15 October 2014

Datatec Limited

Half year 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 2014 ("the Period" or "H1 FY15").

Financial results

- Group revenue up 8% to $3,0 billion (H1 FY14: $2,8 billion)
- Gross margin maintained at 15,0% (H1 FY14: 15,0%)
- EBITDA $90,1 million (H1 FY14: $89,2 million)
- Underlying* earnings per share 18,2 US cents (H1 FY14: 19,2 US cents)
- Interim distribution maintained at 8 US cents per share (H1 FY14: 8 US cents)

Group performance

- Significant improvement in Westcon's performance
- Logicalis revenues down mainly due to $50 million shortfall in Brazil due to the FIFA World Cup
- Competition in the server and storage market rebalancing the Group's product and services mix

Current trading and prospects

- Migration to cloud-based services is creating demand for networking, security, mobility and unified communications solutions. The Group is well positioned to capitalise on these trends
- No change to the Group's full-year forecast of revenues above $6 billion and underlying* earnings per share of more than 40 US cents

** Excluding impairment of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition related adjustments, fair value movements on acquisition-related financial instruments and the taxation effect on all of the aforementioned.*

Jens Montanana, Chief Executive of Datatec, commented:

"We have delivered revenue growth and margin improvements in mixed trading conditions across the Group.

"Westcon's return to a growth trajectory has been very encouraging with recovery in market share and sales volumes in North America following successful resolution of the ERP transition issues. We have also seen strong growth in our security practice globally.

"Logicalis experienced a reduction in sales as anticipated; largely due to delays as a result of the FIFA World Cup in Brazil.

"We have maintained the interim distribution, now in the form of a scrip distribution with cash dividend alternative."

Enquiries

Datatec Limited (www.datatec-group.com)	
Jens Montanana – Chief Executive Officer	+44 (0) 1753 797118
Jurgens Myburgh – Chief Financial Officer	+27 (0) 11 233 3301
Wilna de Villiers – Group Marketing Manager	+27 (0) 11 233 1013
Jefferies International Limited – Nominated Advisor and Broker	
Nick Adams/Alex Collins	+44 (0) 20 7029 8000
finnCap – Broker	
Tom Jenkins/Henrik Persson	+44 (0) 20 7220 0500
Instinctif Partners	
Frederic Cornet (SA)	+27 (0) 11 447 3030
Adrian Duffield (UK)	+44 (0) 20 7457 2020

BUSINESS OVERVIEW

Datatec is an international ICT solutions and services group operating in more than 60 countries across North America, Latin America, Europe, Africa, Middle East and Asia Pacific. The Group's service offering spans the technology, integration and consulting sectors of the ICT market.

Datatec operates through three core divisions:

Technology – Westcon Group: distribution of networking, security and unified communications products and data centre solutions

Integration – Logicalis Group: ICT infrastructure solutions and services

Consulting – Analysys Mason, Mason Advisory and The Via Group: strategic and technical consulting

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

RESULTS OVERVIEW

In the six months ended 31 August 2014, the Group delivered good revenue growth and maintained gross margins in mixed trading conditions.

Westcon Group's performance improved significantly in the Period with year-on-year revenue growth in all regions with continued vendor diversification and improving product mix. A strong focus on operating efficiency and return to operating leverage resulted in an increase in EBITDA margins.

Logicalis' performance was impacted by a shortfall in Brazil due to the FIFA World Cup and a reduction in server and storage product sales, particularly in the US and UK. Logicalis is increasingly adjusting to a services-led business due to changes in industry trends.

Group revenues increased 7,9% to $3,0 billion (H1 FY14: $2,8 billion) reflecting a 14,3% increase in Westcon revenues partially offset by a 6,9% decline in Logicalis. Developing markets outside North America and Europe generated 37% of Datatec's revenues and 45% of the Group's gross profits, compared with 39% of revenue and 44% of gross profits in the six months ended 31 August 2013 ("the Comparative Period" or "H1 FY14").

Prospects for global growth in the sector remain varied with isolated challenges in particular geographic and product areas. Conditions in the US and parts of Europe are improving whereas

Australia remains weak. Despite the slowdown due to the FIFA World Cup, Latin America remains robust.

The Board has maintained the Group's dividend and is making no change to the full year forecast of revenues above $6 billion and underlying * earnings per share of more than 40 US cents.

