DATATEC LIMITED
Incorporated in the Republic of South Africa
Registration number 1994/005004/06 Share code
JSE: DTC ISIN: ZAE000017745

DATATEC

Driving Technology

Audited provisional results for the year ended 28 February 2018

DATATEC

www.datatec.com
www.westconcomstor.com
www.logicalis.com
www.analysysmason.com
www.datatecfinancialservices.com

Datatec Limited: Incorporated in the Republic of South Africa
Registration number 1994/005004/06 Share code JSE: DTC ISIN: ZAE000017745
("Datatec" or the "Company" or the "Group")
Registered office: Ground Floor, Sandown Chambers, Sandown Village, 16 Maude Street, Sandown

Features of the year

> **Value unlocked** through two significant disposals:

- Sale of Westcon Americas and 10% of Westcon International to SYNNEX for
  US$630 million
- Sale of non-core Logicalis SMC for
  US$42 million

> **US$350 million** dividend returned to shareholders in January 2018

> Stronger balance sheet with higher tangible NAV of
US$452 million
(FY17: US$264 million)

> **Solid Logicalis results** and positive outlook

> Continuing operations

- Revenue
  US$3.92 billion
  (FY17: US$3.86 billion)
- EBITDA
  US$26.7 million
  (FY17: US$29.0 million)

> Earnings per share
20.5 US cents
(FY17: 1.4 US cents)

> Underlying* loss per share
5.6 US cents
(FY17 underlying* earnings per share: 11.0 US cents)

Commentary

Jens Montanana, Chief Executive of Datatec, commented:

"This has been a landmark year for Datatec during which we generated exceptional value for shareholders through the successful sale of Westcon Americas and the disposal of Logicalis SMC.

"We remain focused on closing the valuation gap through strategic initiatives and other corporate actions.

"Logicalis delivered good growth during the year, supported by a much improved performance across our Latin America, Europe and Asia-Pacific businesses in the second half as well as the strategic acquisitions completed during the year. We expect Logicalis to deliver a strong financial performance in FY19.

"Westcon International's performance was disappointing, especially in the EMEA region where business disruptions relating to ERP and BPO processes continued. Our plans to return Westcon International to profitability and growth are progressing and the central cost base is being actively addressed."

GROUP ACTIVITIES

Datatec is an international ICT solutions and services group operating in more than 50 countries across North America, Latin America, Europe, Africa, Middle East and Asia-Pacific. The Group's service offering spans the technology, distribution, integration and consulting sectors of the ICT market.

Following the sale of the Westcon Americas businesses to SYNNEX in September 2017, Datatec operates two main divisions:

- **Technology distribution – Westcon International:** distribution of security, collaboration, networking and data centre products and solutions; and
- **Integration and managed services – Logicalis:** ICT infrastructure solutions and services.

The specialist activities of Consulting and Datatec Financial Services are included with the corporate head office functions in the "Corporate, Consulting and Financial Services" segment of the Group.

STRATEGIC OVERVIEW

The Board and management are committed to staying focused on closing the valuation gap through strategic initiatives and other corporate actions.

Datatec's strategy remains to deliver long-term, sustainable and above average returns to shareholders through portfolio management and the development of its principal subsidiaries providing technology solutions and services to targeted customers in identified markets around the world.

The Group completed two major disposals during FY18 which generated material shareholder value.

Effective 1 September 2017, the Group sold Westcon-Comstor's businesses in North America and Latin America ("Westcon Americas"), and a 10% interest in the remaining part of Westcon-Comstor ("Westcon International"), to SYNNEX Corporation for US$630 million in cash plus an earn-out (based on the gross profit of the Americas businesses). The amount of the earn-out achieved has not been agreed yet between the parties and a resolution process is currently underway, as provided for in the Sale and Purchase Agreement.

In October 2017, Logicalis also realised significant value from the sale of its non-core SMC consulting business to DXC Technology Company (NYSE: DXC) for US$42 million.

Following the disposal of Westcon Americas (the largest profit contributor of Westcon-Comstor), Westcon International, the remaining business, became directly managed by the Datatec management team. This business has had a poorer performance in recent years as a result of the significant system and process changes.

The transition to Business Process Outsourcing ("BPO") in the last two years has been very disruptive and costly and has impacted Westcon's level of customer service and financial performance. We have therefore decided to bring back internally the work currently outsourced to the BPO provider. This will improve customer experience.

Westcon International currently retains the legacy global central costs (approximately US$63 million in FY17) and has a transitional services agreement with SYNNEX whereby it provides certain group services to Westcon Americas until latest August 2018. Westcon International is in the process of implementing cost saving initiatives to reduce these central costs to approximately $45 million in FY19 and $33 million in FY20. The target is to get Westcon International central costs to below 1% of revenue.

Logicalis is the largest profit contributor to the Group. The Group intends to continue to develop and grow Logicalis through self-funded strategic acquisitions similar to those undertaken in the past few years to drive growth in specific markets such as Asia-Pacific and Latin America.

During the year, Datatec returned US$350 million to shareholders as a special dividend in January 2018 resulted in US$244.2 million cash being distributed to shareholders who did not elect the scrip distribution alternative. 43 770 095 shares were issued to shareholders who elected the scrip distribution alternative. Subsequently, a further US$34.6 million was returned via a general repurchase of 12 777 717 shares, representing just under 5% of the issued shares at the time.

The Company limited the repurchase to 5% of the issued share capital. It obtained legal advice that section 48(8) of the South African Companies Act ("Companies Act") would be applicable to a general repurchase of shares undertaken in accordance with the JSE Listings Requirements.

Section 48(8) of the Companies Act stipulates that any decision by the board of directors of a company that involves the repurchase of more than 5% of the company's issued securities of a particular class must be approved by a special resolution of the shareholders of the company compliant with sections 114 and 115 of the Companies Act, which require, inter alia, an Independent Expert Report on the repurchase.

The Company therefore only intends to recommence share repurchases after its next Annual General Meeting and will undertake any share repurchases in a form and manner that is prudent for the Group, taking into account the Group's ongoing liquidity needs.

Westcon Americas and the Logicalis SMC business are classified as "discontinued operations" in accordance with IFRS 5. The Group's results for FY18 are reported in the form of the "continuing operations", excluding the discontinued operations and figures for the year ended 28 February 2017 ("the Comparable Period" or "FY17") are re-presented on the continuing operations basis for comparative purposes.

Continuing operations had revenues of US$3.92 billion in FY18 (FY17: US$3.86 billion). Continuing EBITDA was US$26.7 million in FY18 (FY17: US$29.0 million).

Underlying* loss per share was 5.6 US cents compared to 11.0 US cents underlying* earnings per share for FY17.

