DATATEC

Driving Technology

2015 INTEGRATED REPORT

CONTENTS

FRAMEWORK

The following frameworks have been applied in the preparation of this Integrated Report:

Framework		Reference to detailed disclosure
South African Code of Corporate Practice and Conduct as set out in the King III Code	➜	Throughout the report as well as King III register elsewhere on the Datatec website
Companies Act 71 of 2008	➜	Throughout the report
JSE Listings Requirements and AIM Rules	➜	Throughout the report
Discussion Papers issued by the South African Integrated Reporting Committee ("IRC") and the International Integrated Reporting Council ("IIRC")	➜	Throughout the report
International Financial Reporting Standards ("IFRS")	➜	Consolidated annual financial statements on pages 92 to 168

ICON NAVIGATION

Link to Facebook

Link to Linkedin

Refers to Datatec's King III register

Further reading within this report

Reference to further online disclosure

Download QR code reader for your smartphone and scan QR code for quick access to the Group website

For the first time this year, Datatec is primarily making its Integrated Report available online at **www.datatec.com**. Hard copies of the report are available at the Company's registered offices.

ABOUT OUR 2015 INTEGRATED REPORT

About this report

The Integrated Report endeavours to present an integrated overview of the financial, economic, environmental, social and governance performance of the Group for the year 1 March 2014 to 28 February 2015. Datatec's aim is to present a holistic overview of the value the Group seeks to create for stakeholders by communicating content that is useful and relevant in an open and balanced manner. The report comprises a measured account of the Group's approach to sustainability that takes account of all resources employed by the Group in its business activities and all resources and groups on which Datatec has an impact.

The information disclosed encompasses all divisions and subsidiaries of Datatec Limited, across all regions of operation. These same entities are included in the Group's consolidated annual financial statements as set out on pages 92 to 168 of this report. There was no change to the scope, or any measurement techniques used, nor were there any restatements of previously reported information. (For more information see the consolidated annual financial statements on pages 92 to 168.)

Governance structure

The Group's executive directors are **Jens Montanana** (Chief Executive Officer), **Jurgens Myburgh** (Chief Financial Officer) and **Rob Evans** (Group Operations Director). They can be contacted at the registered office of the Company (see page 181).

Assurance

To ensure the integrity of sustainability reporting in the Integrated Report, the Group has a formal combined assurance model in place, which includes management, external audit, internal audit and other independent assurance providers.

Forward looking statements

The Integrated Report 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:

- 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;
- 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;
- 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
- 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.

Responsibility statement and review

The Audit, Risk and Compliance Committee and the Board acknowledge their responsibility to ensure the integrity of this Integrated Report. It has been reviewed by the Audit, Risk and Compliance Committee, the Board, Company Secretary, sponsor and investor relations consultants. The annual financial statements included in this Integrated Report have been audited by the external auditors, Deloitte & Touche.

Key Company information

Datatec Limited
Registration number: 1994/005004/06
ISIN: ZAE000017745
JSE Main Board: Computer Services **Listing date:** 1994
LSE: AIM **Listing date:** 2006
Share code: DTC
Shares in issue: 203 614 644 (28 February 2015)

Jens Montanana
Chief Executive Officer

Jurgens Myburgh
Chief Financial Officer

Chris Seabrooke
Chairman: Audit, Risk and Compliance Committee

WHO WE ARE

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

AT A GLANCE

TECHNOLOGY –
Westcon:
Distribution of networking, security, unified communications and data centre products

TECHNOLOGY

- Presence in six continents
- 99 offices
- More than 20 logistics/staging facilities
- Ship to 170 countries
- Over 20 000 customers
- Global network of speciality resellers, systems integrators and service providers
- Breadth of portfolio – over 100 vendor brands

WestconGroup

INTEGRATION –
Logicalis:
IT infrastructure solutions and services

INTEGRATION

- Presence in five continents
- 66 offices
- Over 6 500 corporate and public sector customers
- Specialist in advanced technologies and services
- Provides specialised solutions for enterprise and medium-sized companies in vertical markets including financial services, telecommunications, media and technology, education, healthcare, retail, government, manufacturing and professional services
- Maintains strong global partnerships with technology leaders to deliver innovative technology platforms, services and solutions to customers

LOGICALIS
Business and technology working as one

CONSULTING SERVICES –
Analysys Mason, Mason Advisory and The Via Group:
Strategic and technical consulting

CONSULTING SERVICES

- Presence in five continents
- 15 offices
- Support clients in over 100 countries
- Bringing value to service providers, commercial and public sector mid-sized organisations, large enterprises and vendors

analysys mason   mason   Via

and consulting sectors of the ICT market. Datatec operates through three core divisions: Technology Distribution – Westcon; Integration – Logicalis; Consulting Services – Analysys Mason, Mason Advisory and The Via Group.

GLOBAL HEADQUARTERS	CONTRIBUTION TO GROUP	FURTHER INFORMATION
 Westcon Group – New York, USA	Revenue **75%** (FY14: 72%) Gross profit **58%** (FY14: 54%) EBITDA **56%** (FY14: 50%) Number of employees **3 958** (FY14: 3 500)	See **www.westcongroup.com** Executive directors' report on page 21 Westcon divisional report on page 32 Our impacts on page 80
 Logicalis – Slough, UK	Revenue **24%** (FY14: 27%) Gross profit **40%** (FY14: 43%) EBITDA **43%** (FY14: 49%) Number of employees **4 013** (FY14: 3 732)	See **www.logicalis.com** Executive directors' report on page 21 Logicalis divisional report on page 40 Our impacts on page 80
 Mason Advisory – Manchester, UK Analysys Mason – London, UK  The Via Group – Texas, USA	Revenue **1%** (FY14: 1%) Gross profit **2%** (FY14: 3%) EBITDA **1%** (FY14: 1%) Number of employees **258** (FY14: 385)	See **www.analysysmason.com** **www.masonadvisory.com** **www.theviagroup.com** Executive directors' report on page 21 Consulting Services divisional report on page 48 Our impacts on page 80

GLOBAL PRESENCE

North America

Revenue:
US$2 064.4 million

Gross profit:
US$227.6 million

Total employees:
1 481

Latin America

Revenue:
US$1 115.3 million

Gross profit:
US$236.5 million

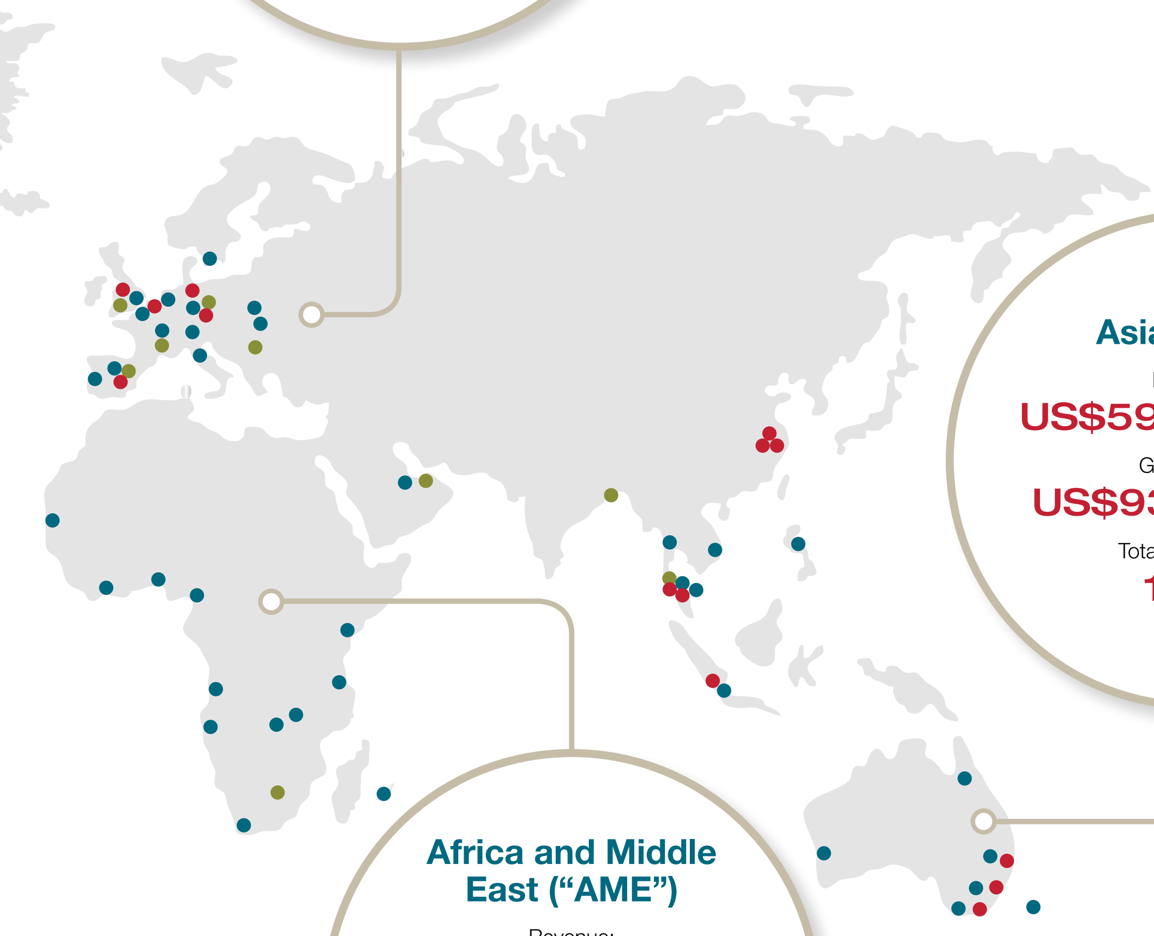
Total employees:
2 102

Total gross profit
US$932.9 million

- Westcon
- Logicalis
- Consulting Services

Total revenue
US$6.4 billion

Europe
Revenue:
US$2 062.1 million
Gross profit:
US$289.0 million
Total employees:
2 837



Asia-Pacific
Revenue:
US$597.3 million
Gross profit:
US$93.8 million
Total employees:
1 179

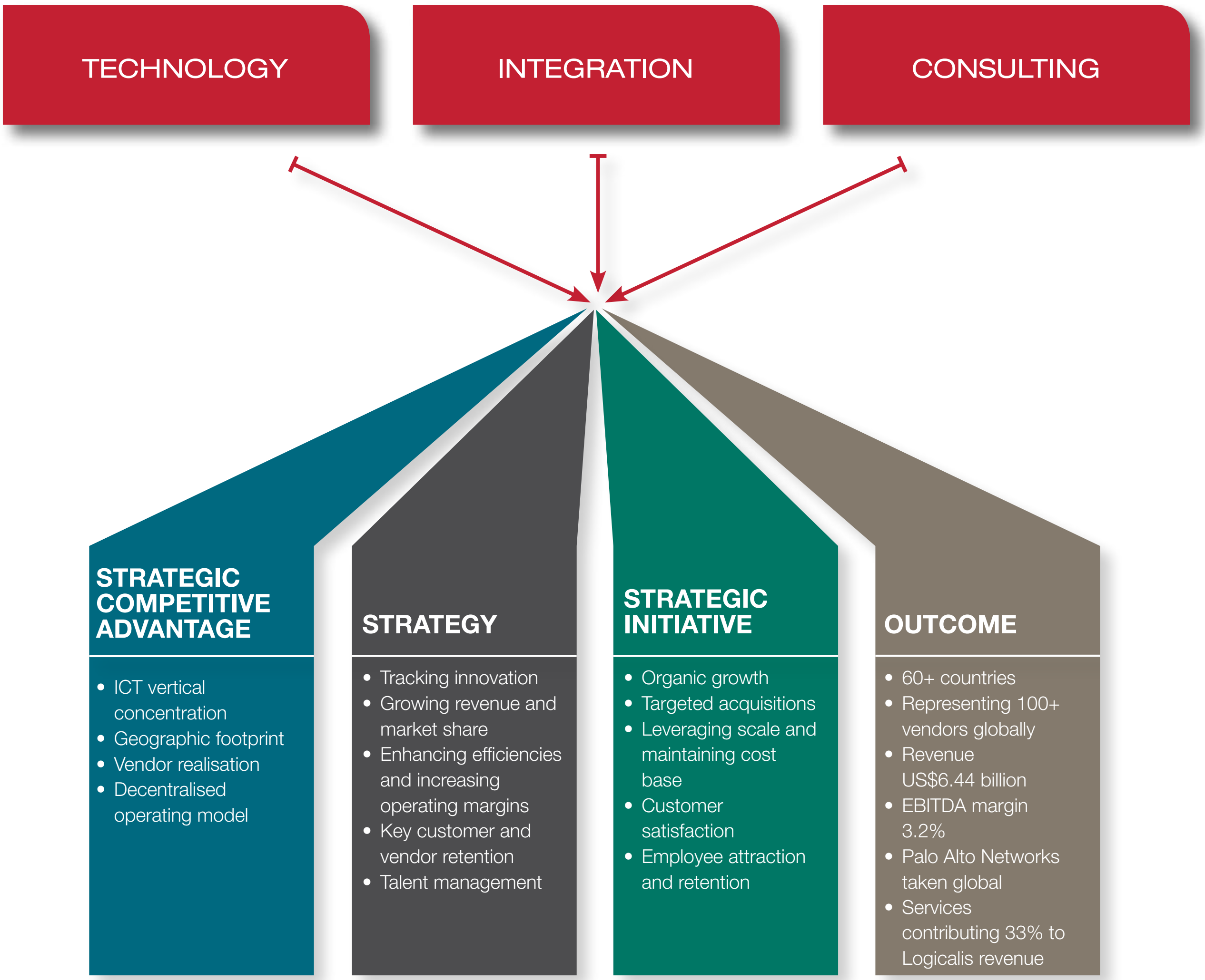
Africa and Middle East ("AME")
Revenue:
US$604.4 million
Gross profit:
US$86.0 million
Total employees:
649

Total employees
8 248

GROUP STRATEGY

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

The Group offers strategic direction to its divisions and provides central services which include portfolio oversight, mergers and acquisitions, capital and financing, management support, market and sector intelligence and geographical expertise. In addition, the Group is continually seeking to expand its portfolio through targeted investments aimed at capitalising on sector-focused opportunities.