STRATEGY AND ACQUISITIONS

Datatec retains a strong market position in its niche area of the ICT market through a combination of its geographic diversification, sector focus, unparalleled execution and innovation through vendor positioning and select acquisitions. The Group continues to pursue its long-term goal of delivering sustainable, above average returns to shareholders by focusing on a combination of organic growth in the higher-value, faster-growing ICT sectors; targeted geographical expansion; investment in higher-margin products and services and value-enhancing acquisitions.

On 30 August 2014, Westcon Group acquired the assets of US based Verecloud, Inc., the developer of an advanced distribution platform for cloud and services solutions, for $12,0 million. The platform will be incorporated into Westcon's Cloud Solutions Practice and form the foundation for its cloud go-to-market solution which is designed to help resellers drive significant revenue from cloud-enabled services.

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

GROUP RESULTS

Revenue % contribution by geography

	H1 FY15	H1 FY14
North America	30%	27%
Latin America	16%	18%
Europe	33%	34%
Asia Pacific	11%	11%
Africa & Middle East (AME)	10%	10%
	100%	**100%**

Gross profit % contribution by geography

	H1 FY15	H1 FY14
North America	24%	25%
Latin America	25%	24%
Europe	31%	31%
Asia Pacific	11%	12%
AME	9%	8%
	100%	**100%**

Westcon Group's revenues grew across all regions and were most notably improved in North America where sales increased 26,8% through a return to efficient execution following the resolution of post-ERP confronts in that region.

Logicalis' revenue reduction reflected lower product sales (down 13,1% year-on-year) mainly due to the anticipated interruption in IT infrastructure procurement by telecommunications services providers and banks in Brazil during the FIFA World Cup. Customers' increasing shift to services-based solutions is also reducing demand in the server and storage segments.

Group gross margins remained at 15,0% (H1 FY14: 15,0%). Gross profit increased by 7,9% to $446,2 million (H1 FY14: $413,5 million), while operating costs were up 9,8% to $356,1 million (H1 FY14: $324,3 million).

The Group's EBITDA margin of 3,0% was down marginally (H1 FY14: 3,2%) due to the increased contribution of Westcon to group profitability. EBITDA was $90,1 million (H1 FY14: $89,2 million), which includes net unrealised foreign exchange gains of $0,2 million (H1 FY14: $0,2 million). Depreciation was $12,9 million (H1 FY14: $11,8 million). Amortisation of acquired intangible assets and software was $7,5 million (H1 FY14: $7,7 million) and amortisation of capitalised development expenditure was $4,1 million (H1 FY14: $2,8 million).

Operating profit was $65,7 million (H1 FY14: $67,0 million). The net interest charge decreased to $8,9 million (H1 FY14: $10,4 million) mainly as a result of improved working capital management that led to reduced levels of average net debt during the Period.

Profit before tax was $57,5 million (H1 FY14: $57,7 million).

The Group's reported effective tax rate for H1 FY15 is 33,5% (H1 FY14: 31,2%). This 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.

Underlying* earnings per share were 18,2 US cents (H1 FY14: 19,2 US cents). Headline earnings per share ("HEPS") were 16,0 US cents (H1 FY14: 18,2 US cents).

The Group generated $204,5 million cash from operations during the Period (H1 FY14: $19,1 million cash utilised by operations) and had cash and cash equivalents of $104,7 million as at 31 August 2014 (H1 FY14: $17,3 million net overdraft).

The Group ended the Period with net cash of $48,9 million (H1 FY14: net debt of $56,7 million) after deducting debt of $55,8 million and continues to have headroom in its working capital facilities.

On 30 August 2014, Westcon acquired Verecloud, Inc. creating the foundation of Westcon's cloud go-to-market solution. As a result of the acquisition, goodwill increased by $11,3 million. The fair value assessments of assets acquired and the amounts recognised as goodwill and intangible assets in respect of the Verecloud acquisition have only been determined provisionally due to the timing of the acquisition and future amendments thereto may impact classification in these asset categories. The acquisition had a negligible effect on H1 FY15 earnings.

There is both a put and call option (level 2 financial instruments) for Datatec to purchase all the shares held by the management shareholders in Westcon Comztek at a defined strike price. During H1 FY15 a fair value adjustment of $0.1 million was charged to the statement of comprehensive income and the closing balance included in amounts due to vendors is $1,8 million. This was valued using a discounted cash flow valuation.

