13 October 2010

Datatec Limited

Interim results

Datatec Limited ("Datatec" or the "Group", JSE and LSE: DTC), the international Information and Communications Technology (ICT) group, is today publishing its unaudited results for the six months ended 31 August 2010 (“H1 FY11”).

Financial highlights

- Revenue up 19% to $2,13 billion (H1 FY10: $1,80 billion)
- EBITDA up 31% to $58,5 million (H1 FY10: $44,6 million)
- Underlying* earnings per share up 37% to 15,8 US cents (H1 FY10: 11,5 US cents)

Operational highlights

- Revenue growth in all divisions
- Strong recovery in the US and parts of continental Europe
- Continued expansion in Asia and Latin America
- Group continues to benefit from international scale and business diversification

*Excluding goodwill and intangibles impairment, amortisation of acquired intangible assets, profit or loss on sale of assets and businesses, fair value movements on acquisition related financial instruments and unrealised foreign exchange movements

Jens Montanana, Chief Executive of Datatec, commented:

”We are delighted to report a very encouraging and consistent performance - in line with our expectations - marked by strong revenue growth with stable gross margins, and benefiting from both the Group’s financial and operational leverage.

“The improvement in trading and profitability reported at our full year results has continued in all of the divisions with trading conditions improving in most of our major markets, albeit that the pace of the recovery is staggered.

“Overall we are cautiously optimistic about the market’s recovery, which is still fragile in places. We are confident that our profitability and margin expansion across all divisions will continue in line with our previously published forecasts.”

Enquiries:

Datatec Limited (www.datatec.co.za)	
Jens Montanana, Chief Executive Officer	+44 (0) 1753 797118
Ivan Dittrich, Chief Financial Officer	+27 (0) 11 233 1221
Wilna de Villiers, Group Marketing Manager	+27 (0) 11 233 1013
Jefferies International Limited	
Chris Snoxall	+44 (0) 20 7029 8000
College Hill	
Adrian Duffield/Jon Davies (UK)	+ 44 (0) 20 7457 2020
Fred Cornet (SA)	+27 (0) 11 447 3030

PROFILE AND GROUP STRUCTURE

Datatec Group is an international Information Communications Technology ("ICT") networking and related services business with operations in many of the world's leading and developing economies. The Group's main lines of business comprise: the global distribution of advanced networking and communications convergence products ("Westcon" and Westcon Emerging Markets, now a region of Westcon defined as Africa, India and Middle East ("AIME"); ICT infrastructure solutions and services ("Logicalis"); and Consulting Services ("Analysys Mason" and "Intact"). "Corporate and other" encompasses the net operating costs of the Group's head office entities.

OVERVIEW

Datatec delivered a very encouraging performance in the first half of the year, in line with expectation.

The Group's geographic diversity, global reach and improving business mix continue to provide a resilient business model. This helped to mitigate the impact of the economic downturn in prior years, and is now helping to insulate the Group against any variations in the staggered recovery of Datatec's geographies.

Trading conditions in the US, which is Datatec's largest market, continue to improve with the Group's operations reporting robust top line growth. The UK remains a challenging market, whilst conditions in the rest of Europe remain stable. Brazil remains the most promising of the major developing economies in which the Group operates, followed by the Middle East. Operations in Asia Pacific reported a solid performance in a relatively robust market.

Trading and profitability continued to improve in all of the Group's divisions, driven by robust top line growth in both Westcon and Logicalis, up 19% and 22% respectively in comparison to the six months ended 31 August 2009 ("H1 FY10").

As expected, Westcon's gross margins reduced slightly due mostly to larger sized deals from telecommunications service providers. Logicalis was able to expand its margins through a combination of strong revenue growth, an improving business mix, with an increased contribution from annuity services. The Consulting Services division increased its revenues and profits but is still impacted by a reduction in discretionary spending amongst its corporate and telecommunications customer base and its relatively large dependency on the UK market.