BUSINESS PHILOSOPHY

Our business philosophy has its roots in an entrepreneurial culture. We are committed to being ethical, honest, socially responsible corporate citizens and strive to be an employer of choice: attracting, developing and retaining talented people.

We value business partnerships and we work towards creating shareholder value by developing a best-in-class portfolio of actively managed businesses operating in the high-value, fast-growing sectors of the ICT market.

INVESTMENT CASE

- **Global** presence
- **Strategic** relationships with key vendors
- **Quality** customer profile
- **Proven** track record of organic and acquisitive growth
- **Experienced** multinational management and skilled workforce
- **Focus** on high-value, fast-growing sectors of the ICT market
- **Operate** at multiple points of the ICT supply chain
- **Strong** revenue growth
- **Consistent** dividend

BUSINESS MODEL

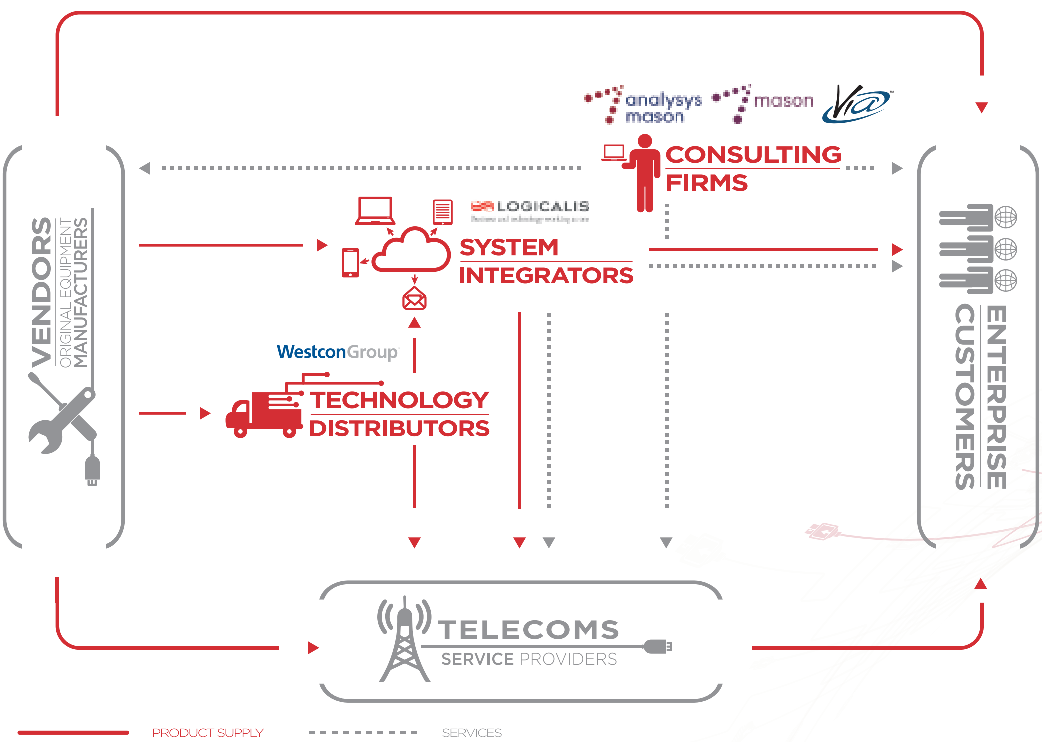
The Group has a decentralised business model with three principal operating divisions (Technology Distribution – Westcon; Integration – Logicalis; Consulting Services – Analysys Mason, Mason Advisory and The Via Group) that are managed as standalone businesses.

The model empowers its divisional management teams to make operational decisions that are best suited to their individual operating needs but within a strategic operating and financial framework set by the Group. The pure-play nature of each operating division also facilitates enhanced operational and financial performance as well as the ability to react faster to technology changes.

The Group's operating divisions act as industry intermediaries in the ICT supply chain, enabling IT users to gain access to a broad range of advanced technology solutions and professional services in order to implement and maintain secure complex IT networking, unified communication, cloud and data centre infrastructures.

The Group has strategic partnerships with leading technology vendors who outsource specific elements of the supply chain such as distribution, logistics and marketing to value-added distributors like Westcon. In addition, vendors also rely on resellers and system integrators like Logicalis to address the highly fragmented end-user customer base who require technical expertise to identify and install complex systems, critical solutions and managed services. The Group's Consulting Services division not only consults to vendors but also to public and commercial enterprise customers, telecoms, media and technology providers.

The diagram below illustrates Datatec's role in the ICT supply chain. The spread of business activities across distribution, integration and consulting provides the Group with multiple entry points to the global market, and acts as a defensive measure against adversity in any one vendor, geography or technology.



OUR YEAR IN REVIEW

Technology innovation remains high in the sectors in which the Group operates as IT infrastructure migrates to cloud-based delivery, driving the need for more sophisticated software, services, storage, security and mobile device management. The Group continues to capitalise on this trend by leveraging existing business capabilities and through targeted acquisitions that address the needs of its customers and allows the Group to increase scale in its existing markets.

In FY15, the Group made a number of strategic acquisitions as detailed below and celebrated its 20th anniversary as a listed company on the JSE.

WestconGroup

30 August 2014

Westcon acquired cloud services business Verecloud, Inc. ("Verecloud"). Verecloud's cloud services platform aggregates best-in-class cloud solutions and services and acts as a brokerage, providing businesses with complete access and control of all their cloud applications from one portal. The platform was incorporated into Westcon's Cloud Solutions Practice and forms the foundation for its cloud go-to-market solution which is designed to help resellers drive significant revenue from cloud-enabled services.

JSE

2 December 2014

Datatec celebrated the 20th anniversary of its listing on the JSE by sounding the kudu horn to mark the opening of the market on the day.

LOGICALIS
Business and technology working as one

1 September 2014

Logicalis acquired a 51% shareholding in ITUMA GmbH ("Ituma"), a speciality software developer based in Germany. Ituma's technology enables businesses to deliver Wi-Fi-enabled services such as 3D in-location navigation, product and service offerings access, product promotions and omnichannel retail ordering to its customers.

2 January 2015

Logicalis acquired German services and solutions provider inforsacom Holding GmbH ("Inforsacom"). Inforsacom is a provider of database, storage and infrastructure solutions and services with operations across the major economic centres of Germany. The acquisition will significantly enhance Logicalis' scale and capabilities in the German ICT market.

15 January 2015

Datatec increased its shareholding in Logicalis' subsidiary PromonLogicalis Latin America Limited ("PLLAL") to 65%.

RESULTS SUMMARY FOR THE YEAR

Group revenue up 13.3%
US$6.4 billion
(FY14: US$5.7 billion)

Gross profit at
US$932.9 million
(FY14: US$841.4 million)

EBITDA up 17.7%
US$206.4 million
(FY14: US$175.3 million)

Underlying* earnings per share up 17.1% to
41.8 US cents
(FY14: 35.7 US cents)

Scrip distribution with cash dividend alternative maintained at
17 US cents per share for the full year

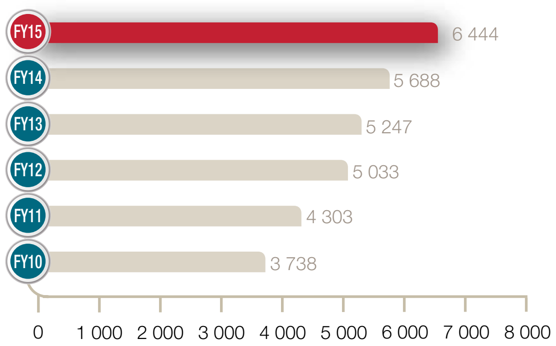
"Our revenue growth continued this year, driven by a strong recovery in sales and market share at Westcon. Logicalis delivered an improvement in the second half, leading to profitable growth year-over-year. We are also pleased with the improved operating efficiency across all divisions.

We have maintained our dividend over the past three years despite volatile earnings and have delivered long-term sustainable returns to shareholders.

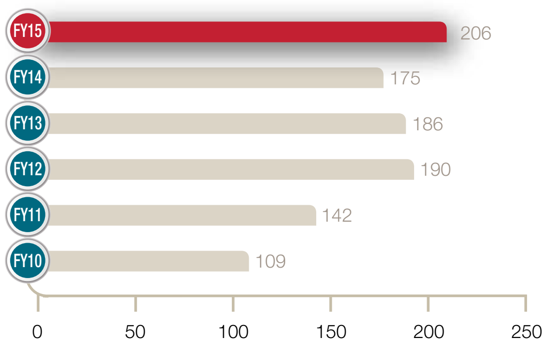
We expect our diverse operating portfolio to continue to deliver revenue growth, as Logicalis adapts its capabilities to address cloud-based infrastructure opportunities and Westcon increases its momentum with global vendors."

Jens Montanana
Chief Executive

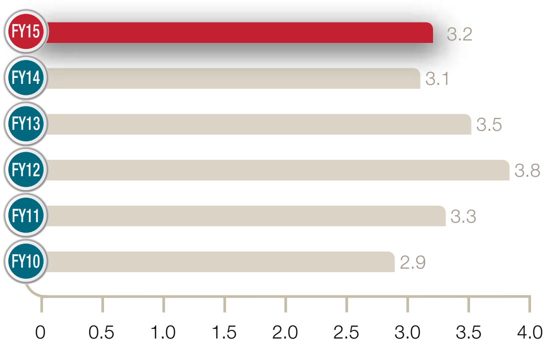
Revenue (US$'million)



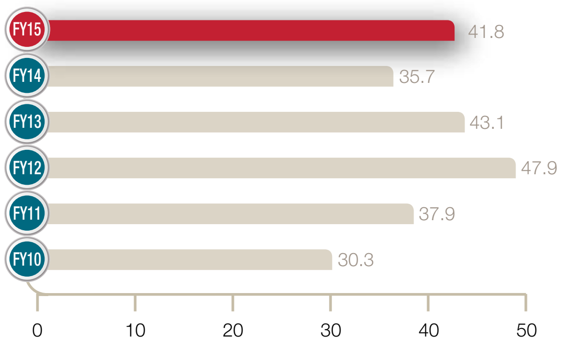
EBITDA (US$'million)



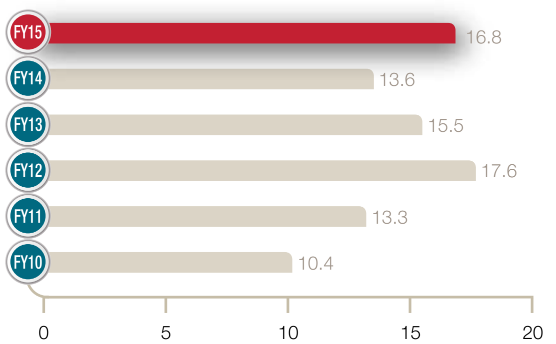
EBITDA margin (%)



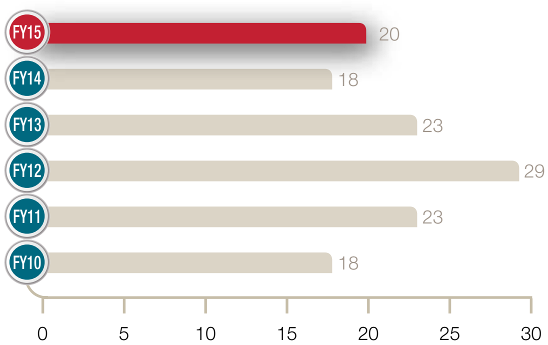
Underlying* earnings per share (US cents)



Return on capital employed (%)



Operating profit per employee (US$'million)



* *Underlying earnings exclude 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.*

BOARD OF DIRECTORS

Stephen Davidson
Independent non-executive Chairman
Age: 59 (British)
Date of appointment: 1 February 2007

Stephen is Chairman of Actual Experience plc and Deputy Chairman of Jaywing plc. He is also a non-executive director of Inmarsat plc, EBT Digital Communications Retail Group and Restore plc. He was previously Vice-Chairman, Investment Banking at WestLB Panmure and Chief Executive and Finance Director of Telewest Communications plc. He has a first-class honours degree in Mathematics and Statistics from the University of Aberdeen.

Jens Montanana
Chief Executive Officer
Age: 54 (British)
Date of appointment: 6 October 1994

Jens is the founder and principal architect of Datatec, established in 1986. Between 1989 and 1993, Jens served as Managing Director and Vice-President of US Robotics (UK) Limited, a wholly owned subsidiary of US Robotics, Inc. which was acquired by 3Com in 1997. In 1993 he co-founded US start-up Xedia Corporation in Boston, Massachusetts, an early pioneer of network switching and one of the market leaders in IP bandwidth management, which was subsequently sold to Lucent Corporation in 1999. In 1994 Jens became Chairman and CEO of Datatec. He has previously served on the boards and subcommittees of various public companies, and currently serves as Chairman of Corero plc, an AIM-listed network security business.