Datatec Limited issued 407 thousand new shares during the Period. Of the shares issued in the Period, 381 thousand were issued as consideration for the acquisitions of minority holdings in Intact Integrated Services, while 26 thousand shares were issued to settle exercises under the terms of Datatec's employee share option scheme. Datatec issued a further 1,999 thousand shares after the Period end on 12 September 2014 to settle the major part of the Verecloud purchase consideration.

The Group paid $17,2 million to shareholders during H1 FY15 as a final capital distribution relating to FY14, bringing the total capital distribution for FY14 to $32,6 million.

DIVISIONAL REVIEWS

Contribution to Group Revenue

	H1 FY15	H1 FY14
Westcon	75%	71%
Logicalis	24%	28%
Consulting	1%	1%
	100%	**100%**

Contribution to Group EBITDA

	H1 FY15	H1 FY14
Westcon	57%	50%
Logicalis	42%	48%
Consulting	1%	2%
	100%	**100%**

Westcon Group

Westcon Group is a value added distributor of category-leading unified communications, network infrastructure, data centre, and security solutions with a global network of specialty resellers. The division goes to market under the Comstor and Westcon brands. Westcon Group's teams are located in more than 60 countries around the globe and create unique programs and provide support to accelerate the business of its global partners. Westcon Group's portfolio of market-leading vendors includes: Cisco, Avaya, Polycom, Check Point, F5, Palo Alto and Blue Coat, amongst others.

Westcon revenue % geographic split

	H1 FY15	H1 FY14
North America	31%	28%
Latin America	12%	11%
Europe	33%	35%
Asia Pacific	11%	12%
AME	13%	14%
	100%	**100%**

Westcon revenue % by product category

	H1 FY15	H1 FY14
Cisco	44%	48%
Unified Communications	22%	23%
Security	25%	24%
Data Centre and Other	9%	5%
	100%	**100%**

Westcon Group had a strong first half as revenues increased 14,3% to $2,2 billion (H1 FY14: $2,0 billion) with increases across all geographic regions. Of particular note was the revenue growth in North America where sales increased 26,8%. The regaining of market share and volume growth is particularly encouraging and reflects the resolution of the impact of the post-ERP implementation in that region. Security revenues and Unified Communications (which includes Avaya, Polycom, and Smart Technologies, amongst others) grew by 20,3% and 9,1% respectively year-on-year whereas Data Centre and Other revenue (which includes EMC, VMWare and NetApp, amongst others) now contributes 8,6% of total revenues.

Gross margin of 11,5% increased slightly (H1 FY14: 11,3%) with slightly reduced margins in North America offset by margin expansion in Europe and AME. Gross profit increased 15,9% to $257,5 million (H1 FY14: $222,2 million).

Operating expenses increased 14,3% to $201,8 million (H1 FY14: $176,5 million).

EBITDA increased by 22,0% to $55,7 million (H1 FY14: $45,7 million) while EBITDA margins increased to 2,5% (H1 FY14: 2,3%). Operating profit also increased markedly by 22,6% to $42,9 million (H1 FY14: $35,0 million).

Net working capital days decreased from 32 to 21 days driven primarily by an increase in days payable outstanding. Net debt reduced to $34,1 million from a net debt position of $116,3 million at 31 August 2013.

Of the $2,7 million capitalised development expenditure in H1 FY15, the majority is attributable to the ERP system transition.

In April 2014, Westcon successfully established its Services Solution Practice followed by the transfer of Intact Integrated Services from Consulting Services in July 2014. Services include project, support and managed services to the ICT and Cisco channel industry. Growing Westcon's services is a strategic priority for the business.

Westcon also continued globalisation of core vendor relationships, including Palo Alto Networks. The expanded partnership opens new markets for the industry's fastest-growing enterprise security platform, permitting resellers to leverage highly integrated global distribution capabilities.

Westcon Group management remains focused on improving operational efficiency through the global roll-out of its ERP system, with successful implementation in New Zealand and Singapore during the Period. Following the resolution of implementation issues in North America (the first region to transition) the project is now yielding positive results.

Westcon Group's solid performance is expected to continue in the second half of FY15.

Logicalis Group

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

Logicalis revenue % by geography

	H1 FY15	**H1 FY14**
North America	27%	26%
Latin America	32%	37%
Europe	32%	29%
Asia Pacific	9%	8%
	100%	**100%**

Revenue was $714,4 million (H1 FY14: $767,3 million) due to reduced product sales which were down 13,1% year-on-year, mainly in Brazil, where revenues were down 21,7% year-on-year. Revenues showed encouraging growth in Europe (3,1%), Southern Cone (8,0%), Andina (24,0%) and in Asia Pacific (1,5%), the last despite a slowdown in Australia. North America revenues declined by 4,8%.