In the six months to 31 August 2010 ("H1 FY11") Datatec achieved revenues of $2,13 billion, up 19% (H1 FY10: $1,80 billion). Organic growth was 14% and overall gross margins remained stable at 13,2%.

The Group continues to benefit strongly from operational leverage, with EBITDA increasing faster than revenues ($58,5 million, up 31% (H1 FY10: $44,6 million)) and underlying earnings per share up 37% to 15,8 cents per share, (H1 FY10: 11,5 cents). The Group expects an improved performance in its seasonally stronger second half.

Of the $2,13 billion revenues, some 76% came from Distribution; 17% from ICT Solutions (Logicalis product sales) and 7% is attributable to revenues derived from Services (Logicalis and Consulting services).

Analysis by business stream

Analysis by business stream ($'million)	Revenue H1 FY11	%	Gross profit H1 FY11	%
Distribution	1 619	76	159	57
ICT Solutions	372	17	71	25
Services	142	7	52	18
	2,133	**100**	**282**	**100**

STRATEGY

As a result of the Group's strategy of international and business diversification, Datatec enjoys a strong market position with no particular dependency on any single market, territory or technology sector, as well as improving supplier and customer mix.

During the first half of the year, Datatec has continued to pursue its long term strategy to deliver sustainable above average returns to shareholders by focusing on a combination of organic growth in the faster growing sectors of the ICT market, geographic expansion and earnings enhancing acquisitions.

In September 2010, the Group announced the acquisitions of three SMB enterprises as part of its strategy to further expand its operations in developing markets. The Group will continue to seek to improve its competitive position and believes that the current uncertain economic climate has created a window of opportunity for further attractive consolidation opportunities.

FINANCIAL RESULTS

Group revenues increased by 19% to $2,13 billion (H1 FY10: $1,80 billion) with 35% of Group revenue generated from North America (H1 FY10: 39%), 37% from Europe (H1 FY10: 38%), 11% from Asia Pacific (H1 FY10: 8%), 10% from Latin America (H1 FY10: 8%) and 7% from AIME (H1 FY10: 7%).

Gross margins remained stable at 13,2% (H1 FY10: 13.1%). Gross profit increased by 20% to $282,0 million (H1 FY10: $235,4 million), while operating costs increased at a lower rate than revenues by 17% to $222,3 million (H1 FY10: $190,3 million).

EBITDA increased 31% to $58.5 million (H1 FY10: $44,6 million), which includes net unrealised foreign exchange losses of $1,2 million (H1 FY10: losses of $0,6 million). Amortisation of intangible fixed assets arising from acquisitions was $8,1 million (H1 FY10: $7,6 million) as a result of intangible assets recognised on the acquisitions made during current and prior years.

Operating profit increased by 39% to $40,1 million (H1 FY10: $28,8 million). The net interest charge was reduced, as a result of strong opening cash balances and lower interest rates, to $4,3 million (H1 FY10: $5,6 million).

Profit before tax increased 76% to $29,0 million (H1 FY10: $16,5 million), after fair value movements on put option liabilities referred to below.

The Group's reported effective tax rate decreased to 41% from 47% in H1 FY10. If the fair value movements on put option liabilities are excluded from profit before tax, the effective tax rate would have been 34% (H1 FY10: 34%). The Group's effective tax rate is higher than the South African statutory tax rate of 28%, primarily due to profits being realised for a number of business units in jurisdictions with higher effective tax rates, most notably North and South America. The effective tax rate for the financial year ended 28 February 2011 is expected to be approximately 34%.

Underlying earnings per share increased by 37% to 15,8 US cents (H1 FY10: 11,5 US cents). Headline earnings per share ("HEPS") increased by 80% to 8,8 US cents (H1 FY10: 4,9 US cents). This includes the effects of the fair value adjustments of the put option liabilities detailed below. HEPS, excluding the effect of these put option fair value adjustments, is 12,5 US cents (H1 FY10: 8,5 US cents), reflecting an increase of 47%.

