17 October 2012

Datatec Limited

Solid results in a weak environment underpin earnings and dividend growth

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 2012.

Financial highlights

- Group revenue up 7% to $2,62 billion (H1 FY12: $2,44 billion)
- Gross margin increases to 14,4% (H1 FY12: 14,1%)
- EBITDA up 8% to $91,9 million (H1 FY12: $85,4 million)
- Underlying* earnings per share up 8% to 23,5 US cents (H1 FY12: 21,8 US cents)
- Increased interim capital distribution up by 14% to 8 US cents per share (H1 FY12: 7 US cents)

Operational highlights

- Trading and underlying earnings continue to improve but growth slowing in a weakening economic climate
- Group continues to benefit from business and international diversification
- Continued improvement in business mix and growing annuity income stream
- Afina expands solution set and geographic high growth markets exposure

Current trading and prospects

- 2013 Financial Year forecast remains unchanged despite increasingly uncertain economic outlook:
  – Revenues of between $5,5 billion and $5,8 billion (FY12: $5,03 billion)
  – Underlying* earnings per share of approximately 55 US cents (FY12: 47,9 US cents)

**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*

Jens Montanana, Chief Executive of Datatec, commented:

"As we highlighted in our IMS statement in July, overall revenues and underlying earnings are continuing to improve but the rate of growth has slowed as the macro-economic climate has become more uncertain. This became more pronounced in the second quarter in all regions with the exception of Latin America.

"The diversity of our business streams and our global footprint continue to be strong assets, allowing the Group to deliver a relatively strong performance against a disappointing market.

"Based on current exchange rates and trading conditions our full year forecast remains unchanged but has become more challenging than we anticipated in May."

Profile and Group structure

Datatec Group is a global provider of ICT products, solutions and services, with more than 6 000 people worldwide and with operations in over 50 countries.

The Group's main lines of business comprise:

- **Technology division**: global distribution of advanced networking, security and unified communications products ("Westcon")
- **Integration division**: ICT infrastructure solutions and services ("Logicalis")
- **Consulting division**: strategic and technical consulting ("Consulting Services")

"Corporate" encompasses the costs of the Group's head office entities.

OVERVIEW

Datatec delivered a solid performance during the first half of the financial year given the weaker than expected macro-economic environment in the second quarter in particular. The Group's revenues and earnings continued to grow and gross margins expanded compared with the six months ended 31 August 2011 ("Comparative Period").

The Group's business mix and geographic diversity provided resilience as the impact of the Eurozone crisis spread globally. Whilst organic revenue growth slowed in all regions, the Group benefited from its strategy of expansion into higher growth markets and a strong first half performance from Logicalis. Westcon had a more challenging six months compared to the recent past, but has still reported revenue growth across all regions.

North America remains the Group's largest market and, whilst growth was reported there in the second quarter, it was at a slower rate. Trading conditions in Europe, in particular the UK, remain weak but in line with expectations given the on-going economic turmoil in the Eurozone.

Latin America, Asia Pacific and the Middle East remain the Group's strongest performing markets, particularly Latin America, although these markets also experienced slower growth rates. The geographies outside North America and Europe now generate 35% of Datatec's revenues and 41% of the Group's gross profits.

Trading and operating profitability continued to improve across the Group, driven by top line growth in both Westcon and Logicalis, with sales up 6% and 13% respectively in these divisions.

Datatec generated revenues of $2,62 billion in the six months to 31 August 2012, up 7% on the prior year (H1 FY12: $2,44 billion) of which organic growth was 4%. Of the $2,62 billion revenues, some 73% came from Distribution (Westcon); 19% from ICT hardware and software solutions (Logicalis) and 8% was attributable to revenues derived from services (Logicalis and Consulting Services).

Overall Group gross margins firmed to 14,4% (H1 FY12: 14,1%). EBITDA grew in line with revenues up 8% to $91,9 million (H1 FY12: $85,4 million).

Underlying* earnings per share rose 8% to 23,5 US cents (H1FY12: 21,8 US cents).

STRATEGY AND ACQUISITIONS

Datatec continues 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.