Structural demand for IT products is weak due to customers' increasing shift to services-based solutions, impacting Logicalis as it results in lower demand in the server and storage segments. Product revenues were lower in all regions with the exception of Asia Pacific. The Europe region, in particular the UK, continued to be adversely impacted by the decline in product revenues experienced by IBM, a major vendor partner.

Revenues from total services were 7,6% higher with good growth in both professional and annuity services. This reflects both the long-term strategic focus of Logicalis on growing the services component of revenue and the secular trend in the industry. Overall, services now represent 35% of total revenues.

Gross margin was up at 25,1% (H1 FY14: 23,1%). This reflected both the higher services mix and some high margin product deals. Gross profit was up 1,5% to $179,6 million (H1 FY14: $176,9 million) and operating expenses increased by 3,7%. Although EBITDA was down 4,9% to $41,6 million (H1 FY14: $43,7 million), EBITDA margins increased to 5,8% (H1 FY14: 5,7%).

After charges for depreciation and amortisation of acquired intangible assets and software, operating profit was $30,5 million (H1 FY14: $32,7 million).

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

Logicalis Group is expecting sequential and comparative improvement in the second half of FY15.

Consulting Services

The Consulting Services division comprises Analysys Mason, a provider of management consulting, advisory, modelling and market intelligence services to the telecommunications and digital media industries; Mason Advisory ('Mason'), an independent and impartial IT consultancy providing related strategic, technical and operational advice to the public and private sectors; and The Via Group ('Via'), a specialist professional services organisation providing unified communications and integrated voice solutions that encompass Microsoft technology. Intact Integrated Services was transferred from the Consulting Services Division to Westcon in July 2014.

Despite strong demand from projects originating in Latin America for Analysys Mason, most regions experienced significant sales pressure at the start of the year resulting in reduced revenues. Mason also had a challenging start to the year but has had stable performance since the separation from Analysys Mason.

Divisional revenues were $27,8 million (H1 FY14: $37,1 million). The lower revenues translate into lower utilisation levels and consequently a lower divisional gross profit of $9,1 million (H1 FY14: $14,4 million including Intact) and contracting gross margins to 32,7% (H1 FY14: 38,8%). The H1 FY14 comparatives include Intact revenues of $7,4 million and EBITDA loss of $0,6 million. From FY15, Intact is included in the Westcon Group results.

Analysys Mason has responded to the lower demand by reducing costs where appropriate and delaying non-essential expenditure. Notwithstanding these measures, overall divisional EBITDA was $1,4 million (H1 FY14: $2,2 million).

The current sales pipeline indicates that the strong demand for Latin American-based projects is expected to continue through H2 FY15.

Corporate

Corporate encompasses the net operating costs, including share-based payments, of the Datatec head office entities of $8,3 million (H1 FY14: $5,5 million) and unrealised exchange losses of $0,1 million and realised exchange losses of $0,2 million (H1 FY14: $2,2 million unrealised gains and $0,9 million realised exchange gains). Other than the significant movements in foreign exchange, head office costs are higher than in the Comparative Period due to headcount, and acquisition & restructuring expenses.

SUBSEQUENT EVENTS

On 2 September 2014, Datatec announced that Logicalis had acquired a 51% shareholding in Ituma GmbH, a speciality software developer based in Germany. On 8 September 2014, Datatec disposed of its investment in Cornwall Energy Associates Limited.

CURRENT TRADING AND PROSPECTS

The Group remains very well positioned to support its vendors and customers through its investments to drive scale and create broad international coverage.

Technology innovation remains high in the sectors in which the Group operates as IT infrastructure migrates to cloud-based services, which is creating demand for networking, security, mobility and unified communications solutions. Customers' increasing shift to services-based solutions is impacting the size and nature of revenues and gives rise to severe competition in particular market segments. Westcon and Logicalis, as global partners with focused sector specialisation, are capitalising on these trends through continued vendor and customer alignment and innovation.