The Group's operations utilised $192 million cash during the period (H1 FY10: cash generation of $184 million). As anticipated, working capital requirements expanded due to a normalisation of prior year extended credit terms by certain suppliers and Westcon's refinancing activities in Europe, which resulted in cash utilised of approximately $90 million and $150 million respectively. By substituting its European vendor financing arrangements with a new more flexible $200 million bank facility, Westcon can now take advantage of vendor supplier prompt pay initiatives, which are earnings enhancing. Overall, Westcon's net liabilities have not changed significantly.

Amounts drawn under the new banking facility are disclosed under bank overdrafts, and form part of net debt / cash where previously the vendor financing arrangements were disclosed with payables on the balance sheet and included in operating activities. Consequently, the Group ended the period with net debt of $62,2 million (H1 FY10: net cash $172,0 million), including long-term debt of $19,6 million and short-term debt of $11,9 million included in the payables and provisions line on the balance sheet.

Had the refinancing taken place before the prior year end, the pro-forma net debt would have been approximately $36 million as at 28 February 2010 versus a reported net cash of $186 million, and the pro-forma working capital utilisation during the current period would have been approximately $35 million versus a reported $258 million. The Group continues to enjoy comfortable head room in terms of its working capital lines.

The Group issued 2,3 million new shares during the period with 2,0 million shares issued as part of acquisition activities, while 0,3 million shares were issued to satisfy exercised share options. The Group paid $22 million to shareholders as a capital distribution in July 2010.

Outstanding liabilities to vendors of businesses acquired have decreased slightly since last year-end from $52,8 million to a total of $50,6 million, of which $27,2 million is included under short term liabilities. The largest portion of the total balance relates to two elements of the Promon acquisition – potential further cash payments of $6,0 million to the sellers, based on the performance of the Datatec share price, as well as a liability of $39,4 million recognised in accordance with IAS 32 Financial Instruments: Presentation, for a put option held by minority shareholders. Under IAS 39 Financial Instruments: Recognition and Measurement, companies are required to re-measure such liabilities at each reporting date, with changes in the fair values booked in the income statement. An increase in put option liabilities has resulted in a non-operating non-cash charge of $6,8 million being recognised in the period (H1 FY10: $6,4 million).

Losses of $1,9 million (H1 FY10: gains $76,7 million) arising on translation of non USD denominated subsidiaries are included in comprehensive income of $14,0 million (H1 FY10: 76,8 million). Under previous accounting standards these figures were included in the statement of changes in equity.

DIVISIONAL REVIEWS

Westcon (including AIME, formerly Westcon Emerging Markets)

Westcon accounted for 76% of the Group's revenues and 65% of EBITDA.

Westcon is the world's leading specialty distributor in networking, security, mobility and convergence for leading technology vendors, including Cisco, Avaya, Check Point, Bluecoat, Juniper and other complementary manufacturers. Through its Comstor, Westcon Convergence and Westcon Security business units, Westcon sells products and services to resellers, systems integrators and service providers. Westcon has particular expertise in the convergence of voice, data and video applications and technologies, including voice-over internet protocol (VoIP) security for networking and communications systems, data centre technologies, videoconferencing and wireless connectivity.

Westcon's solid financial performance during the previous financial year continued in the first half, with strong revenue growth and trading in all regions showing an improvement over the previous year. Revenue increased 19% from $1,37 billion in H1 FY10 to $1,62 billion. During the period, 38% of Westcon's revenue was generated in Europe (H1 FY10: 39%), 36% in North America (H1 FY10: 38%), 12% in Asia Pacific (H1 FY10: 10%), 5% in Latin America (H1 FY10: 4%) and 9% in AIME (H1 FY10: 9%).

Asia-Pacific, AIME and Latin America showed solid growth as they collectively grew faster than Europe and North America.

