Datatec Limited

Strong financial performance drives EBITDA up 46%

Datatec Limited ("Datatec" or the "Group", JSE and LSE: DTC), the international Information and Communications Technology (ICT) group, is today publishing its unaudited interim results for the six months ended 31 August 2011.

FINANCIAL HIGHLIGHTS

- Group revenue up 14% to $2,44 billion (H1 FY11: $2,13 billion)
- Overall gross margin expanded to 14,1% (H1 FY11: 13,2%)
- EBITDA up 46% to $85,4 million (H1 FY11: $58,5 million)
- Underlying* earnings per share up 38% to 21,8 US cents (H1 FY11: 15,8 US cents)
- First interim capital distribution per share of 7 US cents
- Total capital distributions since 2006 of $125 million (approximately R1 billion)

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

OPERATIONAL HIGHLIGHTS

- Benefitting from business diversification, international scale and market share gains
- Continuing strong financial performance and operational leverage
- Improved business mix and growing annuity income stream
- Earnings increase at more than twice revenue growth rate

Jens Montanana, Chief Executive of Datatec, commented:

"These are very good results given the current environment. Despite the difficult economic conditions around the world, we have been able to grow revenues and improve margins in all divisions.

"In this economic climate many customers and suppliers are increasingly seeking to do business with large well capitalised multi-national companies. This is directly benefiting the Group as our businesses are gaining market share in many of the markets and geographies in which we operate.

"Gross margins and profits are up significantly as we continue to benefit from operating leverage and an improving business mix. Based on current trading conditions and exchange rates, our forecast for the full year remains unchanged.

"We are pleased to be paying our first interim capital distribution, which will result in a total of $125 million (approximately R1 billion) having been distributed to shareholders since 2006, reflecting the stability of the Group's performance."

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Profile and Group structure

Datatec Group is a global provider of ICT products, solutions and services. The Group was founded in 1986 and over the past 25 years has grown into a multi-national organisation employing more than 5 000 people worldwide with operations in more than 40 countries.

Datatec's main lines of business comprise: the global distribution of advanced networking and communications convergence products ("Westcon"); ICT infrastructure solutions and services ("Logicalis"); and Consulting Services ("Analysys Mason" and "Intact"). "Corporate" encompasses the net operating costs of the Group's head office entities.

Overview

Datatec delivered an excellent performance during the first half of the financial year, despite difficult trading conditions in many markets. The Group's strong operational improvement seen in the prior year continued, with substantial growth in revenue and profitability compared with the six months ended 31 August 2010 ("Comparative Period").

This performance is being driven by a combination of market share gains, strong operational leverage and a robust performance in emerging and developing markets, which now contribute 35% of Group gross profits. Based on current trading conditions and exchange rates, the Group's forecast for the full year remains unchanged.

Datatec holds a strong market share in most of its business segments, with no particular dependency on any market, territory or technology. Datatec's business mix improved during the first half. In Westcon there has been a significant increase in sales of security products and in Logicalis annuity revenues increased.

Datatec's global reach and diversification across developed and emerging economies continue to help insulate the Group against regional volatility and have enabled a strong operational performance. Despite softer global economic conditions, Asia Pacific, Latin America, the Middle East and Africa remain the best performing markets. Across Europe and North America we continued to perform well in a challenging environment. Global revenues are now split equally across North America, Europe and the rest of the world.

Trading and profitability continued to improve across the Group, driven by robust top line growth in both Westcon and Logicalis, up 11% and 26% respectively. Overall Group gross margins have firmed and operating margins are continuing to expand.

Datatec generated revenues of $2,44 billion in the six months up to 31 August 2011, up 14% (H1 FY11: $2,13 billion). Organic growth was 13% and overall gross margins expanded to 14,1% (H1 FY11: 13,2%). The Group continues to benefit strongly from operational leverage, with EBITDA increasing faster than revenues ($85,4 million, up 46% (H1 FY11: $58,5 million)).

Underlying earnings per share rose 38% to 21,8 US cents per share (H1 FY11: 15,8 US cents).