On 14 May 2014, the Group published a forecast for the financial year ending 28 February 2015 ("FY15") for revenues above $6 billion and underlying* earnings per share of more than 40 US cents. Based on current trading, prospects and market conditions, the Group's forecast for FY15 remains unchanged. This forecast is based on the following revised assumptions: revenue growth will be largely driven by an improved performance at Westcon; Westcon's revenues will constitute approximately 74% of the total revenue mix and Logicalis' revenues 25%; a small year-on-year improvement in operating margins at Westcon and Logicalis; an effective Group tax rate of 34,6%. The forecast financial information contained in this announcement has not been reviewed and reported on by the Group's external auditors.

SCRIP DISTRIBUTION AND CASH DIVIDEND ALTERNATIVE

1. Introduction

Notice is hereby given that the Board has declared an interim distribution for the six months ended 31 August 2014, by way of the issue of fully-paid Datatec ordinary shares of one cent each ("the Scrip Distribution") payable to ordinary shareholders ("Shareholders") recorded in the register of the Company at the close of business on the Record Date, being Friday, 28 November 2014.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 88 cents per ordinary share in lieu of the Scrip Distribution, which will be paid only to those Shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on Friday, 28 November 2014 ("the Cash Dividend"). The Cash Dividend has been declared from income reserves and so no secondary tax on companies credits have been utilised. A dividend withholding tax of 15% will be applicable to all shareholders not exempt therefrom after deduction of which the net Cash Dividend is 74,8 cents per share.

The new ordinary shares will, pursuant to the Scrip Distribution, be settled by way of capitalisation of the Company's distributable retained profits.

The Company's total number of issued ordinary shares as at 15 October 2014 is 199 548 183. Datatec's income tax reference number is 9999/493/71/2.

2. Terms of the Scrip Distribution

The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (to the extent that such Shareholders have not elected to receive the Cash Dividend) will be determined by reference to such Shareholder's ordinary shareholding in Datatec (at the close of business on the Record Date, being Friday, 28 November 2014) in relation to the ratio that 88 cents bears to the volume weighted average price ("VWAP") of an ordinary Datatec share traded on the JSE during the 30-day trading period ending on Thursday, 13 November 2014. Where the application of this ratio gives rise to a fraction of an ordinary share, the number of shares will be rounded up to the nearest whole number if the fraction is 0,5 or more and rounded down to the nearest whole number if the fraction is less than 0,5.

Details of the ratio will be announced on the Stock Exchange News Service ("SENS") of the JSE in accordance with the timetable below.

3. **Circular and salient dates**

A circular providing shareholders with full information on the Scrip Distribution and the Cash Dividend alternative including a Form of Election to elect to receive the Cash Dividend alternative will be posted to Shareholders on or about Friday, 31 October 2014. The salient dates of events thereafter are as follows:

EVENT	**2014**
Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution, based on the 30-day volume weighted average price ending on Thursday, 13 November 2014.	Friday, 14 November
Announcement published in the press of the ratio applicable to the Scrip Distribution as above.	Monday, 17 November
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative.	Friday, 21 November
Ordinary shares trade "ex" the Scrip Distribution and the Cash Dividend alternative.	Monday, 24 November
Last day to elect to receive the Cash Dividend alternative instead of the Scrip Distribution, Forms of Election to reach the Transfer Secretaries by 12h00 noon (10h00 UK time).	Friday, 28 November
Record Date in respect of the Scrip Distribution and the Cash Dividend alternative.	Friday, 28 November
Cash Dividend payments made and Scrip Distribution shares issued to shareholders on the South African register and Scrip Distribution, certificates posted and CSDP/broker accounts credited/updated, as applicable.	Monday, 1 December
Cash Dividend payments made by BACS (direct credit) to shareholders on the Jersey register, Scrip Distribution shares and depositary interests issued to shareholders on the Jersey register, CREST accounts credited with the new Scrip Distribution shares and depositary interests, as applicable.	Monday, 1 December
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative released on SENS.	Monday, 1 December
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative published in the press.	Tuesday, 2 December

All times provided are South African local times. The above dates and times are subject to change. Any change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised, nor may transfers between registers take place, between Monday, 24 November 2014 and Friday, 28 November 2014, both days inclusive.

REPORTING

The condensed consolidated interim financial statements have been prepared under the supervision of Jurgens Myburgh, Chief Financial Officer, and in accordance with International Financial Reporting Standards, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council, the AIM Rules for Companies, and the requirements of the South African Companies Act No 71 of 2008.