Rob Evans
Group Operations Director
Age: 49 (British)
Date of appointment: 1 May 2012

Rob is Chairman of Analysys Mason and Mason Advisory and was appointed COO of Logicalis Group, effective 1 March 2015. Rob has also held senior commercial and operational positions within Datatec between 1996 and 2000 and again from 2008 to present, as well as within divisions of other listed groups including Proudfoot and Data Translation. He qualified as a UK Chartered Accountant with KPMG, where he worked in London and Melbourne.

Jurgens Myburgh
Chief Financial Officer
Age: 40 (South African)
Date of appointment: 1 May 2014

Jurgens was appointed CFO of Datatec on 1 June 2014. Prior to joining Datatec, he was executive Vice-President and Head of Mergers and Acquisitions at Standard Bank. He has extensive experience in finance, management, listed-company corporate actions and mergers and acquisitions. Jurgens qualified as a Chartered Accountant (South Africa) at KPMG in 2000, and in 2008, completed a global enterprise managerial programme at the Thunderbird School of Global Management in Phoenix, Arizona.

Chris Seabrooke
Independent non-executive director
Age: 62 (South African)
Date of appointment: 6 October 1994

Chris has been a director of over 25 stock exchange-listed companies. He is currently CEO of Sabvest Limited, Chairman of Metrofile Holdings Limited and Transaction Capital Limited, Deputy Chairman of Massmart Holdings Limited and a director of Torre Industries Limited (all JSE listed). He is also a director of Net1 UEPS Technologies, Inc. (Nasdaq/JSE) and Brait S.E. (Luxembourg/JSE). Chris is a former Chairman of the South African State Theatre and former Deputy Chairman of the inaugural board of the National Arts Council of South Africa. Chris has Bachelor of Commerce and Bachelor of Accountancy degrees from the University of KwaZulu-Natal, an MBA from the University of the Witwatersrand and is a Fellow of the UK Chartered Institute of Management Accountants ("FCMA"). He is also a member of the Institute of Directors.

John McCartney
Independent non-executive director
Age: 62 (American)
Date of appointment: 16 July 2007

John served as a non-executive director of Datatec from May 1998 to September 2002 and was then reappointed in July 2007. He was formerly President and COO of US Robotics, Inc., which he joined in 1984, as well as President of 3Com Corporation's Client Access Unit. John is currently non-executive Chair of Huron Consulting Group (NASDAQ) and serves on the board of Rice Energy, Inc. (NYSE), and is a member of Westcon's Audit, Risk and Compliance Committee as well as the Compensation Committee.

Funke Ighodaro
Independent non-executive director
Age: 52 (Nigerian/British)
Date of appointment: 1 September 2010

Funke is Chief Financial Officer and an executive director of Tiger Brands Limited. She is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA).

Nick Temple
Independent non-executive director
Age: 67 (British)
Date of appointment: 1 October 2002

Nick has had a distinguished career at IBM, serving for 30 years in various positions around the world as one of IBM's most senior international executives. He is currently a non-executive director and adviser to a number of companies.

Professor Wiseman Nkuhlu
Independent non-executive director
Age: 71 (South African)
Date of appointment: 1 September 2006

Wiseman is Chancellor of the University of Pretoria, chairman of NM Rothschild & Sons (SA) and a director of the Ethics Institute of South Africa and AngloGold Ashanti Limited. He is also a trustee of the IFRS Foundation. Wiseman was formerly president of the International Organisation of Employers, Geneva between June 2008 and June 2011. He also served as economic adviser to the President of South Africa, Thabo Mbeki, and as Chief Executive of the Secretariat of New Partnership for Africa's Development from October 2000 to July 2005. Wiseman has a Bachelor of Commerce degree from the University of Fort Hare, is a Chartered Accountant (South Africa) and has an MBA from the University of New York.

STAKEHOLDER ENGAGEMENT

Datatec recognises stakeholder engagement as key to our corporate accountability and has identified key stakeholder groups who may impact on or be impacted by our business strategy, activities and policies.

STAKEHOLDER	STAKEHOLDER MATERIAL ISSUES
Shareholders	• Sustainable, long-term, above-average returns (dividends; share price) • Governance • Risk management • Credibility (trust and reputation) • Timely, transparent and full disclosure (financial and non-financial matters)
Financial institutions and debt funders (including major vendors as suppliers of credit)	• Reporting and disclosure • Financial health • Liquidity • Ratios • Cash generation • Risk management • Growth prospects • Compliance • Covenant adherence
Employees	• Incentives and rewards • Non-discriminatory work environment • Ongoing training • Opportunities to obtain multiple vendor accreditations • Nature, variety and breadth of work • Opportunity to be empowered at a junior level

We engage in proactive dialogue with key stakeholders aimed at establishing and maintaining an open and transparent relationship based on trust and mutual respect.

We engage a broad range of stakeholders through various channels with the aim of identifying and addressing areas of mutual interest. Datatec continues to conduct materiality assessments at Group and divisional board and management levels. We recognise this as a dynamic process due to the changing nature of material issues.

ENGAGEMENT	HOW FEEDBACK INFORMS STRATEGY	RESPONSIBILITY
• Formal investor relations policy • Integrated Report • Corporate website • SENS/RNS announcements • Interim management statements • Investor roadshows and 1:1 meetings • Analyst interaction • Formal shareholder meetings, Annual General Meeting and Shareholder General Meetings • Subscriber-based email notifications • Regulatory notices • Media	• Discussed at Board/ Board committee meetings	• Chairman • CEO • CFO • Company Secretary • Group Investor Relations Manager
• Regular personal interaction	• Discussed at Board meetings • Discussed at divisional board meetings	• CEO • CFO and finance team • Divisional CEOs • Divisional CFOs
• Decentralised engagement programmes – operation specific • Inaugural Group employee engagement survey in FY15 to develop a consistent employee engagement metric (Group pilot at Logicalis) • Education, training and development programmes – operation specific • Ongoing managing director email communiqués and town hall meetings within operations • Annual sales and marketing team meetings • Employee performance assessments • Group and regional tracking of employee turnover rate and drivers	• Employee feedback is currently limited to operational level and addressed at divisional level by country. Divisional Exco reports any major issues that come to its attention to Group Exco, which may be escalated to Board level where strategy is affected	• CEO • Remuneration Committee • Divisional CEOs

STAKEHOLDER ENGAGEMENT CONTINUED

STAKEHOLDER	STAKEHOLDER MATERIAL ISSUES
Customers	• Best value, optimum solution • Effectiveness of systems • Value for money • Premium (best-in-class) vendors • Vendor profile (broad offering) • High degree of technical competence • Sustainability and performance • Quality of service • Diverse product and service offering across Group • Reputational issues • Innovation and early adaptation to emerging trends
Vendors (suppliers)	• Alignment with vendor approach to market messaging • Breadth of offering using the vendor products • Customer procurement (methodology and targets) • Meeting vendor financial targets • Meeting vendor customer satisfaction metrics • Accreditations (training) • Quality of training programmes • Maintaining technical edge in light of ongoing market evolution • Scope for alignment and scale of operations • Customer satisfaction • Quality of service • Geographic reach • Financial health • Reputational issues • Innovation and early adaptation to emerging trends
Governments and regulators (region dependent)	• Investment • Employment • Taxation • Compliance • Impact on energy usage (IT centres) • Import and customs controls
Trust beneficiaries	• Development of education (specifically mathematics, science and IT) in previously disadvantaged communities • Charitable and compassionate aid

ENGAGEMENT	HOW FEEDBACK INFORMS STRATEGY	RESPONSIBILITY
• 1:1 meetings • 1:1 technical interaction pre-sales and post-implementation • Working in partnership with customers and vendors • Customer satisfaction surveys • Marketing collateral • Social media • Functions and events	• Customer feedback dovetails with vendor feedback (see Vendors) • Addressed at divisional level • Report back to the Board	• Group and divisional CEOs and CFOs
• Vendor conferences • 1:1 interaction at all levels • Vendor satisfaction surveys • Vendor audits and assessments • Contract renewal process	• Divisional boards • Report back to the Board • Vendor audit results are tabled at divisional management level and addressed where applicable	• Group and divisional CEOs and CFOs
• Formal regulatory enquiries/onsite governance assessments • Regular proactive submissions and personal interaction	• Discussed at Board/Board committee meetings • Addressed at operational level	• Group and divisional CFOs • Company Secretary
• Datatec Educational and Technology Trust	• Discussed at Social and Ethics Committee and Board meetings	• Group Corporate Director • Group Investor Relations Manager • Trustees of the Trust

CHAIRMAN'S REVIEW

"A key part of the sustainability of our strategy is developing our people to enable them to realise their full potential and build a sustainable skills pool for the benefit of Datatec."

Stephen Davidson
Chairman

We are committed to delivering long-term, sustainable and above-average returns to shareholders through portfolio management and the development of our principal subsidiaries in technology solutions and services to targeted customers in identified markets.

A key part of the sustainability of our strategy is developing our people to enable them to realise their full potential and build a sustainable skills pool for the benefit of Datatec. Protecting our environment and supporting communities in which we operate is important to us and we all take particular pride in the work of the Datatec Educational and Technology Trust (highlighted on pages 85 – 89 of this report).

All activities of the Group underpin our commitment to being ethical, honest, socially responsible corporate citizens. All employees sign up to Datatec's Code of Conduct which is firmly rooted in the ten principles of the United Nations Global Compact and helps to direct the actions within our global context.

Governance

We see excellence in governance as fundamental to the sustainability of our business and I am confident that we have an experienced and well-balanced Board with a majority of independent directors who contribute actively to all deliberations and play a significant role in guiding the formulation of our growth strategy.

Risk management is firmly embedded in Datatec with the risk policy set by the Board and enacted throughout the Group through a risk management framework. The aim is to harmonise a set of procedures involving managers throughout the Group's divisions in order to identify, manage and where appropriate, mitigate risks faced by the business.

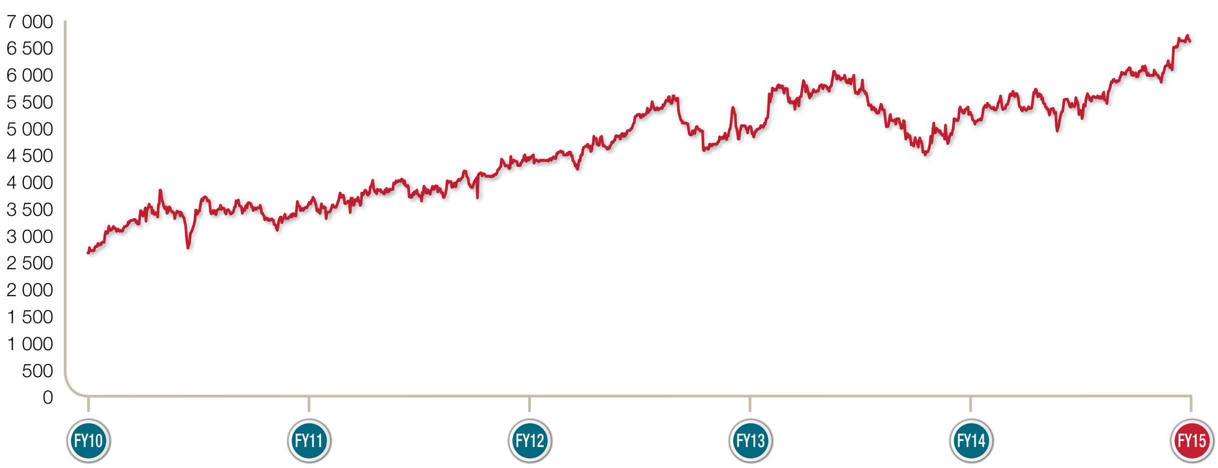
Financial overview

The Group delivered improved results driven by a strong Westcon performance throughout the year and across all regions. The recovery in North America supported a 13.3% growth in revenue to US$6.4 billion while an improvement in operating leverage saw the Group increase underlying earnings per share by 17.1% to 41.8 US cents.

Scrip distribution with cash dividend alternative

We have maintained the level of our annual distribution at the same level in US Dollar terms for the third year running due to our sound financial position. This reflects our confidence in the Group's long-term strategy. Our dividend cover policy remains unchanged, which is to distribute to shareholders at least one-third of underlying earnings per share.

Share price (ZAR cents)



Source: I-Net Bridge

CHAIRMAN'S REVIEW CONTINUED

This year Datatec changed from making capital distributions to shareholders in cash (paid from contributed tax capital) to scrip distributions with a cash dividend alternative (paid from distributable reserves). This change allows Datatec to increase its capital base to support continued growth and will also facilitate Datatec's management of its internal liquidity. It affords shareholders the opportunity to increase their shareholding in Datatec while providing flexibility for those shareholders who would prefer to receive a cash dividend.

The Company paid an interim scrip distribution with cash dividend alternative of 88 ZAR cents (approximately 8 US cents) to shareholders on 1 December 2014. Shareholders who did not elect to receive cash constituted 61.8% of the issued share capital and received scrip distribution shares amounting to 1.64% of their existing holdings. Shareholders who elected to receive cash constituted 38.2% of the issued share capital.

The Board has declared a final scrip distribution with cash dividend alternative of 108 ZAR cents (approximately 9 US cents) in relation to the financial year ended 28 February 2015.

