>
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<tr>
<td><strong>Depreciation of property, plant and equipment</strong></td>
<td>(17.2)</td>
<td>(16.9)</td>
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<tr>
<td><strong>Amortisation of intangible fixed assets</strong></td>
<td>(7.3)</td>
<td>(6.0)</td>
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<tr>
<td><strong>Operating profit</strong></td>
<td>56.4</td>
<td>74.2</td>
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<tr>
<td><strong>Net finance costs</strong></td>
<td>(6.1)</td>
<td>(1.1)</td>
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<tr>
<td><strong>Datatec management fees</strong></td>
<td>(4.6)</td>
<td>(6.5)</td>
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<tr>
<td><strong>Goodwill adjustments</strong></td>
<td>(1.2)</td>
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<tr>
<td><strong>Profit before tax</strong></td>
<td>44.5</td>
<td>66.5</td>
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<tr>
<td><strong>Tax on profit on ordinary activities</strong></td>
<td>(13.7)</td>
<td>(24.0)</td>
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<tr>
<td><strong>Profit for the year</strong></td>
<td>30.8</td>
<td>42.5</td>
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</table>

## BALANCE SHEET – UNAUDITED

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<thead>
<tr>
<th></th>
<th>2016 US$m</th>
<th>2015 US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goodwill and other intangible assets</strong></td>
<td>234.3</td>
<td>198.1</td>
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<tr>
<td><strong>Property, plant and equipment</strong></td>
<td>43.3</td>
<td>48.0</td>
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<tr>
<td><strong>Deferred tax asset</strong></td>
<td>19.9</td>
<td>23.8</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td>297.5</td>
<td>269.9</td>
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<tr>
<td><strong>Inventories</strong></td>
<td>47.2</td>
<td>45.0</td>
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<tr>
<td><strong>Trade and other receivables</strong></td>
<td>428.6</td>
<td>474.4</td>
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<tr>
<td><strong>Foreign corporation tax recoverable</strong></td>
<td>2.4</td>
<td>3.5</td>
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<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>180.5</td>
<td>122.0</td>
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<td><strong>Total current assets</strong></td>
<td>658.7</td>
<td>644.9</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>956.2</td>
<td>914.8</td>
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<tr>
<td><strong>Trade and other payables</strong></td>
<td>(551.1)</td>
<td>(551.9)</td>
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<tr>
<td><strong>Bank overdrafts and loans</strong></td>
<td>(102.9)</td>
<td>(39.6)</td>
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<tr>
<td><strong>Current tax liabilities</strong></td>
<td>(2.1)</td>
<td>(4.5)</td>
</tr>
<tr>
<td><strong>Obligations under finance leases</strong></td>
<td>(1.0)</td>
<td>(2.1)</td>
</tr>
<tr>
<td><strong>Provisions</strong></td>
<td>(0.1)</td>
<td>(0.1)</td>
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<tr>
<td><strong>Liability for share-based payments</strong></td>
<td>(0.5)</td>
<td>(3.7)</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>(657.6)</td>
<td>(601.8)</td>
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<tr>
<td><strong>Net current assets</strong></td>
<td>1.0</td>
<td>43.1</td>
</tr>
<tr>
<td><strong>Amounts owed to holding company and fellow subsidiaries</strong></td>
<td>(32.1)</td>
<td>(37.3)</td>
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<tr>
<td><strong>Obligations under finance leases</strong></td>
<td>(1.2)</td>
<td>(1.5)</td>
</tr>
<tr>
<td><strong>Liability for share-based payments</strong></td>
<td>(2.2)</td>
<td>(5.0)</td>
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<tr>
<td><strong>Deferred tax liabilities</strong></td>
<td>(32.6)</td>
<td>(33.1)</td>
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<tr>
<td><strong>Provisions</strong></td>
<td>(3.0)</td>
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<tr>
<td><strong>Other long-term liabilities</strong></td>
<td>(6.2)</td>
<td>(3.2)</td>
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<td><strong>Total non-current liabilities</strong></td>
<td>(77.3)</td>
<td>(83.3)</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>(734.9)</td>
<td>(685.1)</td>
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<td><strong>Net assets</strong></td>
<td>221.3</td>
<td>229.7</td>
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<tr>
<td><strong>Share capital and share premium</strong></td>
<td>130.2</td>
<td>130.2</td>
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<tr>
<td><strong>Foreign currency exchange and other non-distributable reserves</strong></td>
<td>(98.4)</td>
<td>(69.8)</td>
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<tr>
<td><strong>Retained earnings</strong></td>
<td>159.5</td>
<td>137.2</td>
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<tr>
<td><strong>Attributable to equity holders of the parent</strong></td>
<td>191.3</td>
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<tr>
<td><strong>Non-controlling interest</strong></td>
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<td>32.0</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>221.3</td>
<td>229.7</td>
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### OUR PRINCIPAL SUBSIDIARIES

<table>
<thead>
<tr>
<th>STATUTORY NAME</th>
<th>COUNTRY OF INCORPORATION</th>
<th>EFFECTIVE 2016</th>
<th>EFFECTIVE 2015</th>
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<td><strong>Holding company</strong></td>
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<td>Logicalis Group Limited</td>
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<tr>
<td><strong>Subsidiaries of Logicalis Group Limited</strong></td>
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<td>Logicalis Group Services Limited</td>
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<tr>
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<td>Promon-Logicalis Tecnologia e Participações Limitada*</td>
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<td>Logicalis Paraguay S.A.*</td>
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<td>Logicalis Andina S.A.C.*</td>
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<tr>
<td>Logicalis Uruguay S.A.*</td>
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<td>65%</td>
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* indicates a subsidiary which is owned indirectly via an intermediate holding company.