The accounting policies and methods of computation applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

DISCLAIMER

This announcement may contain statements regarding the future financial performance of the Group which may be considered to be forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty, and although the Group has taken reasonable care to ensure the accuracy of the information presented, no assurance can be given that such expectations will prove to have been correct.

The Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. It is important to note, that:

(i) unless otherwise indicated, forward-looking statements indicate the Group's expectations and have not been reviewed or reported on by the Group's external auditors;

(ii) actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate;

(iii) the Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements; and

(iv) the Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, other than as required by the JSE Limited Listings Requirements.

On behalf of the Board:

SJ Davidson	**JP Montanana**	**PJ Myburgh**
Chairman	*Chief Executive Officer*	*Chief Financial Officer*

15 October 2014

Directors
SJ Davidson°• (Chairman), JP Montanana• (CEO), PJ Myburgh (CFO), RP Evans•, O Ighodaro°‡, JF McCartney°†, LW Nkuhlu°, CS Seabrooke°, NJ Temple°•

°Non-executive •British †American ‡Nigerian

* *Excluding impairment of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition related adjustments, fair value movements on acquisition-related financial instruments and the taxation effect on all of the aforementioned*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months to 31 August 2014

	Unaudited Six months to 31 August 2014 US$'000	Unaudited Six months to 31 August 2013 US$'000	Audited Year ended 28 February 2014 US$'000
Revenue	**2 983 592**	2 765 508	5 688 054
Existing operations	**2 983 592**	2 675 108	5 464 474
Acquisitions	**–**	90 400	223 580
Cost of sales	**(2 537 362)**	(2 351 991)	(4 846 618)
Gross profit	**446 230**	413 517	841 436
Operating costs	**(350 731)**	(320 779)	(660 624)
Share-based payments	**(5 400)**	(3 489)	(5 547)
Operating profit before finance costs, depreciation and amortisation ("EBITDA")	**90 099**	89 249	175 265
Depreciation	**(12 855)**	(11 831)	(26 360)
Amortisation of capitalised development expenditure	**(4 076)**	(2 760)	(6 309)
Amortisation of acquired intangible assets and software	**(7 465)**	(7 656)	(15 066)
Intangible impairment	**–**	–	(5 473)
Operating profit	**65 703**	67 002	122 057
Interest income	**2 422**	2 075	3 580
Financing costs	**(11 283)**	(12 474)	(25 168)
Share of equity-accounted investment earnings	**421**	301	441
Acquisition-related fair value adjustments	**81**	2 469	2 400
Fair value adjustments on put option liabilities	**81**	2 469	2 421
Fair value adjustments on deferred purchase consideration	**–**	–	(21)
Other income	**106**	106	264
Loss on disposal of subsidiary company	**–**	(1 778)	(1 778)
Profit before taxation	**57 450**	57 701	101 796
Taxation	**(19 246)**	(18 015)	(37 496)
Profit for the period	**38 204**	39 686	64 300
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences arising on translation to presentation currency	**9 548**	(55 643)	(48 271)
Translation difference on equity loans	**(347)**	10 119	12 700
Tax effect of equity loans translation	**(150)**	(3 047)	(3 301)

Transfers and other items	**(513)**	481	(566)
Total comprehensive income/(loss) for the period	**46 742**	(8 404)	24 862
Profit attributable to:			
Owners of the parent	**31 476**	33 925	55 780
Non-controlling interests	**6 728**	5 761	8 520
	38 204	39 686	64 300
Total comprehensive income/(loss) attributable to:			
Owners of the parent	**40 599**	(7 065)	22 882
Non-controlling interests	**6 143**	(1 339)	1 980
	46 742	(8 404)	24 862
Number of shares issued (millions)			
Issued	**198**	197	197
Weighted average	**197**	196	197
Diluted weighted average	**198**	198	198
Earnings per share ("EPS") (US cents)			
Basic	**16,0**	17,3	28,4
Diluted basic	**15,9**	17,1	28,2
SALIENT FINANCIAL FEATURES			
Headline earnings	**31 481**	35 720	62 083
Headline earnings per share (US cents)			
Headline	**16,0**	18,2	31,6
Diluted headline	**15,9**	18,0	31,3
Underlying earnings	**35 816**	37 584	70 165
Underlying earnings per share (US cents)			
Underlying	**18,2**	19,2	35,7
Diluted underlying	**18,1**	19,0	35,4
Net asset value per share (US cents)	**459,1**	436,2	442,1
KEY RATIOS			
Gross margin (%)	**15,0**	15,0	14,8
EBITDA (%)	**3,0**	3,2	3,1
Effective tax rate (%)	**33,5**	31,2	36,8
Normalised effective tax rate (%)	**33,5**	31,6	37,1
Exchange rates			
Average Rand/US$ exchange rate	**10,6**	9,7	10,1
Closing Rand/US$ exchange rate	**10,6**	10,3	10,7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 August 2014