Earnings per share ("EPS") were 20.5 US cents compared to 1.4 US cents for FY17 reflecting the profits on disposal of the two businesses sold in the year.

Given the Group's dividend policy and negative underlying* earnings in FY18, the Board is not declaring a final dividend.

CURRENT TRADING AND OUTLOOK

Logicalis is expected to deliver another strong financial performance in FY19, supported by anticipated growth in all regions, the contribution of PT Packet Systems Indonesia, Inc. ("PSI") and the large multi-year project in Latin America.

Logicalis will also continue with organic and acquisitive initiatives in line with its strategy. Any acquisitions will be funded by Logicalis cash and debt resources.

The restructuring of Westcon International is underway with committed plans to cut costs and streamline its operations to return the business to profitability and resume growth.

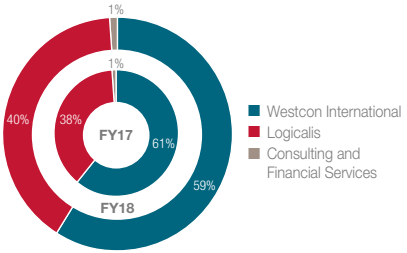
The Board expects that the financial performance of Logicalis and the successful restructuring of Westcon International will enhance the value of the Group going forward.

GROUP RESULTS

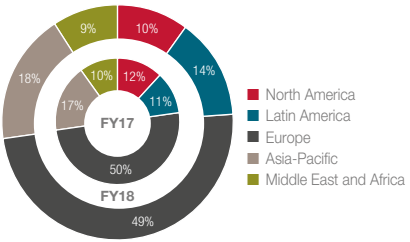
Revenue

Group revenues for the year were comparable year on year at US$3.92 billion (FY17: US$3.86 billion).

Contribution to Group revenue

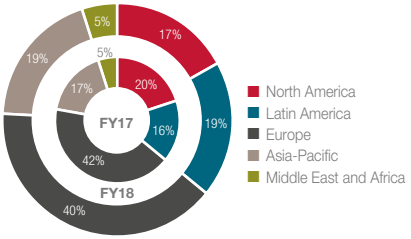


Revenue % contribution by geography

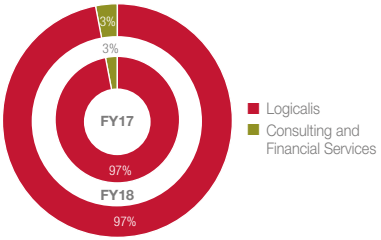


Commentary continued

Gross profit contribution % by geography



Group EBITDA



Group gross margins in FY18 improved to 16.2% (FY17: 16.1%). Gross profit was US$636.0 million (FY17: US$622.3 million).

Overall operating costs were US$609.3 million (FY17: US$593.3 million). Included in the operating costs are total restructuring costs of US$16.9 million (FY17: US$13.1 million). EBITDA was US$26.7 million (FY17: US$29.0 million) and the EBITDA margin was 0.7% (FY17: 0.8%).

Depreciation and amortisation were lower at US$51.6 million (FY17: US$52.3 million), primarily as a result of the derecognition of capitalised development expenditure at the time of the SYNNEX transaction.

At year end, a further US$55.1 million of capitalised development expenditure was impaired. The capitalised development expenditure comprised mainly the Westcon ERP system.

Operating loss was US$81.0 million (FY17: US$23.3 million).

The net interest charge increased to US$18.4 million (FY17: US$13.8 million). The Logicalis net interest charge increased by US$7.3 million, partly as a result of higher working capital utilisation in Latin America on the large multi-year project. The Westcon interest expense increased by US$2.5 million and interest income at the Datatec head office increased by US$5.2 million.

Loss before tax was US$99.4 million (FY17: US$31.8 million).

A tax charge has arisen on a loss before taxation in the continuing operations in both the current year and comparative numbers. This is largely as a result of tax losses arising in Westcon-International's Asia, Africa, Middle East and UK operations for which no deferred tax asset has been recognised. In addition, the tax credit associated with certain management and IT costs of the continuing business have been treated as a credit arising for the disposal group.

As at February 2018, there are estimated tax loss carry forwards of US$185.4 million with an estimated future tax benefit of US$42.5 million, of which only US$13.2 million has been recognised as a deferred tax asset.

Cash

The Group generated US$17.6 million of cash from operations during FY18 (FY17: US$37.3 million cash utilised).

A cash consideration of US$672 million was received from the two disposals in the year: Westcon Americas and 10% of Westcon International for US$630 million; and Logicalis SMC for US$42 million. The special dividend in January 2018 resulted in US$244.2 million cash being distributed to shareholders who did not elect the scrip distribution alternative. Subsequently a further US$34.6 million was returned to shareholders via a general repurchase of shares.

A net outflow of US$10.8 million related to acquisitions in the year (see page 18). Additions to property plant and equipment resulted in a cash outflow of US$26.0 million and US$22.7 million was spent on capitalised development expenditure and software.

Datatec ended the year with a net debt of US$6.4 million (FY17: US$294.8 million from continuing operations). The net debt has been calculated as: cash of US$161.3 million (FY17: US$198.7 million net overdraft); short-term borrowings and current portion of long-term debt of US$106.0 million (FY17: US$ 64.7 million); and long-term debt of US$61.7 million (FY17: US$31.4 million).

The balance sheet improved from the prior year with tangible net assets of US$452.0 million (FY17: US$263.9 million)

Acquisitions

Effective 1 June 2017, Analysys Mason acquired 100% of the share capital of Nexia Management Consulting AS, a telecoms management consultancy company registered in Norway. The consideration payable comprised an initial consideration of US$4.1 million paid as a combination of cash and shares, and deferred cash consideration of up to US$0.9 million. The acquisition of Nexia Management Consulting AS will enhance Analysys Mason's existing track record in the Nordics, where telecoms, media and technology (TMT) markets are among the most advanced in the world and have been at the forefront of many new developments.

Effective 4 July 2017, Logicalis acquired 51% of the share capital in Nubeliu Limited ("NubeliU"), a South American company specialising in cloud computing projects based on OpenStack. The 51% interest in NubeliU was acquired for a cash consideration of US$3.8 million. NubeliU's expertise in OpenStack will accelerate the global expansion of Logicalis' cloud computing and SDx (Software Defined everything) practices, strengthening its position as a cloud integrator and ensuring its ability to meet its customers' requirements on their journey to digital transformation.

Effective 4 September 2017, Logicalis acquired 54% of the share capital in PSI, a leading ICT systems integrator and services company. The 54% interest in PSI was acquired for a cash consideration of US$6.8 million. The acquisition has allowed Logicalis to strengthen its position within Indonesia and the Asia market.