Datatec enjoys a strong market position with no particular dependency on any single market, territory or technology sector. During the first half of FY13, the Group announced four new acquisitions are expected to enhance margins, extend the Group's geographical reach and strengthen its position in existing markets.

The most notable of these was the acquisition of 100% of the share capital of the Afina Group ("Afina") by Westcon, which was announced on 2 July 2012 with the same effective date. Afina is a leading Latin American and Iberian multinational security, virtualisation and data centre distributor. The acquisition significantly expands Westcon's geographic footprint in 12 countries across Latin America, the Caribbean, Europe and North Africa (including Brazil, Mexico, Spain, Portugal, France and Morocco). The deal broadens Westcon's product portfolio, adding and enhancing relationships with strategic vendors such as VMware, Riverbed, Symantec and Citrix. Afina's strong services offering and over 400 skilled personnel complement Westcon's existing expertise in security, virtualisation and data centre technologies.

Earlier in the year, on 12 March 2012, Westcon completed the acquisition of PT Netpoleon, an Indonesian value-added distributor of IT security, networking and convergence solutions and provider of managed and training services. This relatively small acquisition builds on Westcon's presence in Southeast Asia and gives Westcon its first significant presence in Indonesia, a large and fast growing market in the region.

On 23 May 2012, Datatec acquired, on behalf of Westcon, the 33,1% interest in its African subsidiaries which it did not already own (excluding Westcon SA (Pty) Ltd) collectively "Westcon Africa" in order to secure 100% ownership of those businesses.

On 16 July 2012, Westcon expanded its security product footprint in Europe with the acquisition of Austrian value added security distributor Triple AcceSSS IT GmbH ("Triple AcceSSS"). The deal expands Westcon's security business footprint in Europe and strengthens or adds relationships with a portfolio of security vendors including Trend Micro, F5, Blue Coat, BlueCat and Lifesize. Triple AcceSSS also delivers a broad array of complementary professional services including training, help desk and third level support services.

Logicalis also augmented its footprint and skills base during the period with the acquisition, on 1 June 2012, of Corpnet, a Brisbane-based provider of IT solutions to the Queensland, Australia mid-sized and enterprise markets. The acquisition brings data centre, cloud and managed services skills and resources complementary to Logicalis' existing expertise in Australia.

The Group will continue to seek to improve its competitive position and believes that the prevailing economic climate continues to provide attractive opportunities to enhance margins, to facilitate consolidation in proven markets and to extend the Group's geographical reach.

FINANCIAL RESULTS

Group revenues increased by 7% to $2,62 billion (H1 FY12: $2,44 billion) with 34% of Group revenue generated from North America (H1 FY12: 33%), 31% from Europe (H1 FY12: 34%), 14% from Latin America (H1 FY12: 12%), 13% from Asia Pacific (H1 FY12: 13%) and 8% from Africa, India and Middle East ("AIME") (H1 FY12: 8%).

Gross margins improved to 14,4% (H1 FY12: 14,1%). Gross profit increased by 10% to $377,0 million (H1 FY12: $343,7 million), while operating costs increased at a similar rate as the gross profit to $285,1 million (H1 FY12: $258,3 million).

EBITDA increased by 8% to $91,9 million (H1 FY12: $85,4 million), which includes net unrealised foreign exchange losses of $0,5 million (H1 FY12: gains of $0,5 million). Depreciation was $13,7 million (H1 FY12: $11,6 million). Amortisation of intangible fixed assets arising from acquisitions was $7,2 million (H1 FY12: $7,8 million).

The fair value of companies acquired during the year was $72,7 million. As a result, goodwill and intangible assets increased by $41,2 million and $25,0 million respectively. The revenue and EBITDA included from these acquisitions in H1 FY13 was $29,6 million and $0,4 million respectively. Had the acquisition dates been 1 March 2012, revenue in H1 FY13 attributable to these acquisitions would have been approximately $135,8 million. It is not practical to establish the EBITDA that would have been contributed by the acquisitions in H1 FY13 if they had been included for the entire period.

Operating profit increased by 7% to $71,0 million (H1 FY12: $66,2 million). The net interest charge increased to $11,4 million (H1 FY12: $5,9 million), as a result of Logicalis funding higher levels of working capital in Brazil and Westcon's utilisation of prompt pay arrangements and funding of working capital growth.