Cisco products made up 55% of Westcon's revenue (H1 FY10: 53%), 16% for Avaya / Nortel (H1 FY10: 16%), 15% for security (H1 FY10: 16%) and 14% for other Affinity / development vendors (H1 FY10: 15%).

Westcon's AIME subsidiaries started the year in a stronger position, following an extensive restructuring programme and continued to trade well with an improved performance. As previously announced, these subsidiaries will be fully integrated into Westcon during the second half of this financial year and their performance is now consolidated.

As expected, with the improvement in trading conditions there was a return to larger deal sizes particularly from service providers and global systems integrators, resulting in increased customer leverage and some pressure on margins. As a result, gross margins decreased slightly from 10,3% in H1 FY10 to 9,8% in H1 FY11 due to lower margins in Europe and Asia Pacific, offset partly by higher margins in North America, Latin America and AIME. Gross profit increased 14% from $140 million to $159 million.

Operating expenses increased 14% to $116 million (H1 FY10: $102 million) due to increased outbound freight, foreign exchange expense and increased headcount levels, while operating expenses as a percentage of revenue decreased from 7,5% to 7,2%. Westcon's EBITDA increased 13% to $43 million (H1

FY10: $38 million) with increases reported in all regions except Asia Pacific. EBITDA margins decreased from 2,8% to 2,7%. After charges for depreciation and amortization of intangible assets, operating profit was up 15% to $36 million (H1 FY10: $31 million).

During H1 FY11, Westcon's operating activities used $203 million of cash compared to $146 million of cash generated in the first half of FY10, due to a decrease in accounts payables resulting from the expiration of extended payment terms for Cisco product in Europe and the decision to take advantage of early pay discounts for Cisco product in Europe. Westcon expects improvements to operating cash flows in the second half.

Westcon centralised its data centre, using Cisco Unified Computing System and EMC storage area network (SAN) technology and thereby increasing its network efficiency.

Westcon expects traction to continue to improve in all regions, as we are headed into the seasonally stronger second half of the financial year.

Logicalis

Logicalis accounted for 22% of the Group's revenues and 33% of EBITDA.

Logicalis is an international provider of ICT solutions and services with a breadth of knowledge and expertise in IT infrastructure and networking, communications and collaboration, data centre and professional and managed services.

The steadily improving performance of Logicalis from the end of the previous financial year continued during the first half of the year, with revenues, gross and operating margins all improving relative to the prior year. In particular, profitability in the US improved significantly on the back of continued recovery and an overall increase in the proportion of maintenance and managed services in the revenue mix.

Revenue was up 22% to $479,2 million (H1 FY10: $394,0 million), including a $40,0 million contribution from the Asia Pacific acquisition in January 2010, reflecting the general improvement in demand. Organic revenue increased by 11% (10% on a constant currency basis).

Demand in Latin America has strengthened with Brazil once again being the standout market. The acquisition of NetStar, which completed in January 2010, and expansion into Asia Pacific, made a strong contribution. Performance in the UK was satisfactory, against the backdrop of uncertainty with respect to the long term impact of government austerity measures which currently make the UK the least predictable of the markets in which we operate.

Revenue from product sales was up 23% year on year, with strong increases in the Cisco and IBM vendor categories, with Cisco revenues also boosted by the acquisition of NetStar in January. Revenues from total services were up 17% year on year, with strong growth in annuity service revenues of 27%.

The gross margin was 23,1% (H1 FY10: 21,6%). Product margins were up slightly year on year, as were services margins. The gross profit was $110,7 million (H1 FY10: $85,3 million).

Operating expenses increased in line with the gross margin growth. EBITDA was $21,8 million (H1 FY10: $16,5 million), resulting in an expanded EBITDA margin of 4,5% (H1 FY10: 4,2%).

After charges for depreciation and amortisation of intangible assets, operating profit was $11,4 million (H1 FY10: $8,3 million).

The management expects a continued improved performance from Logicalis in the second half of the current financial year as it continues to benefit from operational leverage. Although the outlook remains uncertain, traditionally activity levels are higher for Logicalis in the second half.