Strategy

Datatec continues to pursue its long-term strategy of delivering sustainable above average returns to shareholders by focusing on a combination of organic growth in fast growing sectors of the ICT market, geographic expansion and earnings enhancing acquisitions. During the first half, the Group announced the acquisition of three businesses aimed at strengthening its position in existing major markets.

In April 2011 Logicalis UK acquired Inca Software, an IBM Cognos partner in the UK in order to create one of the first UK systems integrators capable of delivering the full suite of next generation business transformation tools: analytics, collaboration and cloud computing. In July 2011, Logicalis US acquired Netarx, a Cisco Gold partner and provider of managed services, data centre and collaborative IT solutions to customers in the mid-west USA. In August 2011 Westcon acquired entrada Kommunikations, a German based, value added distributor of IT security products to significantly grow its German presence and enter the Swiss market.

The Group will seek to improve its competitive position and believes that the current economic climate has created a window of opportunity for further attractive consolidation opportunities to enhance margins, facilitate consolidation in proven markets and extend the Group's geographical reach.

Financial results

Group revenues increased by 14% to $2,44 billion (H1 FY11: $2,13 billion) with 33% of Group revenue generated from North America (H1 FY11: 35%), 34% from Europe (H1 FY11: 37%), 13% from Asia Pacific (H1 FY11: 11%), 12% from Latin America (H1 FY11: 10%) and 8% from AIME (H1 FY11: 7%).
Gross margins improved to 14,1% (H1 FY11: 13,2%). Gross profit increased by 22% to $343,7 million (H1 FY11: $282,0 million), while operating costs increased at a lower rate than gross profit by 16% to $258,3 million (H1 FY11: $222,3 million).

Accordingly, EBITDA increased 46% to $85,4 million (H1 FY11: $58,5 million), which includes net unrealised foreign exchange gains of $0,5 million (H1 FY11: $1,2 million losses). Depreciation was $11,6 million (H1 FY11: $10,3 million) and amortisation of intangible fixed assets arising from acquisitions was $7,8 million (H1 FY11: $8,1 million).

Operating profit increased by 65% to $66,2 million (H1 FY11: $40,1 million). The net interest charge increased to $5,9 million (H1 FY11: $4,3 million), as a result of Westcon's utilisation of prompt pay arrangements.

Profit before tax increased 109% to $60,7 million (H1 FY11: $29,0 million), after fair value movements on put option liabilities.

The Group's reported effective tax rate decreased to 34% from 41%. If the fair value movements on put option liabilities are excluded from profit before tax, the effective tax rate would have been 34% for both periods. The Group's effective tax rate is higher than the South African statutory tax rate of 28%, primarily due to profits in jurisdictions with higher effective tax rates, most notably North and South America.
The effective tax rate for the financial year ending 28 February 2012 (excluding any fair value movements on put option liabilities) is expected to be approximately 34%.

Underlying earnings per share increased by 38% to 21,8 US cents (H1 FY11: 15,8 US cents). Headline earnings per share ("HEPS") increased by 122% to 19,5 US cents (H1 FY11: 8,8 US cents). HEPS, excluding the effect of put option fair value adjustments increased by 56% to 19,5 US cents (H1 FY11: 12,5 US cents).
Consistent with the prior year, Westcon is taking advantage of vendor supplier prompt pay initiatives, which are earnings enhancing. Amounts drawn under this banking facility are disclosed under bank overdrafts, and form part of net debt/cash.

The Group's operations generated $17,0 million cash during the period (H1 FY11: cash utilisation of $192,0 million).

The Group ended the period with net debt of $8,8 million (H1 FY11: $62,2 million), after deducting long-term debt of $19,1 million and short-term debt of $8,6 million included in the payables and provisions line on the statement of financial position. The Group continues to have comfortable head-room in terms of its working capital lines.

The Group issued 188 070 new shares during the year to date with all the shares issued to satisfy exercised share options.