Profit before tax was $60,4 million (H1 FY12: $60,7 million).

The Group's reported effective tax rate for H1 FY13 is 31,6% (H1 FY12: 34,4%). The normalised effective tax rate was 31,6% (H1 FY12: 34,4%). The Group's effective tax rate is higher than the South African rate of 28% due to the profits arising in jurisdictions with higher tax rates, in particular North and Latin America. The decrease in the effective tax rate in the current half year is due mainly to lower effective rates in North and Latin America and a reduced statutory rate in the UK. The normalised effective tax rate for the financial year ending 28 February 2013 is expected to be 33,0% (FY12: 35,1%).

Underlying earnings per share increased by 8% to 23,5 US cents (H1 FY12: 21,8 US cents). Headline earnings per share ("HEPS") increased by 6% to 20,7 US cents (H1 FY12: 19,5 US cents).

The Group's operations generated $57,8 million cash during the period (H1 FY12: $17,0 million).

The Group ended the period with net debt of $135,5 million (H1 FY12: $8,8 million), after deducting long-term debt of $16,7 million and short-term debt of $18,8 million included in the payables and provisions line on the statement of financial position. Growth in the Latin American region and the Afina acquisition were the main contributors to this increase in net debt. Consistent with the prior year, Westcon is taking advantage of vendor supplier prompt pay initiatives which are earnings enhancing. The Group continues to enjoy comfortable headroom in terms of its working capital lines.

The Group issued 5,1 million new shares during the period. Of this 3,4 million shares were issued as part of consideration for acquisitions, while a further 1,7 million shares were issued to settle commitments under the terms of Datatec's equity-settled share-based remuneration schemes.

The Group paid $17,2 million to shareholders during H1 FY13 as a final capital distribution relating to FY12, bringing the total capital distribution for FY12 to $29,4 million.

Losses of $41,3 million (H1 FY12: $17,4 million gains) arising on translation to presentation currency are included in other comprehensive income of $7,9 million (H1 FY12: $61,3 million).

DIVISIONAL REVIEWS

Westcon

Westcon accounted for 73% of the Group's revenues (H1 FY12: 74%) and 63% of its EBITDA (H1 FY12: 68%).

Westcon is the world's leading specialty distributor in networking, security, mobility and convergence for leading technology vendors, including Cisco, Avaya, Check Point, Brocade, Polycom and other complementary manufacturers. Through its Comstor Cisco-dedicated business unit and Westcon Convergence and Westcon Security divisions, Westcon sells products and services to resellers, systems integrators and service providers.

Westcon has expertise in the convergence of voice, data and video applications and technologies, security for networking and communications systems, data centre technologies, videoconferencing and wireless connectivity.

Westcon delivered a solid financial performance, reporting an improvement over prior year in revenues despite more challenging market conditions particularly in Europe and North America. Overall revenues increased 6% to $1,9 billion (H1 FY12: $1,8 billion) with increases across all regions. Westcon acquisitions contributed $25,4 million in revenue during the period.

From a geographic perspective, 33% of Westcon's revenue was generated in Europe (H1 FY12: 34%), 34% in North America (H1 FY12: 35%), 14% in Asia Pacific (H1 FY12: 14%), 11% in AIME (H1 FY12: 11%) and 8% in Latin America (H1 FY12: 6%).

Gross margins increased to 11,3% (H1 FY12: 10,9%) with margin pressures in Europe and North America offset by margin expansion in Latin America, AIME and Asia Pacific. Overall gross margins improved as a result of a more favourable product mix, which saw Cisco products make up 51% of Westcon's revenue (H1 FY12: 51%), 13% for Avaya/Nortel (H1 FY12: 15%), 20% for security (H1 FY12: 20%) and 16% for Affinity/other development vendors (H1 FY12: 14%). Gross profit increased 10% to $214,0 million (H1 FY12: $195,4 million).