Consulting Services

The Consulting Services division, consisting of Analysys Mason and Intact, accounted for 2% of Group revenues and 2% of EBITDA.

Together the businesses have 16 offices across 11 countries although the UK remains a very important market for the division representing around half of the overall revenues in both the current and prior year.

Analysys Mason provides management consulting advice and market intelligence services to the telecoms, IT and digital media industries. Its clients include telecoms operators, financial institutions, media organisations, regulators and a range of other public sector bodies.

Intact is a networking services and support consultancy business focussed on providing high end professional services to its customers. Intact's services are offered exclusively through its partner network.

Total divisional revenues for the half year increased by 11%, from $31,3 million in H1 FY10 to $34,7 million, driven by growth in Asia and North America. Both units contributed to the revenue growth, although second quarter revenues for Analysys Mason were disappointing after a strong first quarter, and this trend is expected to continue into the third quarter. In contrast, strong first half year sales order performance from Intact means that the business has a healthy backlog moving into the second half.

Gross profit grew by 28% from $9,3 million in H1 FY10 to $11,9 million in the current year due mainly to improved utilisation driving up gross margin percentages from 29,6% to 34,2%. Operating costs increased by 19% with both units investing in geographic expansion in Asia, and Intact also increasing its presence in North America. On 31 March 2010 Analysys Mason acquired BDA India, a consultancy with 15 employees based in New Delhi, as a springboard into the Indian market.

The division delivered a significantly improved EBITDA of $1,0 million (H1 FY10: $0,2 million) and reports a turnaround for the half year from an operating loss of $0,3 million in H1 FY10 to an operating profit of $0,5 million.

The medium term outlook for this division is starting to improve.

Corporate and other

Corporate and other encompasses the operating costs of the Datatec head office entities of $6,9 million (H1 FY10: $4,8 million) and unrealised and realised foreign exchange losses of $0,1 million and $0,3 million respectively (H1 FY10: $1,5 million and $3,0 million).

In the prior year this segment also included two months' trading for the Group's 55% holding in the South African ICT business, ALI, which was sold effective 30 April 2009. During the two months ended 30 April 2009, ALI generated revenues of $7,4 million and an EBITDA loss of $0,9 million.

REPORTING

This report complies with International Accounting Standard 34 – Interim Financial Reporting as well as with Schedule 4 of the South African Companies Act (Act 61 of 1973, as amended), the AIM Rules for Companies and the disclosure requirements of the JSE Limited's Listings Requirements. The accounting policies comply with International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board and are consistent with those applied in the prior year financial statements. The financial information has not been audited or reviewed by Deloitte & Touche.

SUBSEQUENT EVENTS

In September 2010, the Group acquired two SMB enterprises as part of its strategy to further expand its operations in developing markets. Biodata is a specialist South African distribution business which will enhance Westcon South Africa's security business. The acquisition of Touchbase Singapore, one of Cisco's leading Unified Communications and contact centre partners in Asia, adds significant expertise to Logicalis and its growing presence in the Asia Pacific region.

Datatec has made an offer to acquire 100% of Comztek Holdings (Pty) Ltd, a South African distributor specialising in networking, security and other hardware and software products. This offer is open for acceptance until Monday 18 October 2010.

On 6 October 2010 Westcon repurchased 2,6% of its own shares from its remaining minority shareholder, resulting in Datatec now owning 100% of the shares in Westcon.

DIRECTORATE

Ms Olufunke ("Funke") Ighodaro was appointed as a non-executive Director to the Board of Datatec with effect from 1 September 2010.

CURRENT TRADING AND PROSPECTS

The improvement in trading and profitability reported at the full year results has continued in all of the Group's divisions during the first half of the current financial year. Conditions appear to be more stable in most major markets, albeit that the recovery remains staggered and fragile in some sectors.