The Group spent $48,9 million on acquisitions ($16,7 million cash and the balance deferred). Goodwill and intangible assets attributable to these acquisitions were $35,0 million and $12,5 million respectively. The revenue and EBITDA included from these acquisitions for the first six months of the 2012 financial year were $14,3 million and $1,4 million respectively. Had the acquisition dates been 1 March 2011, revenue attributable to these acquisitions would have been approximately $19 million. It is not practical to establish the EBITDA that would have been contributed by these acquisitions in 2012 if they had been included from 1 March 2011.

A $45 million put option liability for Promon Logicalis Latin America Limited ("PLLAL") was previously recognised in accordance with IAS 32 Financial Instruments: Presentation. 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 statement of comprehensive income. This put option liability was reversed to reserves during the first half of the year pursuant to the cancellation of the put option.

Gains of $17,4 million (H1 FY11: $1,9 million losses) arising on translation of non-USD denominated subsidiaries are included in comprehensive income of $106 million (H1 FY11: $14 million).

DIVISIONAL REVIEWS

Westcon

Westcon accounted for 74% of the Group's revenues and 68% of its EBITDA in the six months to 31 August 2011.

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 Networks, F5, Microsoft, Polycom 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.

The solid financial performance reported by Westcon during the previous financial year continued during the first half of the current financial year, with both revenues and profitability showing an improvement over the Comparative Period. Overall revenues increased 11% to $1,80 billion (H1 FY11: $1,62 billion) with the best growth achieved in Asia Pacific, AIME (Africa, India and Middle East) and Latin America. Trading in North America remained resilient, with a particularly notable contribution from Canada.

From a geographic perspective, 35% of Westcon's revenue was generated in North America (H1 FY11: 36%), 34% in Europe (H1 FY11: 38%), 14% in Asia Pacific (H1 FY11: 12%), 11% in AIME (H1 FY11: 9%) and 6% in Latin America (H1 FY11: 5%).

Gross margins increased to 10,9% (H1 FY11: 9,8%) with increased margins in North America, Latin America, Europe, and AIME. European gross margins improved from 9,5% to 11,5%. Overall gross margins also improved as a result of a more favourable product mix which saw Cisco products make up 51% of Westcon's revenue (H1 FY11: 55%), 15% for Avaya/Nortel (H1 FY11: 16%), 20% for security (H1 FY11: 15%) and 14% for Affinity/other development vendors (H1 FY11: 14%).

Gross profit increased 23% to $195,4 million (H1 FY11: $159,4 million).

Operating expenses grew 13% to $131,6 million (H1 FY11: $116,4 million) due to increased headcount levels and higher outbound freight expenses. Operating expenses grew at a much lower rate than gross profit. As a result, Westcon's EBITDA increased 48% to $63,8 million (H1 FY11: $43,0 million) while EBITDA margins increased to 3,6% (H1 FY11: 2,7%), with increased margins in North America, Europe, Latin America and AIME offset by lower margins in Asia Pacific.

Operating profit increased 61% to $57,3 million (H1 FY11: $35,7 million).

Westcon continued its strong working capital management reducing its net debt balance to $52 million (H1 FY11: $106 million).

Cloud computing and broadband wireless data proliferation are placing extra demands on networking and security, which are areas on which Westcon focuses. Management expects the operating leverage and margin expansion to continue as growth is maintained.

Commencing next financial year, Westcon will transition its existing global ERP system to a new platform. The upgrade is part of a program to improve and optimise Westcon's systems and infrastructure capabilities in support of its growing business and increasing transaction volumes. The increase in capitalised development expenditure in the balance sheet is attributable to this ERP system transition.

Logicalis

Logicalis accounted for 25% of the Group's revenues and 31% of its EBITDA in the six months to 31 August 2011.

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

The performance in the first half of the financial year has been very good with double digit growth in all regions with the exception of the US where demand has been softer. Growth has been particularly strong in South America and Asia Pacific and the performance in the UK was on target despite a weak macroeconomic environment. The South America region continued to benefit from the increased capital investment by the telecommunication service providers.