Operating leverage declined with expenses growing 15% to $151,9 million including one-off costs associated with the Afina acquisition and the SAP roll-out described below. As a result Westcon's EBITDA decreased slightly by 3% to $62,1 million (H1 FY12: $63,8 million) while EBITDA margins decreased to 3,3% (H1 FY12: 3,6%). Operating profit decreased by 7% to $53,4 million (H1 FY12: $57,3 million).

Westcon continued its strong working capital management during the year.

On 12 March 2012, Westcon completed the acquisition of PT Netpoleon, an Indonesian value-added distributor of IT security, networking and convergence solutions and provider of managed and training services. Netpoleon's unaudited revenues for the year ended 31 December 2011 were $11 million.

On 2 July 2012, Westcon acquired the Latin American and Iberian multinational security, virtualisation and data centre distributor, Afina Group. The transaction, valued at up to €50 million ($63 million) was the most significant acquisition made during the period. Afina expects revenues this financial year to approach $300 million.

On 16 July 2012, Westcon acquired Triple AcceSSS and its Swiss subsidiary for undisclosed consideration. Triple AcceSSS is an approximately €14 million turnover security product distribution business based in Austria.

Westcon is in the process of transitioning its existing global ERP system to a new SAP-based platform. The upgrade is part of a programme to improve and optimise Westcon's systems and infrastructure capabilities in support of its growing business and increasing transaction volumes. Of the increase in capitalised development expenditure in H1 FY13, $9,2 million is attributable to this ERP system transition.

Market conditions are expected to remain challenging in the second half of the year in the mature markets of North America and particularly Europe. The management expects to deliver an improved performance notwithstanding the environment driven by seasonality, leveraging certain vendor relationships and the impact of the Afina acquisition.

Logicalis

Logicalis accounted for 26% of the Group's revenues (H1 FY12: 25%) and 35% of its EBITDA (H1 FY12: 31%).

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

Overall revenues and profits in the first half were in line with expectations and higher than the first half of the previous year. The US region had a solid recovery but the rate of growth slowed in the Asia Pacific and Latin America regions. The UK market remained challenging.

Revenue increased by 13% to $682,3 million (H1 FY12: $602,2 million), including $4,2 million of revenue from the acquisition made in the period. Organic revenue growth was 10%. Latin America remained the largest revenue contributor at 33% of total revenue (H1 FY12: 32%) despite a significant depreciation in the Brazilian currency relative to the US dollar. The North America region grew from 30% to 32% of total revenue whilst the UK's share of revenues fell from 28% to 24%.

Revenues from product sales were up 10%, with robust increases in the HP and Other vendor category. Revenues from total services were up 25%, with strong growth in both professional and annuity service revenues.

The gross margin was slightly lower at 21,8% (H1 FY12: 22,4%). Both product and services margins were down slightly due to customer pricing pressure, particularly on high value deals. The gross profit was up 10% to $149,0 million (H1 FY12: $135,0 million). Improved operational leverage resulted in operating expenses increasing by only 9%. EBITDA increased by 17% to $34,2 million (H1 FY12: $29,2 million), resulting in an EBITDA margin of 5,0% (H1 FY12: 4,8%).

After charges for depreciation and amortisation of intangible assets, operating profit was up 31% to $22,6 million (H1 FY12: $17,3 million).

Logicalis continues to have a contingent liability in respect of a possible tax liability at its Promon-Logicalis subsidiary in Brazil.

On 1 June 2012, Logicalis acquired Corpnet, a Brisbane-based provider of IT solutions including data centre, cloud and managed services. The consideration comprised $2,7 million on completion and the business has annualised revenues of approximately $20 million.

Trading conditions are expected to remain challenging. The outlook in the Latin America and Asia Pacific regions remain positive although overall growth rates have slowed. The UK market remains difficult whilst the US is expected to continue to recover slowly. Logicalis plans to continue investing in cloud and data centre services and continues to evaluate acquisition opportunities in target markets. Logicalis expects the second half results to be broadly similar to last year, albeit again impacted by higher interest rates associated with extended Latin America receivables.

Consulting Services

The Consulting Services division, comprising the majority-owned businesses Analysys Mason, Intact, The Via Group, and an equity stake in Cornwall Energy, accounted for 1% of Group revenues (H1 FY12: 1%) and 2% of EBITDA (H1 FY12: 1%).