NubeliU and PSI have been consolidated as subsidiaries of the Group. The directors of Logicalis assessed whether or not the Group has control over NubeliU and PSI based on whether the Group has the practical ability to direct the relevant activities of NubeliU and PSI unilaterally. In making their judgement the directors considered the absolute size of holding in NubeliU and PSI and the relative size of shareholdings owned by other shareholders as well as Logicalis Group's ability to appoint directors and determine management focus.

As a result of these acquisitions, goodwill and other intangible assets increased by US$7.0 million and US$6.1 million respectively. None of the goodwill recognised is expected to be deductible for income tax purposes. The revenue and EBITDA included from these acquisitions in FY18 were US$42.2 million and US$5.1 million respectively; profit after tax included from these acquisitions was US$3.0 million. Had the acquisition dates been 1 March 2017, revenue and EBITDA attributable to these acquisitions would have been approximately US$81.8 million and US$7.0 million for FY18 respectively; it is not practical to establish what the profit after tax would have been.

Acquisition-related costs of the above acquisitions of US$0.6 million are included under operating costs in the summarised consolidated statement of comprehensive income.

An assessment of the fair value of the assets acquired across both the acquisitions made by the Group is shown further below in the audited provisional results.

Liquidity

The Group is anticipated to generate sufficient cash to settle liabilities as they fall due. Working capital remains well controlled. Trade receivables and inventory are of a sound quality and adequate provisions are held against both.

The US$375 million syndicated banking facility in Westcon Europe expires in July 2018. The Group is in an advanced stage of negotiation of a replacement facility of up to US$280 million, which is considered adequate for Westcon Europe's working capital needs. There is a high probability that the facility will be replaced, as terms have been agreed with existing and new banks and credit approval for the facility has been received. In addition, the Group has sufficient cash at the centre, which it will use for working capital funding until the new facility is in place.

Foreign exchange translation

Gains of US$13.9 million (FY17: US$56.9 million) arising on translation to presentation currency are included in total comprehensive income of US$124.1 million (FY17: income US$58.3 million).

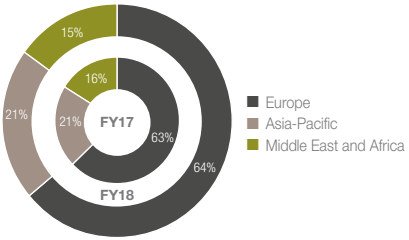
Divisional reviews

WESTCON INTERNATIONAL

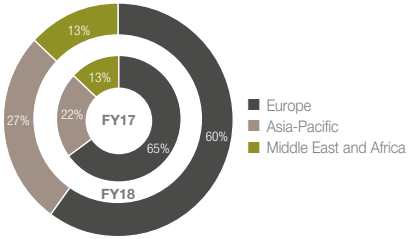
Westcon International accounted for 59% of the Group's continuing revenues (FY17: 61%).

Westcon International is a value-added speciality distributor of industry leading cyber security and network infrastructure, unified communications products, data centre solutions and channel services with a global network of service providers, systems integrators and speciality resellers. Westcon International has operations in 50-plus countries. The company goes to market under the Westcon and Comstor brands. Westcon International's portfolio of market-leading vendors includes: Cisco, Avaya, Juniper, Check Point, F5, Palo Alto and Symantec.

Westcon International revenue % contribution by geography



Westcon International gross profit % contribution by geography



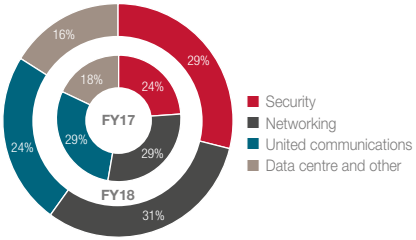
Westcon International's revenues from continuing operations decreased by 1.5% to US$2.32 billion (FY17: US$2.35 billion) as lower revenue in Europe and MEA were offset by 2% growth in Asia-Pacific.

Westcon International's gross margins from continuing operations were 9.8% (FY17: 10.8%) with the decrease primarily attributable to lower margins in Europe partially offset by improved margins in Asia-Pacific. Westcon International's gross profit decreased by 10.6% to US$227.4 million (FY17: US$254.4 million)

There was a decline in the financial performance of the EMEA region, driven by continued business disruption as the BPO challenges were compounded by the complex conversion to the ERP system. Trading conditions in South Africa were weak.

Westcon International's revenue by technology category reflected continuing growth in the security sector offset by decreased unified communications revenue (Avaya, Juniper).

Westcon International revenue % by technology category



Operating expenses from continuing operations decreased to US$275.5 million (FY17: US$288.1 million). Operating expenses benefited from US$15 million of central costs which were reclassified and allocated against the profit on disposal of Westcon Americas to SYNNEX, as these costs are being incurred in providing transitional services to SYNNEX. This was offset by increased operating expenses in Europe. A further US$15 million has been accrued against the profit on sale of Westcon Americas for transitional services obligations in H1 FY19, which will reduce central costs in FY19.

Restructuring costs of US$11.5 million were incurred, mainly relating to central cost reductions and BPO unwind.

EBITDA loss from continuing operations was US$48.1 million (FY17: US$33.7 million) due to a significant decrease in Europe's profitability. This was offset somewhat by lower costs in the centre and improved results in Asia-Pacific and MEA.

Depreciation and amortisation was US$23.7 million (FY17: US$27.4 million), declining 13.5% due to impact of FY18 de-recognition of capitalised development expenditure at the start of the second half. At the end of FY18, Westcon further impaired capitalised development expenditure by US$55.1 million in accordance with IAS 36. This will result in reduced amortisation expenditure in future years. Operating losses from continuing operations were US$127.9 million (FY17: US$61.1 million).

Westcon International's net working capital days decreased to 35 days compared to FY17 (48 days) primarily due to improved inventory turns in EMEA and Asia-Pacific. The improvement in net working capital days and cash injections from Datatec following the SYNNEX transaction was partially offset by lower cash earnings, US$23 million of capital expenditures and the further purchase of US$2.6 million Angola government bonds which resulted in a decrease of US$168.4 million in net debt to US$131.8 million (FY17: US$300.2 million) from continuing operations. The net debt consisted of: net overdrafts of US$113.8 million (FY17: US$256.4 million); short-term borrowing and current portion of long-term debt of US$0.9 million (FY17: US$28.4 million); and long-term debt of US$17.1 million (FY17: US$15.4 million).

Management has made good progress with reducing the circa US$63 million central cost base to approximately US$45 million in FY19 and US$33 million in FY20. The target is to get Westcon International central costs to below 1% of revenue.