Revenue increased by 26% to $602,2 million (H1 FY11: $479,2 million), including the benefit of $14,3 million revenue from the two acquisitions made in the first half. Organic revenue increased by 20%, reflecting the strong growth in the South America and Asia Pacific markets.

Revenue from product sales was up 23%, with strong increases in the Cisco and HP vendor categories and revenues from total services were up 34%, with strong growth in annuity service revenues of 38%.

The gross margin was slightly lower at 22,4% (H1 FY11: 23,1%). Both product and services margins were down slightly. The gross profit was $135,0 million (H1 FY11: $110,7 million).

Operating expenses growth was 19%, which is lower than the revenue and gross profit growth, delivering the planned improvement in operational leverage. EBITDA increased 34% to $29,2 million (H1 FY11: $21,8 million), resulting in an EBITDA margin of 4,8% (H1 FY11: 4,5%).

After charges for depreciation and amortisation of intangible assets, operating profit was up 52% to $17,3 million (H1 FY11: $11,4 million).

During the first half of the financial year Logicalis completed two acquisitions to consolidate its position in the UK and USA respectively.

On 31 August, Logicalis sold 10% of the shareholding in PLLAL to its partner in Latin America, Promon SA. Logicalis first partnered with Promon in May 2008 and formed PLLAL to develop its existing Latin American business. Since then the business has gone from strength to strength. Promon has now committed to the long-term future of PLLAL by acquiring a further 10% interest in the business for $15 million in cash, increasing its share of the business to 40%. As a result Datatec's equity ownership of PLLAL through Logicalis will reduce to 60%, with effect from 31 August 2011.

Although the US and UK markets continue to be challenging, management expects that the overall performance in the second half will be sequentially and comparatively better.

Consulting Services

The Consulting Services division, comprising the majority-owned businesses Analysys Mason and Intact and an equity stake in Via Group and Cornwall Energy, accounted for 1% of Group revenues and 1% of EBITDA in the six months to 31 August 2011.

Analysys Mason delivers management consulting, advisory, modelling and market intelligence services to the telecoms, IT and digital media industries. The company's clients include telecoms operators, financial institutions, media organisations, regulators and a range of other public sector bodies.

Intact is a services and support consultancy delivering high end professional services in networking, unified communications, security, wireless and data centre technologies. Intact's services are offered exclusively through its partner network, which includes value added resellers, systems integrators, network integrators and service providers.

Revenues increased by 11% to $38,7 million (H1 FY11: $34,7 million) with increased revenues from Europe and the Americas offsetting reduced demand from the UK, MENA and Asia. Better utilisation of consultants helped to deliver a 22% increase in EBITDA to $1,3 million (H1 FY11: $1,0 million).

Following the significant changes of the last couple of years, the management will continue to consolidate the improved operating models and look for opportunities to enhance the division's portfolio. The current backlog is encouraging and, whilst wary of the prevailing concerns around the global economy, the management is cautiously optimistic for the second half.

Corporate

Corporate encompasses the net operating costs of the Datatec head office entities of $8,9 million (H1 FY11: $6,9 million) and unrealised gains of $0,1 million and immaterial realised exchange losses (H1 FY11: $0,1 million unrealised and $0,3 million realised exchange losses). Head office costs are higher due to an increased marketing campaign in support of our 25th year anniversary and raising our international visibility.

Reporting

This interim report complies with International Accounting Standard 34 – Interim Financial Reporting, the South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice (AC 500 Series), the requirements of the Companies Act of South Africa, 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 preparation of the Group's consolidated interim results for the six months ended 31 August 2011 was supervised by the Chief Financial Officer, Mr I Dittrich. The financial information has not been audited or reviewed by Deloitte & Touche.

Current trading and prospects

The Group is cautiously optimistic about its financial performance in the second half of the year, despite the current bout of poor economic data, sovereign indebtedness issues and still weak consumer markets. Innovations in technology, such as cloud services, are helping to drive growth in many ICT segments. Our industry remains well underpinned by the continued growth of internet usage and the Group is geographically well balanced.