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.

The Via Group is a recognised leader in providing professional services supporting Avaya and Microsoft-based unified communications solutions.

Cornwall Energy provides participants in and customers of the energy markets with research and consulting services focusing on electricity generation and distribution, including renewable energy, and smart grids (intelligent networked distribution).

Revenues for this division were stable at $38,3 million (H1 FY12: $38,7 million). A solid sales performance at Analysys Mason and the inclusion of The Via Group was tempered by declining revenues at Intact. The division achieved an expansion in gross margins to 36,3% (H1 FY12: 34,5%).

EBITDA improved by 24% to $1,6 million (H1 FY12: $1,3 million) with the division now benefiting from enhanced operational leverage at Analysys Mason. The overall improvement was offset by a weakened performance from Intact as a consequence of the top line pressures. Despite a tough first quarter, The Via Group recorded a small EBITDA profit.

The division's major markets are the United Kingdom and Europe, and despite a particularly good first half performance in Germany, the management expects the market to remain challenging in the second half. Following a slow start to the year, an improved performance is expected from Intact and The Via Group to complement anticipated solid performance from Analysys Mason.

Corporate

Corporate encompasses the net operating costs of the Datatec head office entities of $6,4 million (H1 FY12: $8,9 million) and unrealised gains of $0,3 million and immaterial realised exchange losses (H1 FY12: $0,1 million unrealised gains and immaterial realised exchange losses). Head office costs are slightly lower than in the Comparative Period due to lower acquisition and other project costs.

Accounting for acquisitions

The following table sets out the provisional assessment of the fair value of assets acquired across all acquisitions made by the Group during the period under review. Afina is the largest component of this. The receivables, inventory and taxation fair value assessments and the amounts recognised in the financial statements in respect of the Afina and Triple AcceSSS acquisitions have been determined provisionally due to the timing and number of legal entities acquired and this may impact goodwill(•). One month's trading has been included in these results in respect of Afina.

Acquisitions made in H1 FY13	
Assets acquired	**$'000**
Non-current assets	8 225
Current assets	103 896
Non-current liabilities	(7 170)
Current liabilities	(98 454)
Net asset value acquired	**6 497**
Intangible assets	24 974
Goodwill (•)	41 201
Fair value of acquisitions	**72 672**
Purchase consideration	
Issue of Datatec shares	13 785
Cash	43 618
Contingent consideration	15 269
Total consideration	**72 672**
Cash outflows for acquisitions	
Cash and cash equivalents acquired	(29 887)
Cash consideration paid	(43 618)
	(73 505)

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 2012 was supervised by the Chief Financial Officer, Mr RP Evans. The financial information has not been audited or reviewed by Deloitte & Touche.

CURRENT TRADING AND PROSPECTS

The Group is well positioned to support its vendors and customers by virtue of its scale and broad international coverage. Technology innovation remains high in the sectors in which the Group operates as IT infrastructure migrates to cloud based services, which in turn fuels demand for security, mobility and unified communications solutions.

On 16 May 2012, the Group published a forecast for the 2013 financial year of revenues of between $5,5 billion and $5,8 billion, profit after tax** of approximately $104 million, underlying* earnings per share of approximately 55 US cents and both earnings** per share and headline** earnings per share of approximately 50 US cents.

The Board believes the Group is still capable of achieving these forecasts if the anticipated performance improvements in the seasonally better second half are delivered together with the expected contribution from Afina. However, this has become more challenging in the increasingly uncertain macro-economic environment.

The financial information on which this forecast is based has not been reviewed and reported on by Datatec's external auditors.

SUBSEQUENT EVENTS

There were no significant events.

CHANGES TO DIRECTORATE

Rob Evans was appointed as a Director of the Board of Datatec with effect from 1 May 2012 and became Chief Financial Officer on 1 June 2012 replacing Ivan Dittrich who left the Board on the same date.