Westcon International had decided to bring back internally the work currently being outsourced to the BPO provider to improve customer experience. Westcon has decided to build internal shared services capabilities in South Africa and the Philippines to service the EMEA and Asia-Pacific regions. Management has taken actions to streamline the business and expects the turnaround in Westcon International to take approximately 24 months. With a common business foundation in place, Westcon International is poised to drive top-line growth, improve market share and relevancy in its chosen markets.

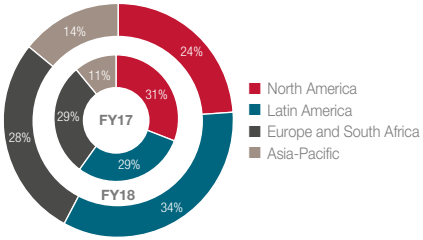
LOGICALIS

Logicalis accounted for 40% of the Group's continuing revenues (FY17: 38%).

Logicalis is a global IT solutions and managed services provider with expertise in data centre and cloud services, security and network infrastructure, workspace communications and collaboration, data and information strategies, and IT operation modernisation.

Revenues from continuing operations were US$1.6 billion (FY17: US$1.5 billion), including US$39.1 million of revenue from acquisitions made during the period. Services revenues were up 12.1% with strong growth in both professional services and annuity revenue.

Logicalis revenue contribution % by geography from continuing operations



Revenue increased in absolute terms in Latin America, Europe and Asia-Pacific. These increases were partially offset by a decrease in North America.

In Europe, the UK results improved significantly and Germany had a strong year. In addition, the UK benefited from a large supplier credit. Latin America showed improvements, notably in Brazil, Argentina and a recently set up operation in Puerto Rico. North America was adversely impacted by weak product sales. Asia-Pacific benefited from the contribution of the PSI acquisition.

In September 2017, Logicalis won a large multi-year project with a large service provider covering multiple territories within Latin America which will contribute significantly to the business. FY18 includes revenues of US$88.8 million from this project and there is initially

Divisional reviews continued

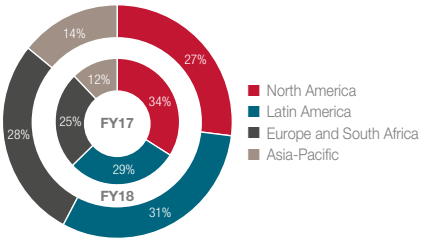
an adverse working capital impact which will unwind as the project evolves. This project resulted in an increase to FY18 accounts receivable of US$114.2 million and an increase to FY18 liabilities of US$86.9 million of which US$71.4 million is interest bearing.

Revenues from product were up 3.5%, with an increase in Cisco solution sales partially offset by decreases in IBM and HPE.

Logicalis' gross margins from continuing operations were 25.0% (FY17: 24.1%), benefiting from the improved services mix and a large supplier credit.

Gross profit from continuing operations was up 10.6% to US$391.7 million (FY17: US$354.1 million).

Logicalis gross profit % contribution by geography from continuing operations



Operating expenses in Logicalis increased by 10.0% due in part to restructuring costs associated with the UK business incurred during the year and incremental overheads associated with acquisitions.

EBITDA from continuing operations was US$86.2 million (FY17: US$76.3 million), with a corresponding EBITDA margin of 5.5% (FY17: 5.2%). Operating profit from continuing operations was US$59.5 million (FY17: US$52.0 million). Logicalis incurred US$5.2 million expenditure in FY18 restructuring its UK operations. EBITDA from continuing operations before restructuring charges was US$91.4 million with an EBITDA margin of 5.8%. Operating profit from continuing operations before these restructuring charges was US$64.7 million.

At 28 February 2018, Logicalis had a net debt balance of US$139.5 million (FY17: US$20.4 million). This consisted of: cash of $7.1 million (FY17: US$16.7 million); short-term borrowings and current portion of long-term debt of US$102.4 million (FY17: US$22.9 million); and long-term debt of US$44.2 million (FY17: US$14.1 million). The increase in net debt was caused primarily by the significantly higher working capital requirements of the large multi-year project in Latin America referred to above. The sale of the SMC business in October 2017 brought US$42 million of cash into the business in H2 FY18 which was used primarily to support de-leveraging.

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

Digital innovation is accelerating and business technology is continuing to undergo a major shift. Logicalis is transitioning itself into a Digital Enabler for its customers, driven by the explosion of data, the rise of mobile and the cloud. Many opportunities exist to tap into themes such as security to augment its strong networking heritage.

Logicalis is also investing in areas such as business intelligence and data analytics to grow its data centre infrastructure offerings for customers. Cloud continues to be a key feature in the business and IT strategies of customers and Logicalis is well positioned to support customers regardless of their cloud strategy.

Logicalis remains confident about the prospects for the industry and its positioning and expects to build on the solid progress made in the past year to deliver a strong financial performance in FY19.

Corporate, Consulting and Financial Services

This segment accounted for 1% of the Group's continuing revenues (FY17: 1%).

The Consulting unit comprised Analysys Mason, a provider of strategic, trusted advisory, modelling and market intelligence services to the TMT industries.

Consulting revenues were US$42.0 million (FY17: US$39.1 million) and EBITDA was US$2.5 million (FY17: US$2.3 million). The FY17 Consulting revenues and EBITDA include Mason Advisory for the first half but in FY18, the Group's

share of Mason Advisory's profit is included in "share of equity-accounted investment earnings". Both Analysys Mason and Mason Advisory achieved improved results for FY18 compared to FY17.

Datatec Financial Services is in a development phase of its business providing financing/leasing solutions for ICT customers. The business recorded revenues of US$1.4 million in FY18 (FY17: US$1.9 million) and an EBITDA loss of US$1.4 million (FY17: US$1.4 million).

Corporate includes the net operating costs of the Datatec head office entities which were US$13.5 million (FY17: US$11.2 million). These costs include the remuneration of the Board and head office staff, consulting and audit fees. In FY18, foreign exchange gains were US$1.0 million (FY17: US$3.3 million foreign exchange loss). As at 28 February 2018, Datatec head office entities held cash of US$259.0 million (FY17: US$36.1 million).

SUBSEQUENT EVENTS

On 14 May 2018, Logicalis signed an agreement to acquire 100% of the issued share capital of Coasin Chile S.A. a Chilean and Peruvian ICT services and solutions provider, for a maximum purchase consideration of US$20.2 million. The acquisition is subject to certain third party consents as well as approval from the Chilean Competition Authorities.

BASIS OF PREPARATION

The provisional summarised consolidated financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, at a minimum contain the requirements of IAS 34 – Interim Financial Reporting, as well as the requirements of the Companies Act of South Africa and the JSE Limited's Listings Requirements applicable for provisional reports.

The accounting policies are in terms of IFRS and consistent with those applied in the financial statements for FY17, except for the adoption of the revised amendments to accounting standards below in FY18.