The Board expects profitability and margin expansion across all divisions to improve over the rest of the year, as the Group continues to benefit from improved financial and operational leverage. On the assumption that there are no significant macro-economic changes, the Board remains cautiously optimistic for the rest of the year, in line with previously published forecasts.

The Group is well positioned to take advantage of advances in ICT in sectors adjacent to networking, such as data centre virtualisation and shared computer infrastructure ("cloud services"), which are driving demand for increased network security, storage and virtualisation solutions.

The Group also expects to continue making further investments to improve its competitive position and believes the current environment presents a window of opportunity for attractive consolidation opportunities.

On 13 May 2010 the Group published a forecast** for FY11 of revenues of between $4,1 billion and $4,4 billion, profit after tax of approximately $58 million, underlying earnings per share to be approximately 35 US cents and both earnings per share and headline earnings per share to be approximately 30 US cents. Based on current trading conditions, these forecasts remain unchanged. The financial information on which the above forecasts are based have not been reviewed and reported on by Datatec's external auditors.

On behalf of the Board:

S J Davidson	**J P Montanana**	**I P Dittrich**
Chairman	*Chief Executive Officer*	*Chief Financial Officer*

13 October 2010

** Forecasts for profit after tax, earnings per share and headline earnings per share do not take into account any fair value gains or losses on acquisition related financial instruments (including put option liabilities), which are required under IFRS.

Condensed Group statement of comprehensive income
for the six months ended August 2010

USD'000	Unaudited six months to August 2010	Unaudited six months to August 2009	Audited six months to February 2010
Revenue	**2,132,992**	1,798,662	3,738,026
Continuing operations	**2,132,616**	1,792,744	3,698,134
Acquisitions	**376**	5,918	39,892
Cost of sales	**(1,851,038)**	(1,563,231)	(3,239,650)
Gross profit	**281,954**	235,431	498,376
Operating costs	**(222,265)**	(190,276)	(387,750)
Unrealised foreign exchange losses	**(1,235)**	(588)	(2,090)
Operating profit before finance costs, depreciation and amortisation ("EBITDA")	**58,454**	44,567	108,536
Depreciation	**(10,290)**	(8,237)	(17,132)
Amortisation of acquired intangible assets	**(8,070)**	(7,558)	(15,438)
Operating profit	**40,094**	28,772	75,966
Interest income	**2,178**	1,889	3,904
Financing costs	**(6,435)**	(7,499)	(13,478)
Fair value movements on put option liabilities	**(6,797)**	(6,375)	(12,010)
Share of equity accounted investment losses	**(66)**	(280)	(278)
Profit before taxation	**28,974**	16,507	54,104
Taxation	**(11,976)**	(7,780)	(22,465)
Profit for the period / year	**16,998**	8,727	31,639
Other comprehensive income			
Translation of foreign subsidiaries	**(1,898)**	76,684	77,498
Initial recognition and transfers related to put option liabilities	**-**	-	843
Translation of equity loans net of tax effect	**(1,474)**	(9,244)	(10,582)
Other items	**402**	595	1,075
Total comprehensive income for the period / year	**14,028**	76,762	100,473
Profit attributable to:			
Owners of the parent	**16,064**	8,543	29,974
Non-controlling interests	**934**	184	1,665
	16,998	8,727	31,639
Total comprehensive income attributable to:			
Owners of the parent	**12,224**	70,756	92,029
Non-controlling interests	**1,804**	6,006	8,444
	14,028	76,762	100,473
Number of shares issued (millions)			
Issued	**185**	176	182
Weighted average	**183**	176	177
Diluted weighted average	**186**	178	178
Earnings per share ("EPS") (US cents)			
Basic EPS	**8.8**	4.9	17.0
Diluted basic EPS	**8.7**	4.8	16.8
SALIENT FINANCIAL FEATURES			
Headline earnings	**16,116**	8,553	29,978
Headline earnings per share (US cents)			
Headline	**8.8**	4.9	17.0
Diluted headline	**8.7**	4.8	16.8
Underlying earnings	**28,935**	20,147	53,553
Underlying earnings per share (US cents)			
Underlying	**15.8**	11.5	30.3