Shareholders

Datatec's shares are listed on the JSE and on AIM. Our largest shareholders are South African investment managers which are among more than 4 000 shareholders spread across the world. I would like to thank them for their continued support. We see our shareholders as key stakeholders and our primary partners to deliver on our sustainable growth strategy which is set out in this Integrated Report.

Appreciation

I would like to extend my thanks to my fellow directors for their wise stewardship and strategic guidance. Specifically I thank our CEO, Jens Montanana, for his exemplary leadership of the Group.

I also express my appreciation to each of our more than 8 000 employees for their dedication and loyalty.

Datatec's employees contribute not only to the Group but also in many ways to the communities in which they live and work. This Integrated Report contains some examples of the social commitment our employees demonstrate.

Last but not least, I thank our customers and vendor partners for their continued support.

Stephen Davidson
Chairman
13 May 2015

EXECUTIVE DIRECTORS' REPORT

"The Group's scale and global diversity positions us well to take advantage of key markets and high-growth opportunities."

Jens Montanana
CEO

Jurgens Myburgh
CFO

EXECUTIVE DIRECTORS' REPORT CONTINUED

Our vision is to be the global leader in speciality high-value ICT solutions through distribution and integration services businesses, in collaboration with the best-in-class vendor technology partners. We have built an extensive global footprint through our entrepreneurial expansion and aim to continue to add technological agility and service excellence to deliver value to all stakeholders.

Market conditions

The macroeconomic environment in which the Group operates remained challenging for the period under review with global synchronised growth upset by gyrations in currencies, the strengthening of the US Dollar and the collapse in oil prices.

The recovery in the United States is becoming more sustained; however, growth in other parts of the world remains uneven. The interest rate environment remains favourable with general consensus pointing towards an increase in US interest rates in the short term. In Europe and emerging markets, the economic environment remains mixed. It seems likely that the launch of quantitative easing measures in Europe has begun to pave the way for gradual economic growth. Asia-Pacific continues to be impacted by the shifting patterns in the Chinese economy whilst economic growth in Australia remained subdued. Over the medium to longer term, any recovery in the United States and Europe as well as the effect of lower cost energy should boost many emerging economies by lifting exports and consumption.

The ICT industry is continuing its transition towards more applications being run on cloud-based infrastructure solutions. As a result, many of the areas in which the Group operates continue to benefit from the rapid proliferation of wireless and mobile broadband networks. Technology decisions are increasingly being made at a business and commercial level and are no longer just the remit of IT departments.

The Group's scale and global diversity positions us well to take advantage of key markets and high-growth opportunities.

Financial review

Group revenues increased 13.3% to US$6.4 billion (FY14: US$5.7 billion) reflecting a 19.4% increase in Westcon revenues, partially offset by a 1.1% decline in Logicalis.

Gross margins were slightly lower at 14.5% (FY14: 14.8%) due to the increased contribution of Westcon to overall revenues. Gross profit increased by 10.9% to US$932.9 million (FY14: US$841.4 million) while operating costs grew by 9.1% to US$726.5 million (FY14: US$666.1 million).

EBITDA increased by 17.7% to US$206.4 million (FY14: US$175.3 million), which includes unrealised foreign exchange gains of US$1.0 million (FY14: US$3.4 million loss).

The Group's EBITDA margin of 3.2% was up slightly (FY14: 3.1%) due to operating leverage and increased efficiency across all divisions.

Depreciation was US$26.3 million (FY14: US$26.4 million). Amortisation of acquired intangible assets and software was US$15.2 million (FY14: US$15.1 million) and amortisation of capitalised software development expenditure was US$7.2 million (FY14: US$6.3 million). Depreciation and amortisation includes a favourable impact arising from a revision of the amortisation period of the ERP system to terminate two years later than originally estimated.

Operating profit was up 29.2% to US$157.8 million (FY14: US$122.1 million).

The net interest charge decreased to US$17.6 million (FY14: US$21.6 million) mainly as a result of improved working capital management that led to reduced levels of average net debt during FY15.

Profit before tax was US$140.2 million (FY14: US$101.8 million).

The Group's reported effective tax rate for FY15 is 36.8% (FY14: 36.8%). 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 ("UEPS") were up 17.1% to 41.8 US cents (FY14: 35.7 US cents). Headline earnings per share ("HEPS") were 37.0 US cents (FY14: 31.6 US cents).

The Group generated US$186.2 million cash from operations during FY15 (FY14: US$32.2 million) and ended the year with net debt of US$87.1 million (FY14: net debt US$86.7 million), taking into account long-term debt of US$21.6 million and short-term debt of US$43.5 million, included in payables and provisions. The Group continues to enjoy comfortable headroom in its working capital facilities.

During FY15, the Group completed the following transactions:

Westcon

30 August 2014 – Westcon acquired the assets of Verecloud, for US$12.0 million (including US$1.0 million deferred purchase consideration). Verecloud enables Westcon to bring powerful channel-optimised cloud solutions and services distribution capabilities to the market. Over the past 18 months, they have co-developed a truly differentiated cloud go-to-market capability. They are well positioned to leverage the potential that cloud has for technology vendors, and for resellers to broaden their service solutions.

Logicalis

1 September 2014 – Logicalis acquired a 51% shareholding in Ituma for US$1.4 million. Wi-Fi-enabled services is an exciting segment of the growing global wireless data market. Our investment in Ituma provides Logicalis with access to a new complementary solution that has the potential to support increases in annuity, services and infrastructure revenues across multiple territories in which Logicalis operates.

2 January 2015 – Logicalis acquired a 100% shareholding in Inforsacom for US$17.3 million. The acquisition of Inforsacom creates a larger platform with broader ICT services capabilities to augment Logicalis' existing German operations, in line with the strategy of growing our presence in Europe.

December 2014 and January 2015 – Logicalis increased its holding in PromonLogicalis Latin America Limited from 60% to 65%.

The fair value of companies acquired during the year was US$30.0 million. As a result of the acquisitions, goodwill and intangible assets increased by US$24.4 million and US$10.4 million respectively.

Datatec issued 6.5 million new shares during the year: 4.4 million shares as part of acquisition activities; 2.0 million shares for the FY15 interim scrip distribution; and 0.1 million shares to satisfy exercised share options.

The Group paid US$33.3 million to shareholders during the year: a final capital distribution in respect of FY14 of US$17.2 million in July 2014 and an interim scrip distribution with cash dividend alternative in respect of FY15 in December 2014.

The total value returned to shareholders in the FY15 interim distribution was US$16.1 million of which US$10.0 million (61.8%) was distributed to shareholders in the form of scrip (new shares) and US$6.1 million (38.2%) was settled in cash to those shareholders who had elected the cash dividend alternative.

A final scrip distribution with cash dividend alternative for FY15 has been declared as set out on page 26 under dividend.

Divisional performance

Westcon

Westcon's operations are located in more than 60 countries and create unique distribution supply programmes which provide support to accelerate the business of its local, regional and global partners. Westcon's portfolio of market-leading vendors includes among others: Cisco, Avaya, Polycom, Juniper, Check Point, F5, Palo Alto Networks and Blue Coat.

Revenues increased by 19.4% to US$4.9 billion (FY14: US$4.1 billion). Most notably, revenues improved in North America where sales increased 41.9% through a return to efficient execution following the resolution of post-ERP confronts in that region.

** Underlying earnings exclude 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.*

EXECUTIVE DIRECTORS' REPORT CONTINUED

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

Westcon's management remains focused on improving operational efficiency through the global roll out of its ERP system, with implementation in New Zealand, Singapore and Australia during FY15. The roll out is continuing in FY16, in conjunction with further operational efficiency measures.

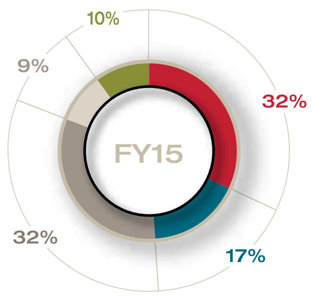
Logicalis

Logicalis has operations in North America, throughout Latin America, Europe and across Asia-Pacific. Logicalis provides turnkey ICT integration services and solutions including the design, build and management of networks and data centres for mid-sized and large enterprise clients, across multiple geographies.

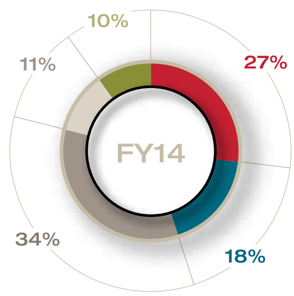
Revenue was US$1.5 billion (FY14: US$1.6 billion), including US$21.9 million from acquisitions made during the year. Organic revenue was down 3% due to lower product sales across the main vendor categories (Cisco, IBM and HP), which were only partially offset by increases in other vendor categories.

Revenues from total services were up 7.9%, with increases in both professional services and annuity

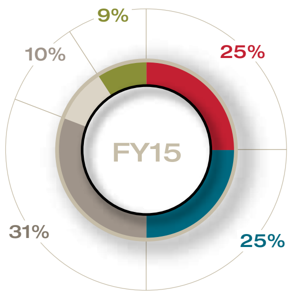
Group revenue contribution % by geography



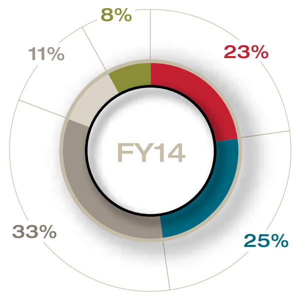
- North America
- Latin America
- Europe
- Asia-Pacific
- AME



Group gross profit contribution % by geography



- North America
- Latin America
- Europe
- Asia-Pacific
- AME



service revenues. This change reflects customers' increasing shift towards, and Logicalis' response to, service-based solutions.

Sequentially revenues advanced 14.7% higher in the second half driven by higher professional services and product revenues.

Revenue growth for the year was mixed across the regions with marginal increases in North and Latin America offset by Asia-Pacific, which was adversely impacted by difficult trading conditions in Australia and a weakening in the macroeconomic environment.

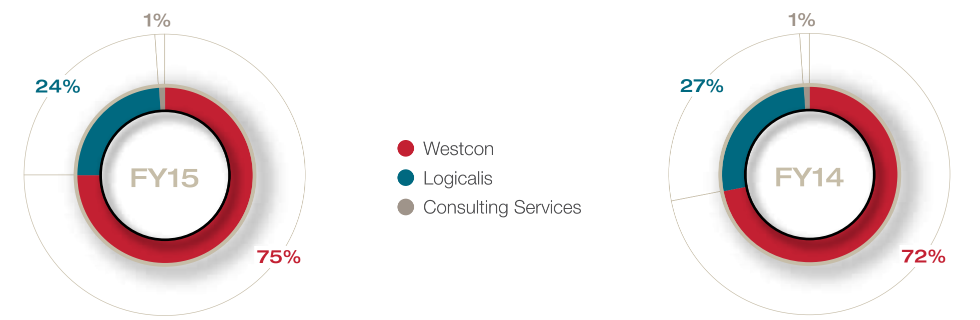
Logicalis continues to adapt its go-to-market model and develop its services to address the change to cloud-based solutions. The dramatic weakening of the Brazilian Real against the US Dollar in particular will moderate growth expectations in the Latin America region. Logicalis UK is going through a reorganisation pursuant to the completion of a major seven-year contract.

Consulting Services

The Consulting Services division comprises the following three businesses:

- Analysys Mason, a provider of strategic, trusted advisory, business modelling and market intelligence services to the telecoms, digital media and technology ("TMT") industries.
- Mason Advisory, an independent ICT consultancy providing related strategic, technical and operational advice to the public and private sectors.

Contribution to Group revenue



Contribution to Group EBITDA

EXECUTIVE DIRECTORS' REPORT CONTINUED

- The Via Group ("Via"), a specialist professional services organisation providing unified communications and integrated voice solutions that encompass Microsoft technology.
- Intact Integrated Services ("Intact") was transferred to Westcon in July 2014.

Divisional revenues were US$55.2 million (FY14: US$72.6 million). EBITDA improved to US$3.2 million (FY14: US$2.1 million) due to the transfer of Intact to Westcon, operating improvements at Via and cost-saving initiatives. The FY14 comparatives include Intact revenues of US$15.4 million and EBITDA loss of US$1.6 million. From FY15, Intact is included in the Westcon results.

Dividend

The Board has declared a total dividend for the year of 17 US cents, including an interim dividend of 8 US cents. The dividend policy for the Group remains a cover of three times underlying earnings per share.

Strategy

The Group's strategy remains to support the development of its principal operating subsidiaries and also to look for sector-aligned acquisition opportunities both as incremental or standalone investments.

Westcon is seeking to improve its operating efficiencies through a combination of business transformation and scale. It plans to roll out its new ERP system in Europe after the implementation of a shared services initiative aimed at standardising the operating processes and procedures across the region. This is expected to deliver significant benefits to Europe in the first instance and to the broader EMEA region thereafter. In addition, Westcon is looking to increase the revenue scale in many of its developing markets by adding products from new vendors and additional customers.