The adoption of these amendments did not have a material impact on the consolidated financial statements.

- Amendments to IAS 7 Statement of Cash Flows resulting from the Disclosure Initiative (effective for accounting periods beginning on or after 1 January 2017)
- Amendments to IAS 12 Income Taxes regarding the recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017)
- Amendments to IFRS 12 Disclosure of interests in other entities (effective for accounting periods beginning on or after 1 January 2017)

The preparation of these summarised financial statements and consolidated financial statements for FY18 was supervised by the Chief Financial Officer, Mr Ivan Dittrich, CA(SA).

INDEPENDENT AUDITORS' REPORT

The independent auditors, Deloitte & Touche, have issued their unmodified audit opinion on the consolidated financial statements in accordance with International Standards on Auditing. These summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent in all material respects, with the consolidated financial statements. The consolidated financial statements and the auditor's unmodified report on the consolidated financial statements are available for inspection at the Company's registered office.

The auditors' report does not necessarily report on all of the information contained in this announcement/ financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

Divisional reviews continued

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 and 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
Chairman

JP Montanana
Chief Executive Officer

IP Dittrich
Chief Financial Officer

17 May 2018

DIRECTORS

SJ Davidson°• (Chairman), JP Montanana• (CEO), IP Dittrich (CFO), O Ighodaro°‡, JF McCartney°†, MJN Njeke°, CS Seabrooke°, NJ Temple°•

°Non-executive •British †American ‡Nigerian

** Excluding impairments 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, restructuring costs relating to fundamental reorganisations, SYNNEX deal-related expenses and the taxation effect on all of the aforementioned.*

Independent auditors' report on summarised consolidated financial statements

TO THE SHAREHOLDERS OF DATATEC LIMITED

Opinion

The summarised consolidated financial statements of Datatec Limited, which comprise the summarised consolidated statement of financial position as at 28 February 2018, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Datatec Limited for the year ended 28 February 2018.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Datatec Limited, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the "Basis of Preparation" notes to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Datatec Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 16 May 2018. That report also includes the communication of key audit matters as reported in the auditor's report of the audited consolidated financial statements.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the "Basis of Preparation" note to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing ("ISA") 810 (Revised) *Engagements to Report on Summary Financial Statements*.

Deloitte & Touche

Deloitte & Touche
Registered auditor
Per: M Rayfield
Partner

16 May 2018

Building 1 and 2, Deloitte Place, The Woodlands
Woodlands Drive, Woodmead, Sandton
Riverwalk Office Park, Block B
41 Matroosberg Road, Ashlea Gardens X6
Pretoria

National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory *NB Kadar Tax TP Pillay Consulting S Gwala BPS *JK Mazzocco Talent & Transformation MG Dicks Risk Independence & Legal *TJ Brown Chairman of the Board

A full list of partners and directors is available on request

* Partner and registered auditor

BBBEE rating: Level 1 contribution in terms of DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a member of Deloitte Touche Tohmatsu Limited

Summarised consolidated statement of comprehensive income

for the year ended 28 February 2018

US$'000	Audited Year ended February 2018	Audited Re-presented[1] Year ended February 2017
CONTINUING OPERATIONS		
Revenue	**3 923 715**	3 861 991
Continued operations	**3 881 547**	3 859 775
Revenue from acquisitions	**42 168**	2 216
Cost of sales	**(3 287 670)**	(3 239 701)
Gross profit	**636 045**	622 290
Operating costs	**(586 277)**	(579 177)
Restructuring costs	**(16 873)**	(13 072)
Share-based payments	**(6 198)**	(1 000)
Operating profit before interest, tax, depreciation, amortisation and impairment ("EBITDA")	**26 697**	29 041
Depreciation	**(27 548)**	(27 440)
Amortisation of capitalised development expenditure	**(11 375)**	(13 461)
Amortisation of acquired intangible assets and software	**(12 640)**	(11 429)
Impairment of investment in joint venture	**(1 000)**	–
Impairment of capitalised development expenditure	**(55 112)**	–
Operating loss	**(80 978)**	(23 289)
Interest income	**8 670**	2 912
Finance costs	**(27 073)**	(16 733)
Share of equity-accounted investment losses	**(276)**	(793)
Acquisition-related fair value adjustments	**48**	5 565
Fair value movements on put option liabilities	**–**	658
Fair value adjustment on deferred and/or contingent purchase consideration	**48**	4 907
Other income	**257**	230
Profit on disposal of associate/loss of control of subsidiary	**–**	319
Loss before taxation	**(99 352)**	(31 789)
Taxation	**(18 465)**	(21 242)
Loss for the year from continuing operations	**(117 817)**	(53 031)
DISCONTINUED OPERATIONS		
Profit for the year from discontinued operations	**159 608**	63 780
Profit for the year	**41 791**	10 749
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation to presentation currency	**13 942**	56 947
Translation of equity loans net of tax effect	**8 795**	(9 994)
Translation reserve reclassified to profit on disposal of foreign operation	**57 345**	–
Transfers and other items	**2 265**	622
Total comprehensive income for the year	**124 138**	58 324
Profit attributable to:		
Owners of the parent	**44 359**	3 038
Non-controlling interests	**(2 568)**	7 711
	41 791	10 749
Total comprehensive income attributable to:		
Owners of the parent	**130 480**	44 732
Non-controlling interests	**(6 342)**	13 592
	124 138	58 324
Earnings/(losses) per share ("EPS") (US cents)		
Basic	**20.5**	1.4
Continuing operations	**(53.3)**	(28.9)
Discontinued operations	**73.8**	30.3
Diluted basic	**20.3**	1.4
Continuing operations	**(52.6)**	(28.7)
Discontinued operations	**72.9**	30.1

[1] *The prior year has been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5.*

Salient financial features

for the year ended 28 February 2018

US$'000	Audited Year ended February 2018	Audited Re-presented[1] Year ended February 2017
Headline (losses)/earnings	**(41 337)**	4 293
Continuing operations	**(64 604)**	(59 487)
Discontinued operations	**23 267**	63 780
Headline (losses)/earnings per share (US cents)		
Headline	**(19.1)**	2.0
Continuing operations	**(29.9)**	(28.3)
Discontinued operations	**10.8**	30.3
Diluted headline	**(18.9)**	2.0
Continuing operations	**(29.5)**	(28.1)
Discontinued operations	**10.6**	30.1
Underlying (losses)/earnings	**(12 156)**	23 142
Continuing operations	**(37 135)**	(44 193)
Discontinued operations	**24 979**	67 335
Underlying (losses)/earnings per share (US cents)		
Underlying	**(5.6)**	11.0
Continuing operations	**(17.2)**	(21.0)
Discontinued operations	**11.6**	32.0
Diluted underlying	**(5.6)**	10.9
Continuing operations	**(17.0)**	(20.9)
Discontinued operations	**11.4**	31.8
Net asset value per share (US cents)	**297.0**	403.5
KEY RATIOS		
Gross margin – continuing operations (%)	**16.2**	16.1
EBITDA margin – continuing operations (%)	**0.7**	0.8
Effective tax rate – continuing operations (%)	**(18.6)**	(66.8)
Exchange rates		
Average Rand/US$ exchange rate	**13.0**	14.2
Closing Rand/US$ exchange rate	**11.8**	13.0
Number of shares issued (millions)		
Issued	**243**	212
Weighted average	**216**	211
Diluted weighted average	**219**	212