On 11 May 2011 the Group published a forecast for the 2012 financial year of revenues of between $4,8 billion and $5,1 billion, profit after tax** of approximately $84 million, underlying* earnings per share of approximately 47 US cents and both earnings** per share and headline** earnings per share of approximately 42 US cents. Based on current trading conditions and exchange rates, these earnings and profit forecasts remain unchanged and the Group now expects revenues of approximately $5 billion for the 2012 financial year. The financial information on which this forecast is based has not been reviewed and reported on by Datatec's external auditors.

Dividend/capital distribution policy

The Group's dividend/capital distribution payment policy has been amended from making a single annual payment to making both an interim and final distribution. The dividend cover policy of at least three times relative to underlying* earnings per share will apply to both interim and final distributions.

Interim cash distribution by way of capital reduction

The Group will distribute to shareholders an interim capital reduction out of share premium in lieu of a dividend, of 56 RSA cents per share (approximately 7 US cents per share) for the six months ended 31 August 2011. The capital distribution will be paid to shareholders on the Jersey branch register in pounds sterling translated at the closing exchange rate on Wednesday, 23 November 2011.

The salient dates will be as follows:

Last day to trade	Friday, 18 November 2011
Shares to commence trading ex the distribution	Monday, 21 November 2011
Record date	Friday, 25 November 2011
Payment date	Monday, 28 November 2011

Share certificates may not be dematerialised or rematerialised between Monday, 21 November 2011 and Friday, 25 November 2011, both days inclusive.

On behalf of the Board

SJ Davidson	JP Montanana	IP Dittrich
Chairman	Chief Executive Officer	Chief Financial Officer

12 October 2011

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

***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 to 31 August 2011

USD'000	**Unaudited six months to August 2011**	Unaudited six months to August 2010	Audited year ended February 2011
Revenue	2 437 813	2 132 992	4 302 972
Continuing operations	2 423 561	2 132 616	4 293 955
Acquisitions	14 252	376	9 017
Cost of sales	(2 094 071)	(1 851 038)	(3 705 417)
Gross profit	343 742	281 954	597 555
Operating costs	(258 897)	(222 265)	(454 949)
Unrealised foreign exchange gains/(losses)	543	(1 235)	(425)
Operating profit before finance costs, depreciation and amortisation ("EBITDA")	85 388	58 454	142 181
Depreciation	(11 587)	(10 290)	(21 045)
Amortisation of acquired intangible assets	(7 797)	(8 070)	(16 160)
Operating profit before acquisition related adjustment	66 004	40 094	104 976
Acquisition related adjustment	240	—	—
Operating profit	66 244	40 094	104 976
Interest income	3 726	2 178	6 030
Financing costs	(9 667)	(6 435)	(16 210)
Fair value movements on put option liabilities	83	(6 797)	(14 701)
Share of equity accounted investment profits/(losses)	284	(66)	118
Loss on disposal of investments	—	—	(2 035)
Profit before taxation	60 670	28 974	78 178
Taxation	(20 842)	(11 976)	(32 238)
Profit for the year	**39 828**	**16 998**	**45 940**
Other Comprehensive income:			
Translation of foreign subsidiaries	17 387	(1 898)	32 399
Translation of equity loans net of tax effect	(176)	(1 474)	(2 732)
Derecognition of put option liability	45 000	—	—
Other items	4 253	402	809
Total comprehensive income for the year	**106 292**	**14 028**	**76 416**
Profit attributable to:			
Owners of the parent	36 382	16 064	41 893
Non-controlling interest	3 446	934	4 047
	39 828	**16 998**	**45 940**
Total comprehensive income attributable to:			
Owners of the parent	101 590	12 224	70 346
Non-controlling interest	4 702	1 804	6 070
	106 292	14 028	76 416
Number of shares issued (millions)			
Issued	186	185	186
Weighted average	186	183	184
Diluted weighted average	189	186	187
Earnings per share ("EPS") (US cents)			
Basic EPS	19,6	8,8	22,8
Diluted basic EPS	19,3	8,7	22,4
SALIENT FINANCIAL FEATURES			
Headline earnings	36 289	16 116	44 020
Headline earnings per share (US cents)			
Headline	19,5	8,8	23,9
Diluted headline	19,2	8,7	23,5
Underlying earnings	40 548	28 935	69 705
Underlying earnings per share (US cents)			