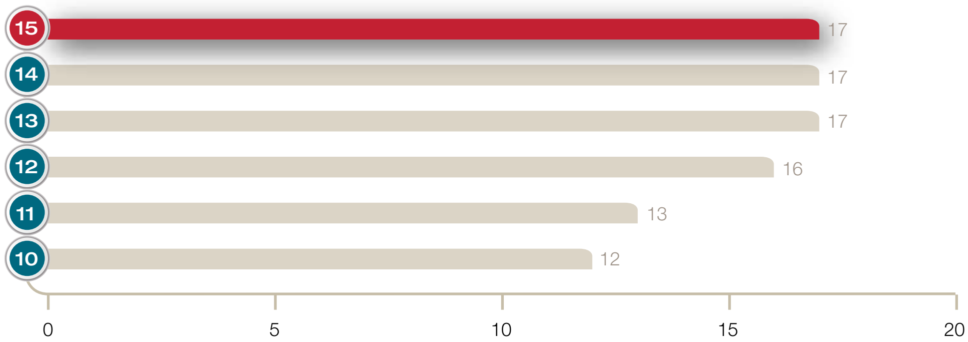
Logicalis continues to adapt to a more service-led model as customers' IT configurations evolve to take advantage of the transition to enterprise computing in the cloud and using Infrastructure as a Service ("IaaS"). This development towards enhanced services contributing to revenue through longer-term contracts with customers will continue to be a theme in FY16. Logicalis is well placed to consolidate its market positions in North America, Latin America and Asia-Pacific through the execution of targeted acquisitions in these regions.

The Consulting Services division has been transformed, through the transfer of Intact into Westcon and the separation of Mason Advisory from Analysys Mason. The current sales pipeline indicates that demand is expected to continue into FY16.

Prospects

The Group remains well positioned to support its vendors and customers through its scale and broad international coverage. Technology innovation remains high in the sectors in which the Group operates as IT infrastructure migrates to cloud-based delivery, often requiring managed services. This continues to create demand for networking, security, mobility and unified communications solutions.

Dividend/Distribution per share (US cents)



The shift to cloud-based solutions is impacting the timing of product revenue recognition as infrastructure is delivered as a service. This is also changing competition in some market segments. Westcon and Logicalis are capitalising on these trends through continued vendor and customer alignment and innovation.

The Board has decided to discontinue specific forward guidance due to, *inter alia*, the size and diversification of the business today as well as the volatility of the multiple currencies in which the Group operates.

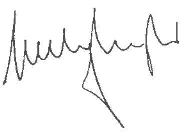
Based on market conditions, revenue growth will be driven by industry trends, market share expansion, exploiting new technology solutions and the continuing increase in services. Datatec expects earnings to be positively impacted by the growth momentum at Westcon offset by reorganisation in Logicalis UK and continued Dollar strength.

Appreciation

As always, we would like to thank the Board of Directors for their guidance, counsel and support during the past year. We are also grateful to all our vendors, customers, shareholders and other business partners and stakeholders for their continued support and contribution to the Group.

Finally, we wish to thank our employees for their dedicated service in driving solutions for our clients, to the continued distinction of the Group.

Jens Montanana
CEO
13 May 2015



Jurgens Myburgh
CFO
13 May 2015

SIX-YEAR REVIEW

	2015	2014	2013	2012	2011	2010
IN US DOLLARS (US$'000)						
Revenue	**6 443 536**	5 688 054	5 246 667	5 033 394	4 302 972	3 738 026
Continuing operations	**6 421 646**	5 464 474	5 063 855	4 940 164	4 293 955	3 698 134
Acquisitions	**21 890**	223 580	182 812	93 230	9 017	39 892
Operating profit before interest, depreciation and amortisation ("EBITDA")	**206 393**	175 265	185 538	190 191	142 181	108 536
Operating profit before goodwill and intangible adjustment/impairment	**157 758**	127 530	141 373	150 644	104 976	75 966
Westcon*	**100 207**	67 447	98 200	120 360	91 277	66 040
Logicalis	**74 165**	67 523	54 697	42 609	31 340	25 203
Consulting Services*	**2 362**	1 041	2 081	3 331	(764)	790
Corporate and other holdings	**(19 590)**	(13 210)	(14 314)	(17 502)	(15 886)	(11 555)
Head office foreign exchange gain/(loss)	**614**	4 729	709	1 846	(991)	(4 512)
Profit before taxation	**140 162**	101 796	127 247	137 971	78 178	54 104
Profit after taxation	**88 628**	64 300	85 084	89 069	45 940	31 639
Attributable profit	**73 772**	55 780	78 077	80 846	41 893	29 974
Headline profit	**73 674**	62 083	78 071	80 188	44 020	29 978
Capital distribution and dividends paid to shareholders	**(23 459)**	(31 594)	(32 394)	(36 383)	(21 713)	(21 982)
Non-current assets	**701 809**	673 650	661 324	574 970	515 590	459 963
Current assets	**2 572 773**	2 318 374	2 028 740	1 823 437	1 481 342	1 442 081
Equity attributable to equity holders of the parent	**870 850**	871 617	865 433	823 369	727 702	667 879
Non-controlling interest	**41 599**	52 868	51 578	56 059	42 677	50 900
Non-current liabilities	**103 710**	94 131	84 324	66 083	91 102	68 194
Current liabilities	**2 258 423**	1 973 408	1 688 729	1 452 896	1 135 451	1 115 071
Net cash inflow/(outflow) from operating activities	**115 400**	(34 434)	241 664	32 942	(100 897)	196 079
Net cash outflow from investing activities	**(51 477)**	(59 127)	(119 405)	(55 476)	(46 000)	(53 454)
Net cash outflow from financing activities	**(36 025)**	(16 358)	(46 058)	(64 067)	(15 036)	(13 391)
Cash net of short-term borrowings	**(22 101)**	(41 770)	73 316	1 813	83 219	239 834
Cash net of short and long-term borrowings	**(87 124)**	(86 740)	47 621	(20 454)	48 120	185 998
IN US CENTS						
Headline earnings per share	**37**	32	41	43	24	17
Underlying‡ earnings per share	**42**	36	43	48	38	30
Basic earnings per share	**37**	28	41	43	23	17
Net asset value per share	**428**	442	448	439	392	366
Tangible net asset value per share	**159**	170	175	197	178	158
Distribution per share (US cents)	**17**	17	17	16	13	12

	2015	2014	2013	2012	2011	2010
RATIOS						
Return on capital employed	**16.8%**	13.6%	15.5%	17.6%	13.3%	10.4%
Return on average shareholders' equity	**9.5%**	8.1%	9.8%	11.5%	10.0%	8.6%
Net debt/equity ratio	**0.10:1**	0.10:1	(0.06):1	0.02:1	(0.07):1	(0.28):1
Current ratio	**1.1:1**	1.2:1	1.2:1	1.3:1	1.3:1	1.3:1
EBITDA margin	**3.2%**	3.1%	3.5%	3.8%	3.3%	2.9%
Operating profit margin	**2.4%**	2.2%	2.7%	3.0%	2.4%	2.0%
Interest cover	**9.4**	7.0	6.9	8.7	8.8	8.1
Percentage change in SA Consumer Price Index	**3.9**	5.9	5.9	6.1	3.7	5.7
STOCK EXCHANGE PERFORMANCE						
Total number of shares traded ('000)	**79 850**	54 038	79 044	60 176	104 059	113 195
Total number of shares traded as a percentage of total shares	**40.0%**	27.5%	41.4%	32.4%	56.6%	64.2%
Total value of shares traded (R'million)	**4 335**	2 888	3 832	2 337	3 494	2 422
Prices (cents)						
Closing	**6 005**	4 701	4 871	4 500	3 576	3 074
High	**6 290**	6 138	5 768	4 510	3 848	3 295
Low	**4 601**	4 270	4 199	3 252	2 720	1 042
Market capitalisation (R'million)	**12 227**	9 268	9 405	8 448	6 637	5 604
P:E ratio (underlying earnings)	**13**	13	13	13	13	13
SHARES ISSUED						
Issued (million)	**204**	197	193	188	186	182
Weighted average (million)	**199**	197	191	186	184	177
EMPLOYEES						
Number of employees at the end of the year	**8 248**	7 627	6 586	5 611	4 836	4 126
Average number of employees	**7 938**	7 107	6 099	5 224	4 481	4 116
Operating profit per average employee (US$'000)	**20**	18	23	29	23	18
Gross assets per employee (US$'000)	**397**	392	408	427	413	461
EXCHANGE RATES						
Rand/US$ statement of comprehensive income translation rate	**11.0**	10.1	8.4	7.3	7.2	7.9
Rand/US$ statement of financial position translation rate	**11.7**	10.7	8.8	7.5	7.0	7.6

Notes:

- *Net tangible asset value per share is calculated using net asset value exclusive of acquired intangible assets and software, goodwill and capitalised software development costs and the number of shares in issue at the end of the financial period.*
- *Return on capital employed is calculated using operating profit before intangible and goodwill adjustments/impairment and the average of opening and closing capital employed. Capital employed is calculated using total shareholder funds plus all long-term liabilities including amounts due to vendors of a long-term nature but excluding deferred tax liabilities and liability for share-based payments.*
- *Return on average shareholders' equity is calculated using underlying earnings‡ and the average of opening and closing equity attributable to the equity holders of the parent.*
- *Debt, for the purposes of the debt/equity ratio, includes all long-term liabilities including the short-term portion of long-term debt but excluding deferred tax liabilities, amounts owing to vendors and liability for share-based payments. Net debt includes cash and cash equivalents.*
- *Ratios referring to operating profit use operating profit before goodwill and intangible adjustments/impairment.*
- *Interest cover is calculated using EBITDA over finance cost.*
- *The SA Consumer Price Index is sourced from The Standard Bank of South Africa Limited.*
- *Detailed segmental information is set out in Note 32 of the consolidated annual financial statements on pages 92 – 168.*

‡ *Underlying earnings exclude 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.*

* *The results of Intact have been included in Westcon in FY15 and in the Consulting Services division in preceding periods.*

VALUE ADDED STATEMENT

for the year ended 28 February 2015

Value creation

Value creation for stakeholders in purely financial terms is readily measurable and is recorded in the value added statement. Of equal importance though are the ways Datatec adds value to the sustainable development of its customers, employees and other stakeholders, in ways which are less readily represented in financial terms.

During FY15, Datatec added **US$856 million of value** (FY14: US$730 million), which was distributed among key stakeholders as shown below:

79% (FY14: 79%)
of the value created was distributed to employees in the form of salaries, wages and benefits.

It should be noted that this element represents the gross payments to employees. Employee tax and social taxes are deducted from this in accordance with the laws of the jurisdictions in which the employees are employed and remitted to the governments concerned in a secondary distribution of the value generated from Datatec's operations.

6% (FY14: 5%)
of the value created was distributed directly to governments in the jurisdictions in which the Group operates.

3% (FY14: 3%)
of the value created was paid to the Group's providers of loan capital in the form of interest payments.

12% (FY14: 13%)
of the value created during FY15 was retained in the Group for reinvestment to sustain and expand the business.

	2015 US$'000	2014 US$'000
Revenue	**6 443 536**	5 688 054
Other income not included in revenue:		
Interest received	4 324	3 580
Less: Paid to suppliers for materials and services	(5 579 279)	(4 961 768)
Total value added	**868 581**	729 866
Distributed as follows:		
Employees		
Salaries, wages and benefits	687 566	572 207
Providers of capital		
Finance costs	21 930	25 168
Government		
Taxation – current	53 081	35 797
Total value distributed	**762 577**	633 172
Portion of value reinvested to sustain and expand the business		
Depreciation and amortisation	48 635	47 735
Deferred taxation	(1 547)	1 699
Non-controlling interests	(14 856)	(8 520)
Equity holders of the parent	73 772	55 780
Total value distributed and reinvested	**868 581**	729 866

Value added statement

WestconGroup

Dolph Westerbos
WestconGroup CEO

PERFORMANCE

Revenue up **19%** to **US$4 854.5 million**

Gross margins stable above **11%**

Senior management and reorganisational changes

Increased revenue contribution across all regions highlighted by **42% growth** in North America

EBITDA increases **37%** to **US$125.1 million**

LinkedIn › www.linkedin.com/company/westcon

› www.facebook.com/westcongroup

WESTCON – DIVISIONAL REPORT

Corporate overview

WestconGroup ("Westcon") is a value-added distributor of category-leading security solutions, unified communications and collaboration, network infrastructure and data centre solutions with a global network of speciality resellers.