CAPITAL DISTRIBUTION IN LIEU OF DIVIDEND POLICY

During the financial year ended 29 February 2012, the Group's dividend/capital distribution policy was amended from making a single annual payment to making both an interim and a final distribution. The distribution (in lieu of dividend) cover policy of at least three times relative to underlying* earnings per share now applies 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 contributed tax capital in lieu of a dividend, of 70 RSA cents per share (approximately 8 US cents per share) for the six months ended 31 August 2012.

The salient dates will be as follows:

Last day to trade	Friday, 23 November 2012
Shares to commence trading "*ex*" the distribution	Monday, 26 November 2012
Record date	Friday, 30 November 2012
Payment date	Monday, 3 December 2012

Share certificates may not be dematerialised or rematerialised between Monday, 26 November 2012 and Friday, 30 November 2012, both days inclusive.

The capital distribution will be paid to shareholders on the Jersey branch register in pounds sterling translated at the closing exchange rate on Wednesday, 28 November 2012.

On behalf of the Board:

SJ Davidson	**JP Montanana**	**RP Evans**
Chairman	*Chief Executive Officer*	*Chief Financial Officer*

17 October 2012

**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 profit and loss

for the six months to 31 August 2012	**Unaudited six months to August 2012 USD'000**	Unaudited six months to August 2011 USD'000	Audited year ended February 2012 USD'000
Revenue	**2 621 254**	2 437 813	5 033 394
Existing operations	**2 591 630**	2 423 561	4 940 164
Acquisitions	**29 624**	14 252	93 230
Cost of sales	**(2 244 218)**	(2 094 071)	(4 328 814)
Gross profit	**377 036**	343 742	704 580
Operating costs	**(284 645)**	(258 897)	(514 974)
Unrealised foreign exchange (losses)/gains	**(493)**	543	585
Operating profit before finance costs, depreciation and amortisation ("EBITDA")	**91 898**	85 388	190 191
Depreciation	**(13 634)**	(11 587)	(23 861)
Amortisation of acquired intangible assets	**(7 216)**	(7 797)	(15 686)
Operating profit before acquisition related adjustment	**71 048**	66 004	150 644
Acquisition related adjustment	**–**	240	–
Operating profit	**71 048**	66 244	150 644
Interest income	**2 611**	3 726	7 623
Financing costs	**(13 979)**	(9 667)	(21 905)
Acquisition-related fair value adjustments	**–**	83	402
Fair value movements on put option liabilities	**–**	83	16
Fair value adjustments on deferred purchase consideration	**–**	–	386
Share of equity-accounted investments earnings	**573**	284	425
Other income	**167**	–	782
Profit before taxation	**60 420**	60 670	137 971
Taxation	**(19 093)**	(20 842)	(48 902)
Profit for the period	**41 327**	39 828	89 069
KEY RATIOS			
Gross margin (%)	**14,4**	14,1	14,0
EBITDA (%)	**3,5**	3,5	3,8
Effective tax rate (%)	**31,6**	34,4	35,4
Normalised effective tax rate (%)	**31,6**	34,4	35,1
Exchange rates			
Average Rand/USD exchange rate	**8,1**	6,8	7,3
Closing Rand/USD exchange rate	**8,4**	7,0	7,5

Condensed Group statement of other comprehensive income

for the six months to 31 August 2012	**Unaudited six months to August 2012 USD'000**	Restated (*) Unaudited six months to August 2011 USD'000	Audited year ended February 2012 USD'000
Other comprehensive income			
Profit for the period	**41 327**	39 828	89 069
Exchange differences arising on translation to presentation currency	**(41 250)**	17 387	(13 778)
Translation of equity loans net of tax effect	**7 880**	(176)	4 615
Other items	**(40)**	4 253	(2 856)
Total comprehensive income for the period	**7 917**	61 292	77 050
Profit for the period attributable to:			
Owners of the parent	**39 292**	36 382	80 846
Non-controlling interest	**2 035**	3 446	8 223
	41 327	39 828	89 069
Total comprehensive income attributable to:			
Owners of the parent	**12 221**	56 590	72 282
Non-controlling interest	**(4 304)**	4 702	4 768
	7 917	61 292	77 050