	Unaudited Six months to 31 August 2014 US$'000	Unaudited Six months to 31 August 2013 US$'000	Audited Year ended 28 February 2014 US$'000
ASSETS			
Non-current assets	**680 680**	674 477	673 650
Property, plant and equipment	**68 803**	58 675	65 282
Goodwill	**450 214**	430 650	438 198
Capitalised development expenditure	**44 058**	52 696	45 099
Acquired intangible assets and software	**46 666**	58 039	53 664
Investments	**7 475**	6 914	7 054
Deferred tax assets	**53 793**	53 365	53 909
Other receivables and prepayments	**9 671**	14 138	10 444
Current assets	**2 503 050**	2 155 576	2 318 374
Inventories	**490 188**	409 097	432 594
Trade receivables	**1 404 600**	1 231 347	1 312 771
Current tax asset	**17 591**	11 367	14 197
Other receivables and prepayments	**213 821**	185 575	180 144
Cash and cash equivalents	**376 850**	318 190	378 668
Total assets	**3 183 730**	2 830 053	2 992 024
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent	**906 980**	859 878	871 617
Share capital and premium	**108 487**	139 501	122 936
Non-distributable reserves	**57 737**	52 294	49 697
Foreign currency translation reserve	**(31 340)**	(48 914)	(40 989)
Share-based payment reserve	**295**	(1 626)	(351)
Distributable reserves	**771 801**	718 623	740 324
Non-controlling interest	**56 699**	50 925	52 868
Total equity	**963 679**	910 803	924 485
Non-current liabilities	**121 077**	95 590	94 131
Long-term liabilities	**43 441**	20 117	17 359
Liability for share-based payments	**8 750**	9 687	7 501
Amounts owing to vendors	**2 793**	1 567	2 447
Deferred tax liabilities	**65 931**	63 104	66 052
Other liabilities	**162**	1 115	772
Current liabilities	**2 098 974**	1 823 660	1 973 408

Trade and other payables	**1 782 603**	1 428 169	1 490 238
Short-term interest-bearing liabilities	**12 322**	19 226	27 611
Provisions	**14 636**	11 478	13 416
Amounts owing to vendors	**1 750**	9 468	7 497
Current tax liabilities	**15 507**	19 768	14 208
Bank overdrafts	**272 156**	335 551	420 438
Total equity and liabilities	**3 183 730**	2 830 053	2 992 024
Capital expenditure incurred in the current period (including capitalised development expenditure)	**19 747**	19 863	43 528
Capital commitments at the end of the period	**29 790**	25 163	20 422
Lease commitments at the end of the period	**132 962**	115 858	129 966
Payable within one year	**31 140**	30 830	32 319
Payable after one year	**101 822**	85 028	97 647

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months to 31 August 2014

	Unaudited Six months to 31 August 2014 US$'000	Unaudited Six months to 31 August 2013 US$'000	Audited Year ended 28 February 2014 US$'000
Operating profit before working capital changes	**96 817**	83 543	183 437
Working capital changes	**107 653**	(102 593)	(151 210)
Increase in inventories	**(56 979)**	(55 995)	(82 917)
Increase in receivables	**(113 749)**	(79 019)	(150 710)
Increase in payables	**278 381**	32 421	82 417
Cash generated from/(utilised by) operations	**204 470**	(19 050)	32 227
Net finance costs paid	**(8 861)**	(10 399)	(21 588)
Taxation paid	**(20 675)**	(17 429)	(45 073)
Net cash inflows/(outflows) from operating activities	**174 934**	(46 878)	(34 434)
Cash outflows for acquisitions	**–**	(413)	(16 544)
Net cash outflows from other investing activities	**(18 694)**	(19 172)	(42 583)
Net cash inflows from disposal of operations and investments	**–**	18	–
Net cash inflows from other financing activities	**4 130**	199	15 236
Capital distributions	**(17 162)**	(16 214)	(31 594)