Underlying	21,8	15,8	37,9
Diluted underlying	21,5	15,6	37,3
Net asset value per share (US cents)	438,6	361,2	392,1
KEY RATIOS			
Gross margin (%)	14,1	13,2	13,9
EBITDA (%)	3,5	2,7	3,3
Effective tax rate (%)	34,4	41,3	41,2
Effective tax rate (%) excluding fair value movements on put option liabilities	34,4	33,5	34,7
Exchange rates			
Average Rand/USD exchange rate	6,8	7,5	7,2
Closing Rand/USD exchange rate	7,0	7,4	7,0

Condensed group statement of cash flows
for the six months to 31 August 2011

USD'000	**Unaudited six months to August 2011**	Unaudited six months to August 2010	Audited year ended February 2011
EBITDA	85 388	58 454	142 181
(Profit)/loss on disposal of property, plant and equipment	(151)	79	67
Non-cash items	7 073	7 147	(1 172)
Cash generated before working capital changes	92 310	65 680	141 076
Working capital changes	(75 306)	(257 752)	(205 106)
Increase in inventories	(63 781)	(38 375)	(11 051)
Increase in receivables	(184 575)	(114 894)	(80 441)
Increase/(decrease) in payables	173 050	(104 483)	(113 614)
Cash generated from / (utilised by) operations	17 004	(192 072)	(64 030)
Net finance costs paid	(5 941)	(4 257)	(10 180)
Taxation paid	(27 072)	(13 025)	(26 687)
Net cash outflow from operating activities	(16 009)	(209 354)	(100 897)
Investment in subsidiaries	(16 746)	(111)	(14 705)
Net cash outflow from other investing activities	(20 082)	(15 999)	(31 295)
Proceeds on disposal of partial interest in a subsidiary that does not involve a loss in control	15 000	—	—
Net cash (outflow)/inflow from other financing activities	(6 135)	(23 075)	6 677
Capital distribution to shareholders	(24 164)	(21 713)	(21 713)
Net decrease in cash and cash equivalents	(68 136)	(270 252)	(161 933)
Cash and cash equivalents at the beginning of year	83 219	239 834	239 834
Translation differences on opening cash position	3 836	(305)	5 318
Cash and cash equivalents at the end of year[1]	**18 919**	**(30 723)**	**83 219**

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

Condensed group statement of financial position
as at 31 August 2011

USD'000	Unaudited six months to August 2011	Unaudited six months to August 2010	Audited year ended February 2011
ASSETS			
Non-current assets	572 098	457 344	515 590
Property, plant and equipment	55 404	47 062	52 915
Capitalised development expenditure	24 882	14 108	15 570
Goodwill	375 437	316 160	338 320
Acquired intangible assets	48 184	43 401	43 796
Investments	8 260	6 738	7 914
Deferred taxation assets	36 123	29 875	35 966
Other receivables and prepayments	23 808	—	21 109
Current assets	1 751 598	1 455 136	1 481 342
Inventories	367 082	316 563	299 460
Trade and other receivables	1 139 406	953 758	944 230
Cash and cash equivalents	245 110	184 815	237 652
Total assets	**2 323 696**	**1 912 480**	**1 996 932**
EQUITY AND LIABILITIES			
Ordinary shareholders' funds	814 843	666 609	727 702
Non-controlling interest	54 820	51 923	42 677
Total equity	869 663	718 532	770 379
Non-current liabilities	79 709	79 766	97 463
Long-term liabilities	19 096	19 598	21 171
Amounts owing to vendors	8 534	23 356	26 353
Liability for share-based payments	17 750	11 491	15 828
Deferred taxation liabilities	34 329	25 321	34 111
Current liabilities	1 374 324	1 114 182	1 129 090
Payables and provisions	1 118 951	863 692	928 866
Amounts owing to vendors	26 060	27 202	33 132
Taxation	3 122	7 750	12 659
Bank overdrafts	226 191	215 538	154 433
Total equity and liabilities	**2 323 696**	**1 912 480**	**1 996 932**
Capital expenditure incurred in the period (including capitalised development expenditure)	20 584	15 868	30 610
Capital commitments in the period	26 521	12 329	23 160
Lease commitments in the period	92 748	86 188	93 412
Payable within one year	25 689	20 013	22 858
Payable after one year	67 059	66 175	70 554