Condensed Group statement of changes in total equity

for the six months to 31 August 2012	**Unaudited six months to August 2012 USD'000**	Restated (*) Unaudited six months to August 2011 USD'000	Audited year ended February 2012 USD'000
Balance at the beginning of the period	**879 428**	770 379	770 379
Total comprehensive income	**7 917**	61 292	77 050
New share issues	**26 429**	293	3 545
Capital distribution	**(17 218)**	(24 164)	(36 383)
Equity-settled deferred purchase consideration	**–**	–	6 667
Share-based payments	**(6 913)**	(578)	(165)
Derecognition of put option liability	**5 102**	45 000	45 000
Shares contingently issuable related to acquisitions	**–**	10 000	–
Acquisitions	**1 035**	–	(815)
Disposals	**–**	–	5 536
Non-controlling interest	**(6 221)**	7 441	8 614
Balance at the end of the period	**889 559**	869 663	879 428

(*) The "Derecognition of put option liability" previously presented under other comprehensive income has been reclassified to reflect the appropriate attribution between total comprehensive income and other movements in equity.

Determination of headline and underlying earnings

	Unaudited six months to August 2012 USD'000	Unaudited six months to August 2011 USD'000	Audited year ended February 2012 USD'000
Profit attributable to the equity holders of the parent	**39 292**	36 382	80 846
Headline earnings adjustments			
Profit on disposal of property, plant and equipment and investments	**	(151)	(733)
Tax effect	**(1)**	51	75
Non-controlling interest	**(1)**	7	–
Headline earnings	**39 290**	36 289	80 188
DETERMINATION OF UNDERLYING EARNINGS			
Underlying earnings adjustments	**7 709**	6 931	14 459
Unrealised foreign exchange (gains)/losses	**493**	(543)	(585)
Fair value movements on acquisition-related financial instruments	**–**	(83)	(402)
Acquisition-related adjustment	**–**	(240)	(240)
Amortisation of intangible assets	**7 216**	7 797	15 686
Tax effect	**(2 355)**	(2 654)	(5 472)
Non-controlling interest	**18**	(18)	(9)
Underlying earnings	**44 662**	40 548	89 166
SALIENT FINANCIAL FEATURES			
Number of shares issued (millions)			
Issued	**193**	186	188
Weighted average	**190**	186	186
Diluted weighted average	**191**	189	189
Earnings per share ("EPS") (US cents)			
Basic EPS	**20,7**	19,6	43,5
Diluted basic EPS	**20,5**	19,3	42,8
Headline earnings	**39 290**	36 289	80 188
Headline earnings per share (US cents)			
Headline	**20,7**	19,5	43,1
Diluted headline	**20,5**	19,2	42,5
Underlying earnings	**44 662**	40 548	89 166
Underlying earnings per share (US cents)			
Underlying	**23,5**	21,8	47,9
Diluted underlying	**23,3**	21,5	47,2
Net asset value per share (US cents)	**437,7**	438,6	438,6

(**) Less than $1 000.

Condensed Group statement of financial position

as at 31 August 2012	**Unaudited six months to August 2012 USD'000**	Unaudited six months to August 2011 USD'000	Audited year ended February 2012 USD'000
ASSETS			
Non-current assets	**636 432**	572 098	574 970
Property, plant and equipment	**59 480**	55 404	55 145
Capitalised development expenditure	**44 248**	24 882	34 117
Goodwill	**413 515**	375 437	377 869
Acquired intangible assets	**58 521**	48 184	41 772
Investments	**6 125**	8 260	5 709
Deferred taxation assets	**33 959**	36 123	37 229
Other receivables and prepayments	**20 584**	23 808	23 129
Current assets	**1 943 192**	1 751 598	1 823 437
Inventories	**371 463**	367 082	412 115
Trade and other receivables	**1 301 282**	1 139 406	1 163 534
Cash and cash equivalents	**270 447**	245 110	247 788
Total assets	**2 579 624**	2 323 696	2 398 407
EQUITY AND LIABILITIES			
Ordinary shareholders' funds	**844 174**	814 843	823 369
Non-controlling interest	**45 385**	54 820	56 059
Total equity	**889 559**	869 663	879 428
Non-current liabilities	**83 672**	79 709	66 083
Long-term liabilities	**16 735**	19 096	13 915
Amounts owing to vendors	**9 507**	8 534	2 057
Liability for share-based payment	**11 332**	17 750	10 423
Deferred taxation liabilities	**46 098**	34 329	39 688