[1] *The prior year has been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5.*

Summarised consolidated statement of financial position

as at 28 February 2018

US$'000	Audited Year ended February 2018	Audited Year ended February 2017
ASSETS		
Non-current assets	**417 370**	786 361
Property, plant and equipment	**59 731**	73 742
Goodwill	**227 321**	461 651
Capitalised development expenditure	**1 665**	80 843
Acquired intangible assets and software	**40 661**	48 620
Investments	**26 613**	24 887
Deferred tax assets	**41 104**	67 644
Finance lease receivables	**12 283**	8 885
Other receivables	**7 992**	20 089
Current assets	**2 244 228**	2 698 539
Inventories	**238 537**	438 503
Trade receivables	**1 192 237**	1 548 003
Current tax assets	**9 492**	17 849
Prepaid expenses and other receivables	**322 241**	340 696
Finance lease receivables	**5 479**	7 854
Cash resources	**476 242**	345 634
Total assets	**2 661 598**	3 484 900
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	**721 603**	854 986
Stated capital	**258 461**	151 947
Non-distributable reserves	**45 331**	63 299
Foreign currency translation reserve	**(58 378)**	(141 816)
Share-based payment reserve	**4 883**	2 681
Distributable reserves	**471 306**	778 875
Non-controlling interests	**69 217**	51 889
Total equity	**790 820**	906 875
Non-current liabilities	**120 685**	127 056
Long-term liabilities	**61 723**	31 902
Liability for share-based payments	**1 517**	2 080
Amounts owing to vendors	**211**	580
Deferred tax liabilities	**30 240**	78 959
Provisions	**10 685**	8 376
Other liabilities	**16 309**	5 159
Current liabilities	**1 750 093**	2 450 969
Trade and other payables	**1 296 578**	1 720 391
Short-term interest-bearing liabilities	**105 999**	64 787
Provisions	**16 026**	8 634
Amounts owing to vendors	**1 029**	512
Current tax liabilities	**15 561**	11 159
Bank overdrafts	**314 900**	645 486
Total equity and liabilities	**2 661 598**	3 484 900

Summarised consolidated statement of cash flows

for the year ended 28 February 2018

US$'000	Audited Year ended February 2018	Audited Year ended February 2017
Operating profit before working capital changes	**91 275**	134 535
Working capital changes	**(60 184)**	(184 576)
Decrease/(increase) in inventories	**28 831**	(11 995)
Increase in receivables	**(258 056)**	(83 753)
Increase/(decrease) in payables	**169 041**	(88 828)
Other working capital changes	**(13 466)**	12 720
Cash generated from/(utilised in) operations	**17 625**	(37 321)
Net finance costs paid	**(24 784)**	(25 264)
Taxation paid	**(43 446)**	(43 299)
Net cash outflow from operating activities	**(50 605)**	(105 884)
Cash outflow for acquisitions	**(10 749)**	(1 854)
Net cash inflow from disposal of discontinued operations/investments	**744 832**	533
Additions to investments	**(3 002)**	(9 201)
Additions to property, plant and equipment	**(26 004)**	(30 796)
Additions to capitalised development expenditure	**(20 043)**	(29 091)
Additions to software	**(2 668)**	(1 566)
Proceeds on disposal of property, plant and equipment	**821**	2 302
Net cash inflow/(outflow) from investing activities	**683 187**	(69 673)
Proceeds on disposal of 10% of Westcon International	**30 000**	–
Share repurchases	**(34 629)**	–
Dividends paid to shareholders	**(244 193)**	(20 949)
Amounts paid to vendors	**(609)**	(3 429)
Proceeds from short-term liabilities	**93 282**	39 185
Repayment of short-term liabilities	**(39 185)**	(1 250)
Proceeds from long-term liabilities	**51 398**	33 472
Repayment of long-term liabilities	**(31 551)**	(50 556)
Net cash outflow from financing activities	**(175 487)**	(3 527)
Net increase/(decrease) in cash and cash equivalents	**457 095**	(179 084)
Cash and cash equivalents at the beginning of the year	**(299 852)**	(132 685)
Translation differences on cash and cash equivalents	**4 099**	11 917
Cash and cash equivalents at the end of the year*	**161 342**	(299 852)
Cash flows from discontinued operations[1]	**Re-presented[1]**	Re-presented[1]
Net cash outflow from operating activities	**(49 747)**	(18 654)
Net cash outflow from investing activities	**(2 700)**	(1 472)
Net cash inflow/(outflow) from financing activities	**8 240**	(35)
Net decrease in cash and cash equivalents	**(44 207)**	(20 161)

** Comprises cash resources, net of bank overdrafts.*

[1] The prior year has been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5.

Summarised consolidated statement of changes in total equity
for the year ended 28 February 2018

US$'000	Audited Year ended February 2018	Audited Year ended February 2017
Balance at the beginning of the year	906 875	869 420
Transactions with equity holders of the parent		
Comprehensive income	130 480	44 732
Special dividend	(244 193)	–
Dividend	–	(20 949)
Share repurchases	(34 629)	–
Share-based payments	1 784	837
Disposal of 10% of Westcon International without loss of control	13 175	–
Transactions with non-controlling interests		
Comprehensive (loss)/income	(6 342)	13 592
Acquisitions of additional interests from non-controlling interests	6 845	–
Disposal of 10% of Westcon International without loss of control	16 825	–
Disposals	–	(757)
Balance at the end of the year	790 820	906 875

Determination of headline and underlying earnings
for the year ended 28 February 2018