Westcon is represented across six continents, distributes to 170 countries, operates more than 20 logistics/staging facilities and transacts with more than 20 000 customers globally. Westcon consists of two go-to-market brands and business units:

Westcon

Operating in the Americas, Europe, Asia-Pacific, Africa and the Middle East, Westcon provides category-leading solutions from a broad portfolio of premier vendors. Westcon has deep expertise in the following areas and technologies:

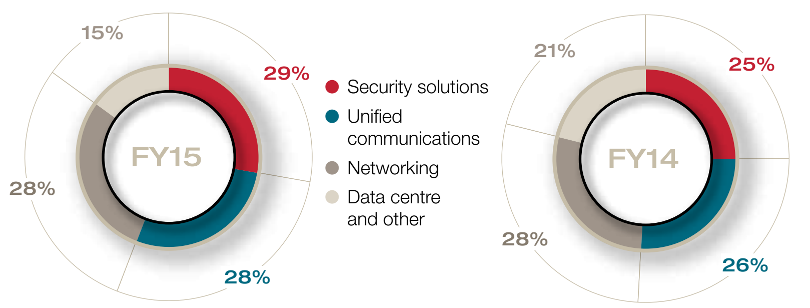
- **Security solutions:** Blue Coat, Check Point, F5 Networks, FireEye, Fortinet, HP, Juniper Networks, Palo Alto Networks, Radware, RSA, SafeNet and Trend Micro
- **Unified communications and collaboration:** AudioCodes, Avaya, Jabra, Multi-Tech Systems, Plantronics, Polycom and SMART Technologies
- **Networking infrastructure:** Extreme Networks, Juniper Networks and Meru Networks
- **Data centre:** EMC, Fujitsu, NetApp, Riverbed, VCE Corporation and VMWare

Comstor

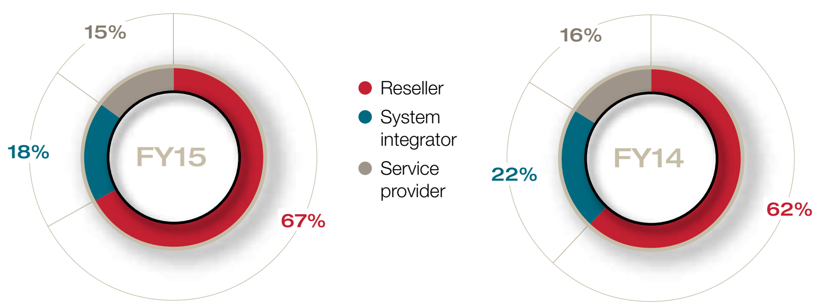
Comstor is the Cisco-centred business unit of WestconGroup, shipping to more than 100 countries. The business distributes the full line of Cisco networking, collaboration, security and data centre solutions:

- **Enterprise networking:** Cisco Routers and Catalyst Series Switches and Cisco Wireless Series
- **Collaboration:** Cisco Unified Communications Manager, Cisco Unified IP Phones, Cisco TelePresence and Video and Content Delivery Solutions
- **Security:** Cisco AnyConnect, Cisco ASA, Cisco IPS, Cisco VPN, Cisco Email/Cloud Email/Web Security Appliances, and Cisco Cloud Web Security
- **Data centre:** Cisco Unified Computing System, Cisco Nexus Switches and Cisco MDS Storage Switches
- **Services:** SMARTnet, SmartCare and Advanced Services

Revenue % by technology category



Revenue % by customer



The current year marked a period of changes and transitions that improved Westcon's overall performance while also positioning it for future growth. Strategic acquisitions within key categories, including cloud and technology services, broadened its capabilities to better serve these and other fast-emerging markets more efficiently, profitably and responsively to changing customer demands.

Building on this growth momentum, Westcon formed pivotal alliances with leading technology vendors across multiple practice areas, further enhancing its potential for long-term success within its global capabilities and technology practice areas such as:

- **Global capabilities**
  - Security
  - Unified communications and collaboration ("UCC")
  - Networking
  - Data centre
- **Technology practices**
  - Cloud
  - Global deployment
  - Services

See **www.westcongroup.com** for more information

WESTCON – DIVISIONAL REPORT
CONTINUED

Westcon's culture of performance was also evident as new and existing leadership teams strengthened operational cadence and accountability, resulting in increased revenue contribution across most regions, highlighted by 41.9% growth in North America.

How Westcon creates value

Vision and value proposition

Knowing it takes more than anticipating technology trends, but also how they will change the way businesses operate, Westcon empowers solution providers – through education, training, programmes and services – to become the trusted advisers of tomorrow's leading enterprises. Westcon works with the world's most progressive and innovative technology vendors to create effective routes to high-growth, advanced technology markets critical to their fundamental growth while also providing the fastest time to revenue. By consistently and responsibly providing the right products, services, technologies and resources to capitalise on fast-changing market opportunities, Westcon has become the IT channel's go-to business source for unified communications, network infrastructure, data centre, and security solutions.

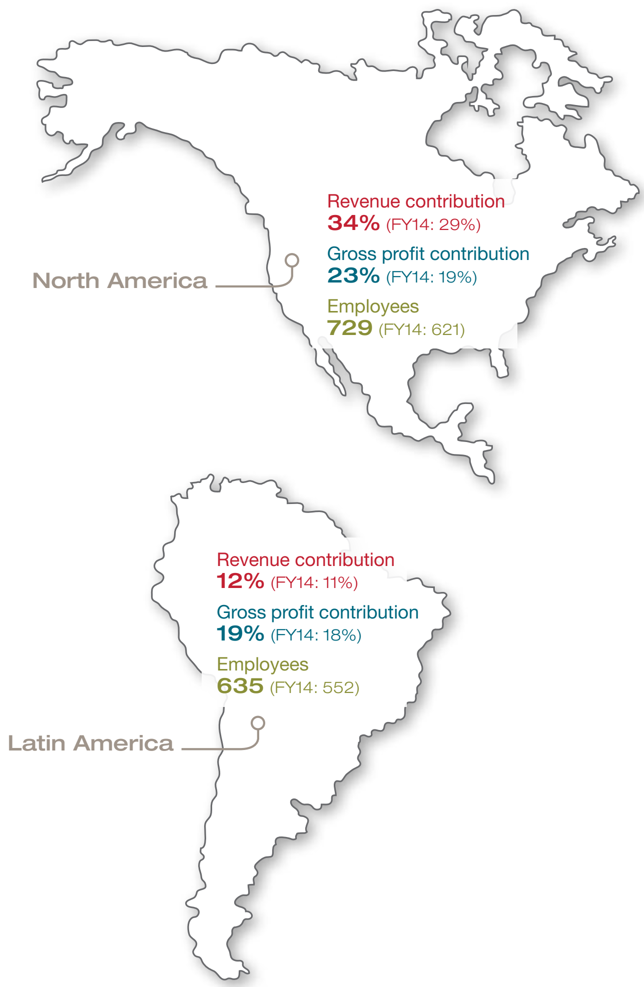
Guiding philosophy

As a global value-added distributor at the centre of the technology supply chain, Westcon is ideally positioned to enable both IT vendors and solution providers to most effectively reach and support businesses of all sizes in any industry. Westcon continually scans the market for technology vendors who can help expand its portfolio of exceptional products and create the greatest opportunities for its customers. The skills, expertise, loyalty and dedication of its employees worldwide are the driving force behind not only the success of the organisation, but also that of its vendor and solution provider partners. Westcon operates under the highest ethical standards and actively supports the communities, industries and markets where it conducts business through charitable and socially responsible programmes.

Westcon's strategy

Since its founding in 1985, Westcon has evolved its business model with one clear principle in mind: enabling partners. This strategy has allowed Westcon to successfully navigate myriad market changes over the years, emerging stronger and more responsive to vendor and solution provider needs each time. Westcon's leadership team continues this practice today using five strategic priorities as its foundation:

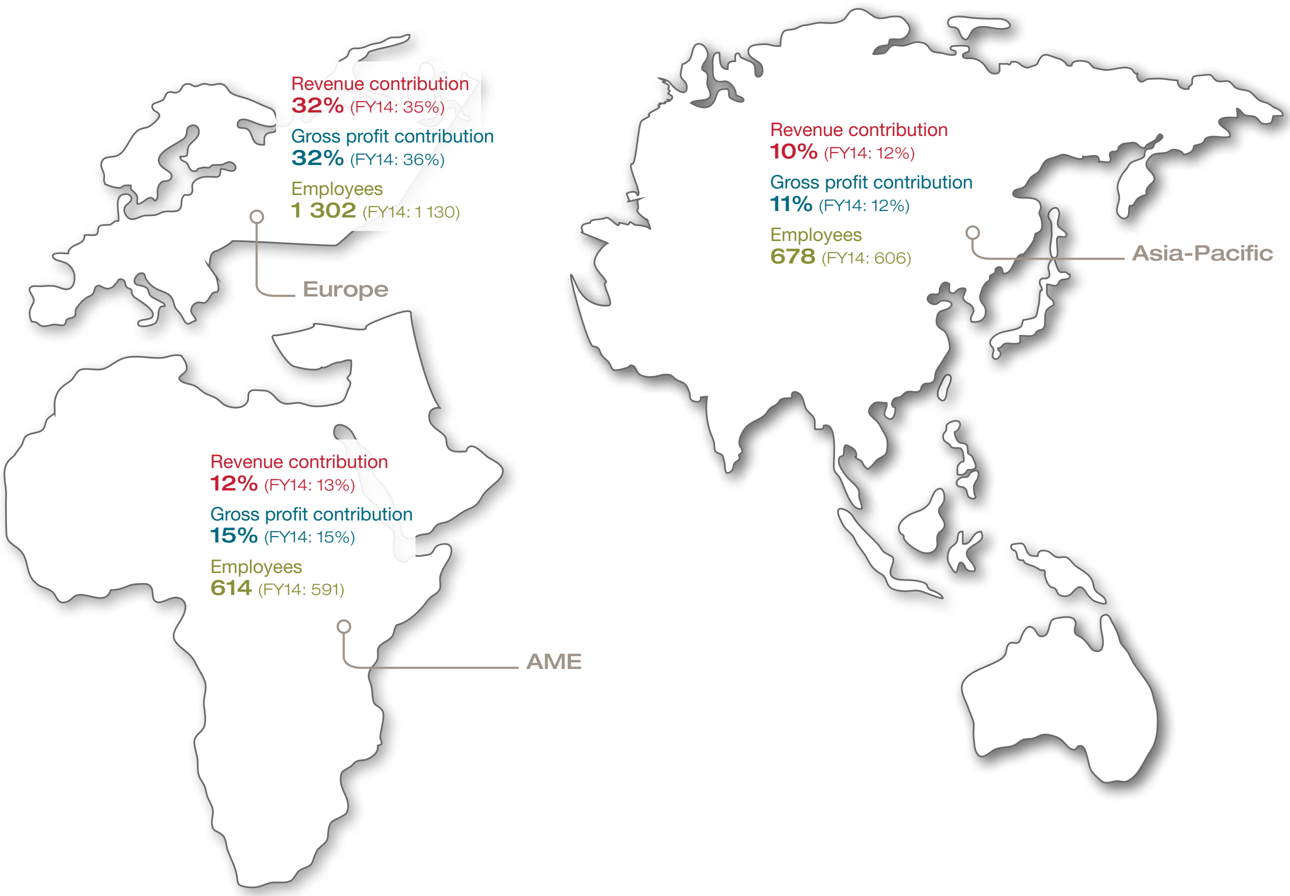
- **Create efficiencies –** to drive operational excellence, deliver a consistent customer experience and provide a more automated, self-service business approach. Standardising processes, developing shared services and optimising internal systems accomplish this.
- **Enhance vendor portfolio –** to ensure the most relevant, fastest-growing categories are represented, available and supported by adjacent technology practices. This heightens Westcon's ability to anticipate technology evolution, maintain its thought leadership position and



accelerate incubation of promising vendor technologies globally.

- **Strengthen partner enablement –** to create a clear and compelling value proposition that makes Westcon the distributor of choice for technology solution providers worldwide. Enhancements to e-commerce and self-service tools, business intelligence capabilities and globalisation of Westcon's partner framework Engage, Develop, Grow, Extend ("EDGE") help drive this initiative and build strategic relationships with global accounts.
- **Globalise services capabilities –** to become the worldwide channel leader in value-added, complementary white-labelled technology services. Three key focus areas include first and second-level technical support; education and training; and remote professional services such as deployment, maintenance and solution design. Westcon recently acquired Intact Integrated Services to broaden its global services capabilities and deliver unprecedented support.
- **Launch cloud practice –** to build the most compelling offering combining technology with managed and digital services. Westcon continues to evolve this growing practice, optimising partner enablement services for the cloud to include billing-as-a-service, service contract financing, reseller sales training, channel ROI model tools, and reseller up and cross-selling capabilities. The company recently acquired Verecloud and the minority interest of Data Copy System, S.L. (Acrosnet) to bring these powerful, channel-optimised cloud and services distribution capabilities to market.

During the year, Westcon also concentrated on driving long-term profit margin improvement and strong generation of cash to ensure liquidity for growth. Technology investments in Enterprise Resource Planning ("ERP") systems are paying off with three successful deployments of the ERP system in the Asia-Pacific region – New Zealand, Singapore and Australia – now completed, and future deployments across other regions are planned for the coming year. In all, these processes help Westcon create a more global and efficient operations organisation and a world-class supply chain.



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Progress against objectives

FY15 objectives	FY15 execution of objectives	FY16 priorities
Improve operational leverage and efficiency	• Streamlined organisation into four business units • Reduced executive leadership team from 20 to 11 • Instituted business review cadence • Consolidated offices in Spain, France, UK, South Africa, Kenya and Mexico. Others to follow in 2015	• Continue to build efficiencies
Focus on cloud and services	• Acquired Verecloud including the BlueSky digital services distribution platform • Integrating BlueSky into the ERP system and preparing for launch in 2015 • Established global services practice • Acquired Intact Integrated Services, and merged into Westcon • Build out of global services capabilities in 2015	• Launch cloud practice
Continue development of integrated offerings	• Created a global operations team • Continued progress on broadening supply chain services across the globe • Deployed new warehouse in UK	• Globalise services capabilities
Continue globalisation of top vendor relationships and accelerate key emerging vendors	• Made significant progress on expanding global relationships with Palo Alto Networks, FireEye and Juniper • Established a global incubation programme to accelerate new technology vendors on a global basis	• Enhance vendor portfolio
Successful restart and continued roll out of the ERP system across the globe	• Successful implementations in New Zealand, Singapore and Australia • Further deployments across the other countries in Asia during 2015	• Strengthen partner enablement

Markets

Commodity rich countries such as Australia, Canada and South Africa have shown weakness since the end of 2013. Westcon is focused on cost management in these markets to ensure profitability is maintained. European demand is recovering in key markets such as the UK, Germany and Spain.

Performance

Westcon accounted for 75% of the Group's revenues (FY14: 72%) and 56% of its EBITDA (FY14: 50%).