Current liabilities	**1 606 393**	1 374 324	1 452 896
Payables and provisions	**1 224 468**	1 118 951	1 187 967
Amounts owing to vendors	**10 390**	26 060	14 327
Taxation	**1 122**	3 122	4 627
Bank overdrafts	**370 413**	226 191	245 975
Total equity and liabilities	**2 579 624**	2 323 696	2 398 407
Capital expenditure incurred in the period	**21 655**	20 584	43 053
Additions to property, plant and equipment	**11 735**	9 312	20 010
Increase to capitalised development expenditure	**9 920**	11 272	23 043
Capital commitments in the period	**11 733**	26 521	10 142
Lease commitments in the period	**92 580**	92 748	98 213
Payable within one year	**30 890**	25 689	27 516
Payable after one year	**61 690**	67 059	70 697

Condensed Group statement of cash flows

for the six months to 31 August 2012	**Unaudited six months to August 2012 USD'000**	Unaudited six months to August 2011 USD'000	Audited year ended February 2012 USD'000
EBITDA	**91 898**	85 388	190 191
Profit on disposal of property, plant and equipment	**	(151)	(733)
Non-cash items	**13 954**	7 073	(832)
Cash generated before working capital changes	**105 852**	92 310	188 626
Working capital changes	**(48 065)**	(75 306)	(85 783)
Decrease/(increase) in inventories	**40 176**	(63 781)	(109 479)
Increase in receivables	**(95 669)**	(184 575)	(188 004)
Increase in payables	**7 428**	173 050	211 700
Cash generated from operations	**57 787**	17 004	102 843
Net finance costs paid	**(11 368)**	(5 941)	(14 282)
Taxation paid	**(25 100)**	(27 072)	(55 619)
Net cash inflows/(outflows) from operating activities	**21 319**	(16 009)	32 942
Cash outflows for acquisitions	**(73 505)**	(16 746)	(27 521)
Net cash outflows from other investing activities	**(21 428)**	(20 082)	(42 943)
Net cash inflows from disposal of operations and investments	**–**	15 000	14 988
Net cash outflows from other financing activities	**(8 013)**	(6 135)	(27 684)
Capital distribution	**(17 218)**	(24 164)	(36 383)
Net decrease in cash and cash equivalents	**(98 845)**	(68 136)	(86 601)
Cash and cash equivalents at the beginning of the year	**1 813**	83 219	83 219
Translation differences on opening cash position	**(2 934)**	3 836	5 195
Cash and cash equivalents at the end of the period (#)	**(99 966)**	18 919	1 813

(#) Comprises cash resources, net of bank overdrafts and trade finance advances.

(**) Less than $1 000

Segmental analysis

for the six months to 31 August 2012	**Unaudited six months to August 2012 USD'000**	Unaudited six months to August 2011 USD'000	Audited year ended February 2012 USD'000
Revenue			
Westcon	**1 900 629**	1 796 986	3 719 636
Logicalis	**682 338**	602 172	1 234 334
Consulting Services	**38 287**	38 655	79 424
Revenue	**2 621 254**	2 437 813	5 033 394
EBITDA			
Westcon	**62 165**	63 819	133 257
Logicalis	**34 203**	29 163	67 395
Consulting Services	**1 567**	1 263	4 778
Corporate	**(6 037)**	(8 857)	(15 239)
EBITDA	**91 898**	85 388	190 191
Operating profit			
Westcon	**53 461**	57 280	120 360
Logicalis	**22 622**	17 328	42 609
Consulting Services	**1 020**	572	3 331
Corporate	**(6 055)**	(8 936)	(15 656)
Operating profit	**71 048**	66 244	150 644
Total assets			
Westcon	**1 728 965**	1 468 057	1 529 565
Logicalis	**792 969**	788 465	801 493
Consulting Services	**50 614**	50 129	53 527
Corporate	**7 076**	17 045	13 822
Total assets	**2 579 624**	2 323 696	2 398 407

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