Diluted underlying	**15.6**	11.3	30.0
Net asset value per share (US cents)	**361.2**	355.0	366.4
KEY RATIOS			
Gross margin (%)	**13.2%**	13.1%	13.3%
EBITDA (%)	**2.7%**	2.5%	2.9%
Effective tax rate (%)	**41.3%**	47.1%	41.5%
Effective tax rate (%) excluding fair value movements on put option liabilities	**33.5%**	34.0%	34.0%
Exchange rates			
Average Rand/USD exchange rate	**7.5**	8.2	7.9
Closing Rand/USD exchange rate	**7.4**	7.8	7.6

Condensed Group statement of financial position
as at August 2010

USD'000	Unaudited August 2010	Unaudited August 2009	Audited February 2010
ASSETS			
Non-current assets	**457,344**	442,613	459,963
Property, plant and equipment	**47,062**	30,476	43,436
Capitalised development expenditure	**14,108**	12,867	12,181
Goodwill	**316,160**	307,062	315,131
Acquired intangible assets	**43,401**	53,739	51,780
Investments	**6,738**	7,011	6,818
Deferred tax assets	**29,875**	31,458	30,617
Current assets	**1,455,136**	1,351,751	1,442,081
Inventories	**316,563**	254,399	277,832
Trade and other receivables	**953,758**	779,262	852,390
Cash and cash equivalents	**184,815**	318,090	311,859
Total assets	**1,912,480**	1,794,364	1,902,044
EQUITY AND LIABILITIES			
Ordinary shareholders' funds	**666,609**	625,490	667,879
Non-controlling interests	**51,923**	49,517	50,900
Total equity	**718,532**	675,007	718,779
Non-current liabilities	**79,766**	83,839	73,360
Long term liabilities	**19,598**	21,269	17,676
Amounts owing to vendors	**23,356**	33,722	19,958
Liability for share-based payments	**11,491**	4,096	12,260
Deferred taxation liabilities	**25,321**	24,752	23,466
Current Liabilities	**1,114,182**	1,035,518	1,109,905
Payables and provisions	**863,692**	923,276	992,830
Amounts owing to vendors	**27,202**	14,194	32,853
Taxation	**7,750**	11,689	12,197
Bank overdrafts	**215,538**	86,359	72,025
Total equity and liabilities	**1,912,480**	1,794,364	1,902,044
Capital expenditure incurred in current period / year	**11,832**	4,893	21,531
Capital commitments at end of period / year	**12,329**	5,471	14,675
Lease commitments at end of period / year	**86,188**	95,584	97,993
Payable within one year	**20,013**	19,008	22,064
Payable after one year	**66,175**	76,576	75,929

Condensed Group statement of cash flows
for the six months ended August 2010

USD'000	**Unaudited six months to August 2010**	Unaudited six months to August 2009	Audited six months to February 2010
EBITDA	**58,454**	44,567	108,536
Loss on disposal of property, plant and equipment	**79**	10	6
Non-cash items	**7,147**	5,882	23,051
Cash generated before working capital changes	**65,680**	50,459	131,593
Working capital changes	**(257,752)**	133,352	93,902
(Increase) / decrease in inventories	**(38,375)**	5,696	(7,852)
(Increase) / decrease in receivables	**(114,894)**	32,116	(27,630)
(Decrease) / increase in payables	**(104,483)**	95,540	129,384
Cash (utilised by) / generated from operations	**(192,072)**	183,811	225,495
Net finance costs paid	**(4,257)**	(5,607)	(9,574)
Taxation paid	**(13,025)**	(7,728)	(19,842)
Net cash (outflow) / inflow from operating activities	**(209,354)**	170,476	196,079
Investment in subsidiaries	**(111)**	(2,569)	(29,689)
Net cash outflow from other investing activities	**(15,999)**	(5,553)	(23,765)
Net cash (outflow) / inflow from other financing activities	**(23,075)**	857	8,591
Capital distribution to shareholders	**(21,713)**	(21,982)	(21,982)
Net (decrease) / increase in cash and cash equivalents	**(270,252)**	141,229	129,234
Cash and cash equivalents at the beginning of period / year	**239,834**	95,061	95,061
Translation differences on opening cash position	**(305)**	(4,558)	15,539
Cash and cash equivalents at the end of period /year [1]	**(30,723)**	231,732	239,834