Net increase/(decrease) in cash and cash equivalents	**143 208**	(82 460)	(109 919)
Cash and cash equivalents at the beginning of the year	**(41 770)**	73 316	73 316
Translation differences on opening cash position	**3 256**	(8 217)	(5 167)
Cash and cash equivalents at the end of the period*	**104 694**	(17 361)	(41 770)

**Comprises cash resources, net of bank overdrafts and trade finance advances.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY
for the six months to 31 August 2014

	Unaudited Six months to 31 August 2014 US$'000	Unaudited Six months to 31 August 2013 US$'000	Audited Year ended 28 February 2014 US$'000
Balance at the beginning of the period	**924 485**	917 011	917 011
Total comprehensive income	**46 742**	(8 404)	24 862
New share issues	**1 894**	20 561	22 546
Capital distributions	**(17 162)**	(16 214)	(31 594)
Equity-settled deferred purchase consideration	**10 280**	–	(3 333)
Share-based payments	**659**	(1 217)	(109)
Derecognition of put option liability	**–**	84	131
Recognition of put option liability	**–**	(984)	(1 864)
Other	**–**	–	(201)
Acquisitions	**(907)**	(720)	(2 009)
Disposals	**–**	–	(265)
Non-controlling interest	**(2 312)**	686	(690)
Balance at the end of the period	**963 679**	910 803	924 485

DETERMINATION OF HEADLINE AND UNDERLYING EARNINGS
for the six months to 31 August 2014

	Unaudited Six months to 31 August 2014 US$'000	Unaudited Six months to 31 August 2013 US$'000	Audited Year ended 28 February 2014 US$'000
Profit attributable to the equity holders of the parent	**31 476**	33 925	55 780
Headline earnings adjustments	**5**	1 795	6 303
Intangible impairment	**–**	–	5 473
Loss on disposal of property, plant and equipment and investments	**10**	1 804	1 844
Tax effect	**(4)**	(9)	(1 013)
Non-controlling interest	**(1)**	–	(1)
Headline earnings	**31 481**	35 720	62 083
DETERMINATION OF UNDERLYING EARNINGS			
Underlying earnings adjustments	**6 389**	4 281	14 411
Unrealised foreign exchange (gains)/losses	**(237)**	(167)	3 443
Acquisition-related fair value adjustments	**(81)**	(2 469)	(2 400)
Amortisation of acquired intangible assets	**6 707**	6 917	13 368
Tax effect	**(2 166)**	(2 479)	(6 406)
Non-controlling interest	**112**	62	77
Underlying earnings	**35 816**	37 584	70 165

SEGMENTAL ANALYSIS
for the six months to 31 August 2014

	Unaudited Six months to 31 August 2014 US$'000	Unaudited Six months to 31 August 2013 US$'000	Audited Year ended 28 February 2014 US$'000
Revenue			
Westcon	**2 241 380**	1 961 127	4 065 112
Logicalis	**714 378**	767 268	1 550 322
Consulting Services	**27 834**	37 113	72 620
Revenue	**2 983 592**	2 765 508	5 688 054
EBITDA			
Westcon	**55 743**	45 690	91 301
Logicalis	**41 575**	43 738	90 318

Consulting Services	**1 356**	2 230	2 094
Corporate	**(8 575)**	(2 409)	(8 448)
EBITDA	**90 099**	89 249	175 265
Operating profit			
Westcon	**42 847**	35 030	61 974
Logicalis	**30 491**	32 655	67 523
Consulting Services	**956**	1 743	1 041
Corporate	**(8 591)**	(2 426)	(8 481)
Operating profit	**65 703**	67 002	122 057
Total assets			
Westcon	**2 236 026**	1 867 726	2 036 245
Logicalis	**894 094**	885 770	886 131
Consulting Services	**40 938**	49 298	53 258
Corporate	**12 672**	27 259	16 390
Total assets	**3 183 730**	2 830 053	2 992 024
Total liabilities			
Westcon	**(1 602 993)**	(1 267 277)	(1 443 233)
Logicalis	**(590 607)**	(610 276)	(585 037)
Consulting Services	**(10 720)**	(19 983)	(22 167)
Corporate	**(15 731)**	(21 714)	(17 102)
Total liabilities	**(2 220 051)**	(1 919 250)	(2 067 539)

Intact's results are included in Consulting Services' results in the year ended 28 February 2014 and the six months to 31 August 2013; but in Westcon's results in the six months to 31 August 2014.