US$'000	Audited Year ended February 2018	Audited Year ended February 2017
Profit attributable to the equity holders of the parent	44 359	3 038
Headline earnings adjustments	(80 080)	1 262
Impairment of capitalised development expenditure	55 112	–
Property impairment	–	1 600
Impairment of investment in joint venture	1 000	–
Loss on disposal of investment/associate/loss in control of subsidiary (continued and discontinued operations)	(136 341)	(319)
Loss/profit on disposal of property, plant and equipment	170	(36)
Tax effect	(21)	17
Non-controlling interests	(5 616)	(7)
Headline (losses)/earnings	(41 337)	4 293
Continuing operations[1]	(64 604)	(59 487)
Discontinued operations[1]	23 267	63 780
DETERMINATION OF UNDERLYING EARNINGS		
Underlying earnings adjustments	41 845	24 677
Unrealised foreign exchange losses (continuing and discontinued operations)	11 131	1 854
Acquisition-related fair value adjustments	(48)	(5 565)
Restructuring costs (continued and discontinued operations)	18 701	16 559
Amortisation of acquired intangible asset (continuing and discontinued operations)	12 061	11 829
Tax effect	(9 949)	(5 488)
Non-controlling interests	(2 715)	(340)
Underlying (losses)/earnings	(12 156)	23 142
Continuing operations[1]	(37 135)	(44 193)
Discontinued operations[1]	24 979	67 335

[1] *The prior year has been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5.*

Summarised segmental analysis

for the year ended 28 February 2018

	Westcon International		Logicalis		Corporate, Consulting and Financial Services		Total	
US$'000	Audited Year ended 28 February 2018	Audited Re-presented[1] Year ended 28 February 2017	Audited Year ended 28 February 2018	Audited Re-presented[1] Year ended 28 February 2017	Audited Year ended 28 February 2018	Audited Re-presented[1] Year ended 28 February 2017	Audited Year ended 28 February 2018	Audited Re-presented[1] Year ended 28 February 2017
Revenue	2 316 650	2 352 752	1 563 714	1 468 238	43 351	41 001	3 923 715	3 861 991
EBITDA	(48 123)	(33 667)	86 165	76 350	(11 345)	(13 642)	26 697	29 041
Reconciliation of operating (loss)/profit to (loss)/profit after taxation								
Operating (loss)/profit	(127 934)	(61 102)	59 483	52 017	(12 527)	(14 204)	(80 978)	(23 289)
Interest income	1 609	1 313	1 444	1 273	5 617	326	8 670	2 912
Finance costs	(12 833)	(9 996)	(14 227)	(6 694)	(13)	(43)	(27 073)	(16 733)
Share of equity-accounted investment (losses)/ earnings	(440)	(933)	(51)	–	215	140	(276)	(793)
Fair value movements on put option liabilities	*	658	–	–	–	–	*	658
Fair value adjustments on deferred and/or contingent purchase consideration	–	–	48	4 907	–	–	48	4 907
Other income	–	–	–	–	257	230	257	230
Profit on disposal of associate/loss of control of subsidiary	–	–	–	–	–	319	–	319
(Loss)/profit before taxation	(139 598)	(70 060)	46 697	51 503	(6 451)	(13 232)	(99 352)	(31 789)
Taxation	(7 649)	(2 697)	(7 311)	(16 326)	(3 505)	(2 219)	(18 465)	(21 242)
(Loss)/profit for the year from continuing operations	(147 247)	(72 757)	39 386	35 177	(9 956)	(15 451)	(117 817)	(53 031)
(Loss)/profit for the year from discontinued operations	(433 629)	62 275	26 340	1 505	566 897	–	159 608	63 780
(Loss)/profit for the year	(580 876)	(10 482)	65 726	36 682	556 941	(15 451)	41 791	10 749
Total assets	1 088 316	2 405 604	1 253 824	986 291	319 458	93 005	2 661 598	3 484 900
Total liabilities	(957 802)	(1 861 416)	(890 820)	(685 867)	(22 156)	(30 742)	(1 870 778)	(2 578 025)

** Less than US$1 000.*

[1] The prior year has been re-presented to show comparative results from continuing and discontinued operations in accordance with IFRS 5.

Sales and purchases between Group companies are concluded at arm's length in the ordinary course of business. The intergroup sales of goods and provision of services for the year ended 28 February 2018 amounted to US$61.8 million (FY17: US$97.5 million).

During the year, the Group entered into a $0.4 million sales transaction and a $40.3 million purchases transaction with SYNNEX Corporation Limited, a related party which is not a member of the Group. $1.4 million was owed to the related party and $0.06 million was owed by the related party at year-end.

Capital expenditure and commitments
as at 28 February 2018

US$'000	Audited Year ended February 2018	Audited Year ended February 2017
Capital expenditure incurred in the current year (including capitalised development expenditure)	48 715	61 453
Capital commitments at the end of the year	23 129	36 155
Lease commitments at the end of the year	128 789	133 202
Payable within one year	31 711	33 894
Payable after one year	97 078	99 308

Acquisitions made during the year
as at 28 February 2018

The following table sets out the assessment of the fair value of assets and liabilities acquired in the acquisition made by the Group during the year.

ACQUISITIONS MADE IN FY18	Nexia Fair value on acquisition US$'000	NubeliU Fair value on acquisition US$'000	PSI Fair value on acquisition US$'000	Audited Fair value on acquisition US$'000
Net assets acquired				
Current assets	874	2 012	30 405	33 291
Cash and cash equivalents	169	1 854	1 408	3 431
Trade receivables and other receivables	705	158	17 115	17 978
Inventories			11 882	11 882
Non-current assets	63	38	2 638	2 739
Plant and equipment	61	27	2 041	2 129
Deferred tax assets	2	11	597	610
Current liabilities	(705)	(152)	(19 715)	(20 572)
Trade and other payables	(618)	(48)	(17 814)	(18 480)
Bank overdraft	–	–	(1 500)	(1 500)
Taxation liabilities	(87)	(104)	(401)	(592)
Non-current liabilities	(414)	(142)	(5 269)	(5 825)
Deferred tax liabilities	(414)	(142)	(1 132)	(1 688)
Other non-current liabilities	–	–	(4 137)	(4 137)
Net (liabilities)/assets acquired	(182)	1 756	8 059	9 633
Intangible assets	1 799	618	4 475	6 892
Goodwill	3 380	2 533	42	5 955
Non-controlling interest	–	(1 091)	(5 754)	(6 845)
Fair value of acquisition	4 997	3 816	6 822	15 635
Cash and cash equivalents acquired	(169)	(1 854)	92	(1 931)
Subsidiary company shares	(2 097)	–	–	(2 097)
Deferred purchase consideration	(858)	–	–	(858)
Net cash outflow for acquisitions	1 873	1 962	6 914	10 749

The initial accounting for the three acquisitions have been finalised at the date of the finalisation of the consolidated annual financial statements, with the exception of the resolution of a withholding tax liability in the acquisition of PSI.