[1] Comprises cash resources, net of bank overdrafts and trade finance advances.

Condensed Group statement of changes in total equity for the six months ended August 2010

USD'000	**Unaudited six months to August 2010**	Unaudited six months to August 2009	Audited six months to February 2010
Balance at beginning of the period / year	**718,779**	622,399	622,399
Total comprehensive income	**14,028**	76,762	100,473
New share issues	**9,036**	1,014	21,296
Capital distribution to shareholders	**(21,713)**	(21,982)	(21,982)
Share-based payments	**(617)**	(162)	673
Acquisition	**(200)**	-	-
Non-controlling interests	**(781)**	(3,024)	(4,080)
Balance at end of period/year	**718,532**	675,007	718,779

Determination of headline and underlying earnings

USD'000	**Unaudited August 2010**	Unaudited August 2009	Audited February 2010
Profit attributable to equity holders of the parent	**16,064**	8,543	29,974
Headline earnings adjustments	**79**	10	6
Loss on disposal of property, plant and equipment	**79**	10	6
Tax effect	**(27)**	-	(2)
Non-controlling interests	**-**	-	-
Headline earnings	**16,116**	8,553	29,978
Underlying earnings adjustments	**16,102**	14,521	29,538
Unrealised foreign exchange losses	**1,235**	588	2,090
Fair value movements on put option liabilities	**6,797**	6,375	12,010
Amortisation of intangible assets	**8,070**	7,558	15,438
Tax effect	**(3,129)**	(2,756)	(5,906)
Non-controlling interests	**(154)**	(171)	(57)
Underlying earnings	**28,935**	20,147	53,553

Segmental analysis
for the six months ended August 2010

USD'000	Unaudited six months to August 2010	Unaudited six months to August 2009	Audited six months to February 2010
Revenue			
Westcon[2]	**1,619,130**	1,365,930	2,828,238
Logicalis	**479,160**	393,976	838,492
Consulting Services	**34,702**	31,342	63,882
Corporate and other	**-**	7,414	7,414
Revenue from continuing operations	**2,132,992**	1,798,662	3,738,026
EBITDA			
Westcon[2]	**43,067**	38,028	80,100
Logicalis	**21,768**	16,514	42,357
Consulting Services	**1,032**	235	1,905
Corporate and other [3]	**(7,413)**	(10,210)	(15,826)
EBITDA from ongoing operations	**58,454**	44,567	108,536
Operating profit before goodwill adjustment			
Westcon[2]	**35,755**	31,160	66,040
Logicalis	**11,369**	8,290	25,203
Consulting Services	**461**	(303)	790
Corporate and other [3]	**(7,491)**	(10,375)	(16,067)
Operating profit from ongoing operations	**40,094**	28,772	75,966
Total assets			
Westcon[2]	**1,233,850**	1,210,993	1,254,719
Logicalis	**612,779**	479,977	566,711
Consulting Services	**54,834**	55,365	51,542
Corporate and other	**11,017**	48,029	29,072
	1,912,480	1,794,364	1,902,044

[2] Now combined with Westcon Emerging Markets, comparatives restated accordingly.

[3] Includes unrealised and realised foreign exchange losses of $0,1 million and $0,3 million respectively (H1 FY10: $1,5 million and $3,0 million and FY10: $3,6 million and $0,9 million).