Revenues increased by 19.4% to US$4.9 billion (FY14: US$4.1 billion). Most notably, revenues improved in North America where sales increased 41.9% through a return to efficient execution following the resolution of post-ERP issues in that region.

Of Westcon's revenue, 34% was generated in North America (FY14: 29%), 32% in Europe (FY14: 35%), 12% in AME (FY14: 13%), 12% in Latin America (FY14: 11%) and 10% in Asia-Pacific (FY14: 12%). Cisco products made up 46% of Westcon's revenue (FY14: 47%), 21% came from unified communications and collaboration (Avaya, Polycom, others) (FY14: 22%), 25% from security (FY14: 22%) and 8% from data centre and other vendors (FY14: 9%).

Gross margins were 11.2% (FY14: 11.2%) with higher margins across all regions except Europe which was impacted by lower profit from maintenance and renewal sales. Gross profit increased by 19.6% to US$542.2 million (FY14: US$453.4 million). Operating expenses increased by 15.2% to US$417.1 million (FY14: US$362.1 million) while operating expenses as a percentage of revenue decreased to 8.6% (FY14: 8.9%)

Westcon's EBITDA was US$125.1 million (FY14: US$91.3 million) with increased results in North America, Latin America and AME, while EBITDA margins were 2.6% (FY14: 2.3%), with increased margins across all regions except Europe. Operating profit was US$100.2 million (FY14: US$62.0 million).

Westcon's net working capital days decreased from 35 days in FY14 to 27 days in FY15 due to a combination of lower days' inventory outstanding and higher days' payable outstanding ("DPO") and higher days' sales outstanding ("DSO"). Net debt decreased by US$29.6 million, resulting in a net debt position of US$165.2 million at year-end as decreased working capital requirements drove reduced use of working capital facilities and increased cash balances.

Partner and vendor relationships

Westcon's customers include technology vendors, value-added resellers, systems integrators and service providers offering technology solutions for small and medium-sized businesses, enterprise organisations, governments, and other vertical markets around the world. Solutions include the design and configuration of unified communications and collaboration, mobility and data centre networks, as well as network extensions such as videoconferencing, network storage, unified messaging and network security. Westcon also provides a range of comprehensive services to complement these solutions, such as its unique partner enablement platform – EDGE programme, which this year became available to customers worldwide.

Partner engagement programmes and an ongoing focus towards vendor relationships continue to create new market opportunities both now and into the future. Westcon's 14 global vendor lines exceeded growth expectations last year and new partnerships promise to build on that momentum. Among recent developments, Palo Alto Networks became a global vendor partner, with a roll-out under way in many countries, and Juniper became a global vendor with roll-outs in Latin America and the US. NetApp also named Westcon Group as distribution partner in Australia and New Zealand. Westcon continues to build other strategic alliances with vendors across targeted categories in cloud, security, hybrid storage and collaboration.

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Awards and recognition

Westcon's leadership, vision, programmes and performance continue to draw the attention of the technology market it serves. From vendor partners to technology journals, the reaction is clear: Westcon's relentless commitment to excellence transcends all facets of the organisation. A number of accolades include:

- **Comstor Africa –** Distributor of the Year, Cisco
- **Comstor Americas –** Distributor of the Year, Cisco
- **Comstor Brazil –** Innovation Award, Cisco
- **Comstor Brazil –** Best Integrated Marketing Campaign, Cisco Marketing Velocity
- **Comstor EMEA –** EMEAR Global Distributor, Cisco Distribution Forum
- **Comstor EMEA North –** Distributor of the Year, Cisco
- **Comstor France –** Distributor of the Year, Cisco
- **Comstor Latin America –** Americas Collaboration Distributor of the Year, Cisco
- **Comstor Mexico –** Revenue Marketer of the Year, Cisco
- **Comstor Middle East/UAE –** Distributor of the Year, Cisco
- **Comstor Middle East –** Revenue Marketer of the Year, Cisco
- **Comstor Netherlands –** Security Distributor Award, Cisco Distribution Forum
- **Comstor Netherlands –** Distributor of the Year, Cisco
- **Comstor Portugal –** Distributor of the Year, Cisco
- **Comstor Singapore –** Zenith Club and Top Services Sales 2014, Cisco
- **Comstor Singapore –** Top Performing Distributor ASEAN, Cisco
- **Comstor Spain –** Distributor of the Year, Cisco
- **Comstor Turkey-Neteks –** Distribution Partner of the Year, Cisco
- **Comstor United Kingdom –** Best Integrated Marketing Campaign, Cisco Marketing Velocity
- **Comstor United Kingdom –** Revenue Marketer of the Year, Cisco
- **Comstor United States –** Distributor of the Year, Cisco
- **Comstor United States –** Americas Security Partner of the Year, Cisco
- **Westcon Brazil –** Distributor of the Year, F5
- **Westcon Germany –** Special Achievement Award, Solutions for an Application World, F5
- **Westcon Group Americas –** Distributor of the Year, FireEye
- **Westcon Group Austria –** Best Performance Award, Trend Micro
- **Westcon Group Australia –** APJC Collaboration Distributor of the Year, Cisco
- **Westcon Group Australia –** Distributor of the Year, Palo Alto Networks
- **Westcon Group Australia –** ICT Industry Awards 2014 Winner, ARN
- **Westcon Group Australia –** ABA100 Winner, Employer of Choice 2014
- **Westcon Group EMEA –** Distributor of the Year, Polycom
- **Westcon Group EMEA –** Distributor of the Year, Extreme Networks
- **Westcon Group Germany –** Excellent Distributor 2015, CRN
- **Westcon Group Germany –** Best Distributor in Germany, IT-Business
- **Westcon Group Germany GmbH (formerly Intact Integrated Services GmbH) –** National Champion, European Business Awards
- **Westcon Group Middle East –** Value Added Distributor of the Year 2014, Reseller Middle East
- **Westcon Group Middle East –** Networking VAD of the Year 2014, Integrator Middle East
- **Westcon Group Middle East –** Top Value Added Distributor, Enterprise Channel MEA
- **Westcon Group New Zealand –** Distributor of the Year, IBM
- **Westcon Group North America –** Distributor of the Year, Palo Alto Networks
- **Westcon Group Services Solutions (includes Intact) –** Most innovative Channel Product Award for Professional Services, Comms Business Awards 2014
- **Westcon Group South Africa –** Southern Africa Distributor of the Year 2014, Motorola
- **Westcon Group South Africa –** Hosting Distributor of the Year, Microsoft
- **Westcon Group South Africa –** VL and Cloud Distributor Partner of the Year, Microsoft
- **Westcon Group South Africa –** Microsoft MEA SPLAR Awards 2014, Fastest Reach Growth
- **Westcon Group South Africa –** EMEA Fastest Growing Distributor of the Year, Ruckus
- **Westcon Group South Africa –** Top Performing VAD, Symantec
- **Westcon Middle East –** GGM Distributor of the Year 2014, Avaya
- **Westcon Middle East –** Value Added Distributor of the Year, Channel Middle East Awards
- **Westcon Netherlands –** Distributor of the Year, Avaya
- **Westcon Security Solutions EMEA –** Commended at Annual Marketing Academy, Juniper
- **Westcon Security Solutions Germany –** Distributor of the Year, Juniper
- **Westcon Security Solutions Belgium/Luxembourg –** BELUX Distributor of the Year, Check Point
- **Westcon Solutions Taiwan –** Partner Excellence Cross-Pillar, Hewlett Packard ESP
- **Westcon Unified Communications and Collaboration –** Best Distributor for the Nordics and Baltics Region, Avaya
- **Westcon Unified Communications and Collaboration –** Winner 2014 Best Convergence Distributor, Comm National Awards ("CNA")

Westcon's executives are active members of the industry body – the Global Technology Distribution Council ("GTDC"), with some holding board positions. The GTDC is the industry consortium representing the world's leading technology distributors who together represent over US$135 billion in annual revenue.

Outlook

Under the leadership of recently appointed (December 2013) CEO, Dolph Westerbos, and his new executive leadership team, Westcon is on a path of profitable growth and market leadership. With its strategic plans firmly in place, the team will continue to focus on developing its cloud and professional services initiatives.

Westcon will also continue to execute its emerging vendor and incubation business plan, which provides additional resources and custom go-to-market business models that ensure greater success and profitability potential for these promising new technologies.

In the EMEA region, a significant focus centres on delivery of Westcon's shared services model. This transformational programme enhances the customer experience, drives process excellence and improves overall efficiencies. By simplifying processes and providing a more consistent organisational structure, Westcon is better able to adapt to changing market, customer and vendor demands in the future.

LOGICALIS
Business and technology working as one

Mark Rogers
Logicalis CEO

PERFORMANCE

Revenue down 1% to **US$1 533.8 million**

Operating profit up 10% to **US$74.2 million**

Services revenues up **8%**

Strong performance in Southern Cone Region

Acquisition of **Ituma** and **Inforsacom** in Europe

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LOGICALIS – DIVISIONAL REPORT

Corporate overview

Logicalis Group ("Logicalis") 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 solutions, and managed services. With its international headquarters in the UK, Logicalis employs over 4 000 people worldwide, including approximately 2 500 highly trained service specialists who design, specify, deploy and manage complex IT infrastructures and data centre solutions to meet the needs of over 6 500 corporate and public sector customers. Logicalis partners with Cisco, HP, IBM, Oracle, CA Technologies, NetApp, Microsoft, VMware and ServiceNow on an international basis and has specialised solutions for enterprise and medium-sized companies in vertical markets covering financial services, telecommunications, media and technology, education, healthcare, retail, government, manufacturing and professional services, as well as other sectors, helping customers achieve the required business outcomes from IT investments.

Logicalis has revenues of over US$1.5 billion from operations in Europe, North America, Latin America and the Asia-Pacific region and is a leading IT provider specialising in the areas of advanced technologies and services.

How Logicalis creates value

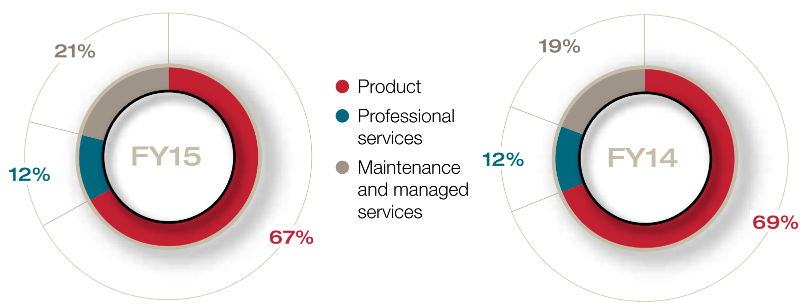
Logicalis' go-to-market strategy is built around engaging with its customers through its core value propositions – data centre, networking, communications and collaboration solutions, mobility, data and information management, and its Optimal Service portfolio: integration and professional services, lifecycle and managed services and cloud solutions, with security being an important feature across all the technologies.

Logicalis works with both IT and line of business stakeholders in its customers to enable their technology investments to drive strategic business objectives and exploit technology for competitive advantage.

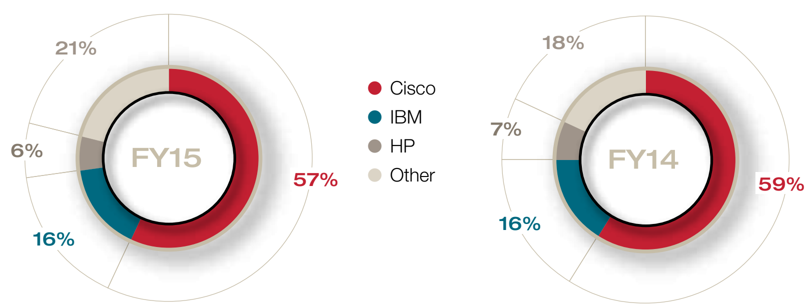
Logicalis demonstrates its value through its ability to service the changing demands of its customers' employees, customers or citizens, whether to: support new user experiences from the latest technology or demands driven by increased use of consumer-driven mobility devices; transform communications and interactions through enterprise social media; or provide new and transformative business insights through the use of big data and business analytics.

Logicalis helps CIOs operate all aspects of IT more effectively, accelerating the adoption of automation across their core platforms and applications, investing in the systems and processes that drive agility into IT service delivery, and improving the satisfaction of users by responding to the changing demands for technology-led business innovation across all areas of their organisation.

Revenue by segment



Product revenue by vendor



See **www.logicalis.com** for more information

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Logicalis has an independent and therefore objective approach to how customers own, operate and consume core IT services which enables them to achieve their core business goals. This drives Logicalis' revenue streams in systems integration, lifecycle and managed services, and provisioned cloud solutions. Logicalis seeks to help all stakeholders understand the value of technology investments, and choose the ownership, operational and consumption model that is right for their individual business circumstances.

Logicalis' strategy

Logicalis' strategy is based on four key success factors:

- Technical excellence in advanced and emerging technologies;
- Business know-how and intrinsic understanding of its customers' business challenges;
- The ability to define, package and deliver solutions and services that meet the business or technology demands of its customers; and
- The capability to support the changing operational and IT consumption demands of its customers.