Discontinued operations

for the year ended 28 February 2018

Datatec has completed the sale of its Westcon-Comstor business in North America and Latin America ("Westcon Americas") and of 10% of the remaining part of Westcon ("Westcon International") to SYNNEX effective on 1 September 2017. The Americas are disclosed as a disposal group in terms of IFRS 5 *Non-current assets held for sale and discontinued operations*. In October 2017, Logicalis also realised significant value from the sale of its non-core SMC consulting business to DXC Technology Company (NYSE: DXC) for US$42 million.

The contribution of discontinued operations included in the Group's results until disposal is as follows:

US$'000	Westcon Americas Year ended 28 February 2018	SMC Year ended 28 February 2018	Datatec consolidation adjustments Year ended 28 February 2018	Disposal group Year ended 28 February 2018	Westcon Americas Year ended 28 February 2017	SMC Year ended 28 February 2017	Datatec consolidation adjustments Year ended 28 February 2017	Disposal group Year ended 28 February 2017
Revenue	**1 151 849**	**19 331**	**(21 251)**	**1 149 929**	2 234 659	42 061	(55 328)	2 221 392
Continued operations	**1 130 598**	**19 331**	**–**	**1 149 929**	2 179 331	42 061	–	2 221 392
Intersegmental revenue	**21 251**	**–**	**(21 251)**	**–**	55 328	–	(55 328)	–
Cost of sales	**(1 056 453)**	**(15 238)**	**21 251**	**(1 050 440)**	(2 033 077)	(32 801)	55 328	(2 010 550)
Gross profit	**95 396**	**4 093**	**–**	**99 489**	201 582	9 260	–	210 842
Operating costs	**(62 172)**	**(3 501)**	**–**	**(65 673)**	(109 463)	(6 601)	–	(116 064)
Impairment of property	**–**	**–**	**–**	**–**	(1 600)	–	–	(1 600)
Restructuring costs	**(1 828)**	**–**	**–**	**(1 828)**	(3 488)	–	–	(3 488)
Share-based payments	**(401)**	**–**	**–**	**(401)**	139	–	–	139
Operating profit before interest, tax, depreciation and amortisation ("EBITDA") and management fees	**30 995**	**592**	**–**	**31 587**	87 170	2 659	–	89 829
Management fees – Westcon	**(18 109)**	**–**	**18 109**	**–**	(40 027)	–	40 027	–
Management fees – Logicalis	**–**	**(223)**	**223**	**–**				
Datatec Group management fees	**(4 441)**	**–**	**4 441**	**–**	(7 208)	–	7 208	–
EBITDA after management fees	**8 445**	**369**	**22 773**	**31 587**	39 935	2 659	47 235	89 829
Depreciation	**(1 555)**	**(106)**	**–**	**(1 661)**	(3 887)	(103)	–	(3 990)
Amortisation of capitalised development expenditure	**(338)**	**–**	**–**	**(338)**	(351)	–	–	(351)
Amortisation of acquired intangible assets and software	**(667)**	**(95)**	**–**	**(762)**	(1 507)	(151)	–	(1 658)
Operating profit	**5 885**	**168**	**22 773**	**28 826**	34 190	2 405	47 235	83 830
Net finance costs	**(6 889)**	**(10)**	**3**	**(6 896)**	(9 964)	(422)	4	(10 382)
(Loss)/profit before taxation	**(1 004)**	**158**	**22 776**	**21 930**	24 226	1 983	47 239	73 448
Taxation	**1 384**	**(47)**	**–**	**1 337**	(9 186)	(482)	–	(9 668)
Profit for the year	**380**	**111**	**22 776**	**23 267**	15 040	1 501	47 239	63 780

The Westcon-Comstor and Logicalis management fees charged are added back as these costs will remain within the Datatec Group as per the share purchase agreement. Datatec management fees are eliminated at Datatec Group.

The results of the Earnout with SYNNEX has not yet been agreed and a resolution process is currently underway between the parties, as provided for in the Sale and Purchase Agreement. No asset has been recognised at 28 February 2018.

Discontinued operations continued

for the year ended 28 February 2018

US$'000	Westcon Americas	SMC	Datatec consolidation adjustments	Total
Gain on disposal of subsidiary				
Consideration received	600 000	41 883	–	641 883
Goodwill derecognised	(246 097)	(1 171)	–	(247 268)
Capitalised development expenditure derecognised	(32 648)	–	–	(32 648)
Other net assets disposed of	(94 667)	(8 446)	–	(103 113)
Cumulative loss on disposal group reclassified from equity on loss of control of subsidiary	(57 345)	–	–	(57 345)
Transaction-related costs incurred on the disposal	(28 905)	(6 263)	–	(35 168)
Transitional services provided to SYNNEX – FY18	(15 000)	–	–	(15 000)
Transitional services provided to SYNNEX – FY19	(15 000)	–	–	(15 000)
	110 338	26 003	–	136 341

US$'000	2018	2017
Profit for the year from discontinued operations		
Profit for the year – disposal group	23 267	63 780
Gain on disposal of subsidiary	136 341	–
	159 608	63 780

The statements of financial position at the disposal date is as follows:

US$'000	Westcon Americas Period ended 31 August 2017	SMC Period ended 12 October 2017	**Total discontinued operations 2017**
ASSETS	343 267	1 935	345 202
Property, plant and equipment	12 302	707	13 009
Goodwill	246 097	1 171	247 268
Capitalised development expenditure	32 648	–	32 648
Acquired intangible assets and software	4 785	57	4 842
Deferred tax assets	19 930	–	19 930
Finance lease receivables	11 512	–	11 512
Other receivables	15 993	–	15 993
Current assets	952 557	28 758	981 315
Inventories	173 904	–	173 904
Trade receivables	563 754	3 559	567 313
Current tax assets	10 430	–	10 430
Prepaid expenses and other receivables	44 342	23 508	67 850
Finance lease receivables	5 931	–	5 931
Short-term inter-company loans and receivables	26 806	–	26 806
Cash resources	127 390	1 691	129 081
Total assets	1 295 824	30 693	1 326 517
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent			
Non-distributable reserves	154 262	–	154 262
Distributable reserves	219 150	9 617	228 767
Total equity	373 412	9 617	383 029
Non-current liabilities	16 259	11	16 270
Long-term liabilities	766	–	766
Liability for share-based payments	133	–	133
Deferred tax liabilities	14 100	11	14 111
Provisions	403	–	403
Other liabilities	857	–	857
Current liabilities	906 153	21 065	927 218
Trade and other payables	589 030	21 000	610 030
Short-interest-bearing debt	8 019	–	8 019
Provisions	688	–	688
Current tax liabilities	438	65	503
Short-term inter-company loans and payables	25 778	–	25 778
Bank overdrafts	282 200	–	282 200
Total equity and liabilities	1 295 824	30 693	1 326 517

Enquiries

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Bastion

Johannesburg
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