Condensed Group statement of changes in total equity
for the six months to 31 August 2011

USD'000	**Unaudited six months to August 2011**	Unaudited six months to August 2010	Audited year ended February 2011
Balance at beginning of year	**770 379**	**718 779**	**718 779**
Total comprehensive income	106 292	14 028	76 416
New share issues	293	9 036	13 694
Capital distribution to shareholders	(24 164)	(21 713)	(21 713)
Share-based payments	(578)	(617)	277
Shares contingently issuable related to acquisitions	10 000	—	—
Acquisitions	—	(200)	(2 781)
Non-controlling interest	7 441	(781)	(14 293)
Balance at end of year	**869 663**	**718 532**	**770 379**

Determination of headline and underlying earnings
for the six months to 31 August 2011

USD'000	**Unaudited six months to August 2011**	Unaudited six months to August 2010	Audited year ended February 2011
Profit attributable to equity holders of the parent	36 382	16 064	41 893
Headline earnings adjustments			
(Profit)/loss on disposal of property, plant and equipment and investments	(151)	79	2 103
Tax effect	51	(27)	24
Non-controlling interest	7	—	—
Headline earnings	**36 289**	**16 116**	**44 020**
DETERMINATION OF UNDERLYING EARNINGS			
Underlying earnings adjustments	6 931	16 102	31 286
Unrealised foreign exchange (losses) /gains	(543)	1 235	425
Fair value movements on put option arrangements	(83)	6 797	14 701
Acquisition related adjustment	(240)	—	—
Amortisation of intangible assets	7 797	8 070	16 160
Tax effect	(2 654)	(3 129)	(5 559)
Non-controlling interest	(18)	(154)	(42)
Underlying earnings	**40 548**	**28 935**	**69 705**

Segmental analysis
for the six months to 31 August 2011

USD'000	**Unaudited six months to August 2011**	Unaudited six months to August 2010	Audited year ended February 2011
Revenue			
Westcon	1 796 986	1 619 130	3 184 042
Logicalis	602 172	479 160	1 046 422
Consulting Services	38 655	34 702	72 508
Revenue	**2 437 813**	**2 132 992**	**4 302 972**
EBITDA			
Westcon	63 819	43 067	105 328
Logicalis	29 163	21 768	53 032
Consulting Services	1 263	1 032	541
Corporate	(8 857)	(7 413)	(16 720)
EBITDA	**85 388**	**58 454**	**142 181**
Operating profit			
Westcon	57 280	35 755	91 277
Logicalis	17 328	11 369	31 340
Consulting Services	572	461	(764)
Corporate	(8 936)	(7 491)	(16 877)
Operating profit	**66 244**	**40 094**	**104 976**
Total assets			
Westcon	1 468 057	1 233 850	1 284 221
Logicalis	788 465	612 779	641 912
Consulting Services	50 129	54 834	48 554
Corporate	17 045	11 017	22 245
Total assets	**2 323 696**	**1 912 480**	**1 996 932**

Directors:

SJ Davidson*# (Chairman), JP Montanana# (CEO), IP Dittrich (CFO), O Ighodaro^, JF McCartney†*, LW Nkuhlu*, CS Seabrooke*, NJ Temple*# #British *Non-executive †American ^Nigerian