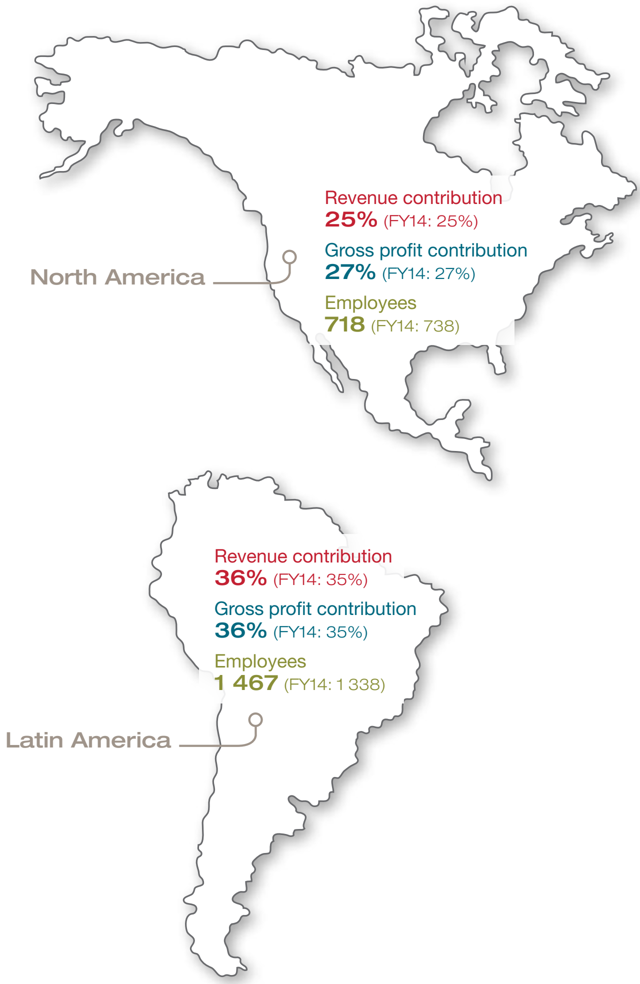
The result of this strategy is a strong customer base across the Europe, North America, Latin America and Asia-Pacific regions.

Logicalis' strategic goal remains the maximisation of growth in profit and value by gaining strength, capability and market share in its main markets and establishing Logicalis as the IT partner of choice for customers. Logicalis' key aims include the following:

- Achieve above industry average EBITDA ratios and cash conversion;
- Continue with balanced growth – organic and through acquisition;
- Offer lifecycle IT solutions and services in all operating territories;
- Maintain leadership in innovation for its solutions and service offerings;
- Increase annuity (recurring services revenues) sales;
- Focus on customer business needs at both the CIO and line-of-business levels;
- Invest in processes, people and systems that provide its customers with consistent industry best-in-class service;
- Leverage knowledge and best-practice processes in all territories; and
- Attract and retain high-calibre employees.

To achieve these strategic objectives Logicalis continues to focus on building long-term relationships by:

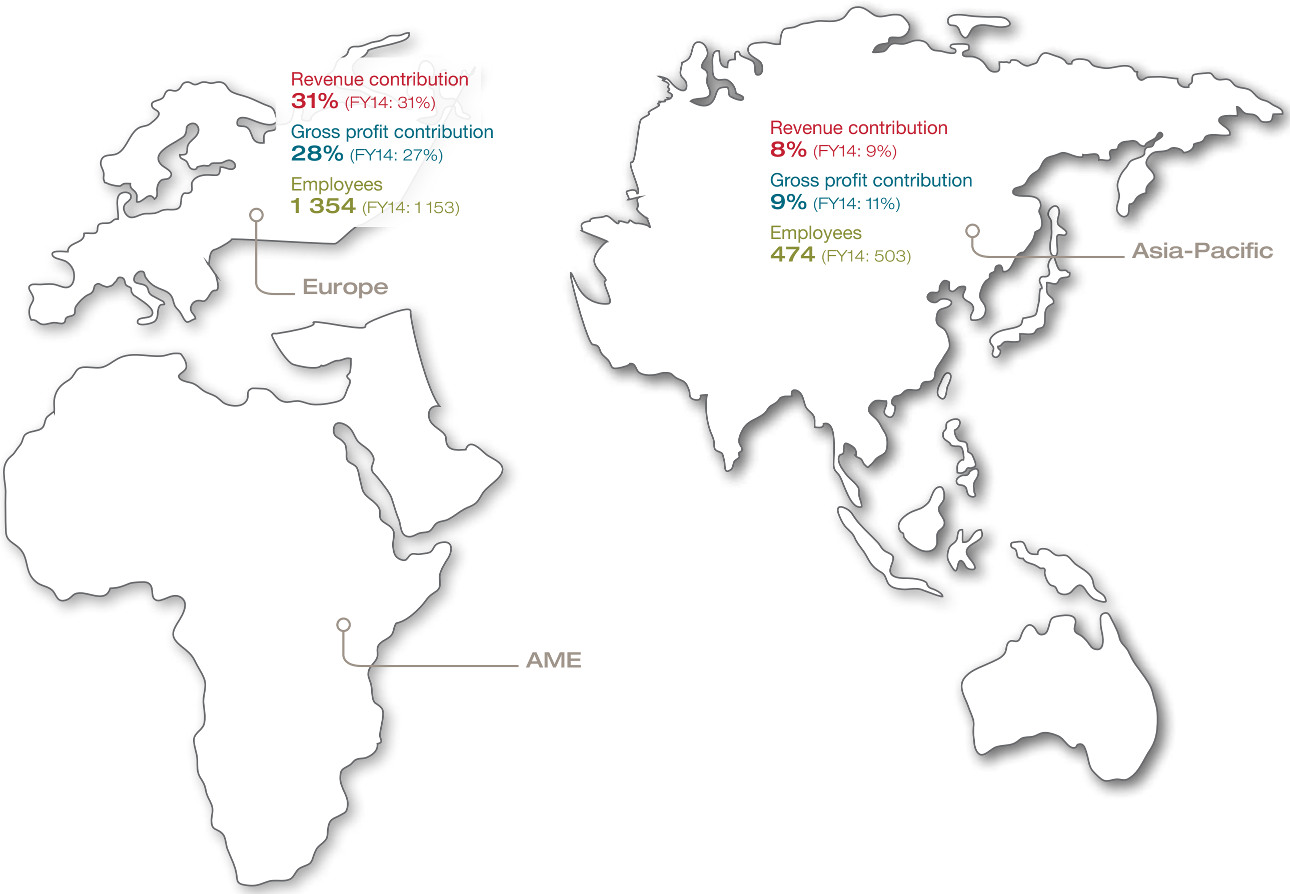
- Engaging with customers at all levels and across stakeholder communities;
- Focusing on business outcomes and value;
- Positioning itself as a trusted and capable partner for technology and service excellence; and



- Expanding its portfolio of Logicalis products, solutions and services through investment in resources, expertise, partnerships and acquisitions.

The market transition to cloud is now happening at a more controlled pace. While Logicalis' customers are continuing to assess and invest in cloud services, particularly around cloud on-premises and hosted infrastructure services, Logicalis has been able to capitalise on this move, especially in the private cloud market opportunity. Logicalis continues to assess the rate of migration to public cloud and Software as a Service ("SaaS"), markets in which Logicalis can help customers manage the overall IT service but where the revenue opportunity is much lower. Logicalis is mitigating this risk by engaging with third-party market-leading public cloud providers to ensure that it can service its customers' overall cloud, consumption demands through an increased number of relevant supply channels. Accelerated growth in cloud is likely to lead to a reduction in customers investing in on-site IT infrastructure and professional services.

The significant profits Logicalis generates in Brazil and its market position there also present possible business risk. Slowdown in the Brazilian economy, resulting in a slowdown in the service provider market, could impact its future growth potential and profitability. However, progress is being made on gaining market share in the enterprise and public sector market.



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Progress against objectives

FY15 objectives	FY15 execution of objectives	FY16 priorities
Continue to focus on investing and innovating in main areas of growth – data centre, communications and collaboration solutions, cloud services and managed services	• Achieved growth in services of 8%. However, product revenues were down 5%	• Continue to increase the services and annuity revenue mix
Increase operating profit percentage by continuing to focus on increasing the services and annuity revenue mix and managing the cost base effectively	• Achieved a product/services mix of 67/33 compared to 69/31 last year. Services growth was 8% Cost base increased by 1% on a gross profit increase of 3%	• Reposition the UK operation following the expiry of the Welsh Government contract • Improve the performance of the Australian operation
Achieve revenue growth in excess of the market rate	• Revenue decreased by 1% in FY15 broadly consistent with the main vendors. However, the growth in the overall IT market was in low single digits	• Achieve revenue growth in excess of the market rate by concentrating on higher growth segments and further engagement with vendors growing at faster rates
Acquisition growth	• Two acquisitions completed in FY15 – Ituma and Inforsacom	• Seek further acquisition opportunities • Ensure successful integration of recent Inforsacom acquisition in Germany

Markets

The demand for IT infrastructure in the markets in which Logicalis operates was again mixed during the year. The market for networking technology products was generally flat and demand for servers and storage remained generally weak (as in FY14). Disappointingly, Logicalis was not able to grow revenues in the year. Demand from telecommunications operators and service providers in Latin America, an important customer segment for Logicalis in this region, was suppressed due to the economic slowdown.

For IT infrastructure the outlook for growth is relatively subdued. Analysts are predicting stronger growth in IT investment across the Latin America market in 2015 compared to 2014, especially in the demand for networking equipment driven by the ongoing investment by service providers. Elsewhere the outlook for general IT spending remains mixed. Growth at the market level is expected to be low in the more developed economies. Ongoing investment in communications networks, next-generation data centre virtualisation technologies, collaboration solutions, business mobility and cloud solutions are still expected to drive investment decisions.

Several trends are now driving the IT market: consolidation, virtualisation and automation of key IT platforms (data centre, network and security), personal device proliferation and user mobility, private cloud computing, modernisation and maturity of IT service management, big data and analytics, and new IT consumption and operational models for data centre infrastructure and enterprise software.

Logicalis is witnessing the acceleration of the move towards Internet of Things ("IoT"). While the growth and monetisation of "smarter resources" (people, offices, streets, cities, factories and universities) is still in its infancy, this opening up of the power of technology is already starting to drive demand for connectivity and capacity in a number of markets. Logicalis' investment in Ituma, a provider of experiences to mobile users and the collection of spatial intelligence and analytics for the service operator is driving the first waves of upgrades to core IoT infrastructures such as Wi-Fi networks; to build networks able to provide location and motion intelligence rather than simple wireless access.

Logicalis sees a continuing desire among its CIO and line-of-business stakeholders to build true multi-source multi-service environments, bringing a single portfolio for the business from both internal IT services and the growing mix of IT as a Service ("ITaaS") offerings.

Logicalis' annual survey of CIO level contacts at customers in 24 countries found that 62% of CIOs believe their line-of-business colleagues will have more control of IT spending in the next three years, up from 44% in 2013. These trends continue to gradually shift the balance of strategy, product or service selection and ultimately budget spend from IT into the hands of functional business units, and this in turn is placing new demands on IT leadership to focus a greater part of its resources on business-outcome led engagements.

Market research also confirms that CIOs are looking to modernise their internal IT organisation, systems, processes and infrastructure, as well as build new frameworks for infrastructure, systems and service management.

CIOs are meeting this change in demand-side influence by building new strategies to provide their business colleagues more choice and agility, but under a service management and governance model that maintains business controls. Logicalis defines this as the Service Defined Enterprise.

This alignment is demanding that the CIO invests in next generation technologies and is also causing a shift in focus of the CIO from being a technology guardian to being their organisation's service provider, with 76% of respondents in the annual CIO survey stating that their IT departments were now service and not technology focused.

Given the need to align business demand and agile technology supply, Logicalis is helping its customers explore and invest in the next generation of internal IT platforms such as private cloud and emerging software-defined networks ("SDNs") and data centres ("SDDCs").

Alongside these technology transitions, the market is now also demanding more consulting skills in best-practice IT operations and processes, connecting technology platforms to day-to-day internal IT service delivery, and enabling organisations to blend services internally, from partners, and from the cloud into a coherent whole. Logicalis continues to invest in these skills across its business, building on its acquisition in 2013 of one of Europe's leading IT service management consulting and solutions providers, Logicalis SMC (Netherlands).

As Logicalis' customers move to a model where they have a blend of internal and externally provided systems, solutions and services, Logicalis continues to invest in defining and bringing to market pre-packaged solutions and services, allowing customers to consume best-practice and agile IT solutions directly from Logicalis Managed Services or from its cloud platforms (currently located in 11 locations, across Asia-Pacific, Europe, Latin America and North America).

Performance

Logicalis' management is focused on building a strong business through organic growth and acquisition and has delivered a good financial performance in the year under review in difficult trading conditions.

After a difficult start to the year with revenues in the important Brazil market impacted by the FIFA World Cup, revenue growth was much improved in the second half of the financial year. Revenues were down 7% year-on-year in the first half but up 5% year-on-year in the second half. The Latin America region had a much stronger second half with revenue up 40% on the first half (up 21% in the second half year-on-year). There was evidence of demand weakening in the Asia-Pacific region in the second half.

Revenue, excluding sales to other Datatec companies, was down by 1.1% to US$1.5 billion (FY14: US$1.6 billion), including US$21.9 million of revenue from acquisitions made during the year.

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Adjusting for the impact of acquisitions made in FY14 and FY15, organic revenue decreased by 3% (up 1% on a constant currency basis). The Latin America region was the best performing region with revenues up 1.1% year-on-year although the reported results are held back 10% by the further strengthening of the US Dollar against the Brazilian Real.

Gross margins were also up at 24.2% (FY14: 23.3%). Overall service margins were down slightly but product margins were up with better transaction margins being achieved. Gross profit was up 3.0% to US$371.6 million (FY14: US$360.9 million) and operating expenses increased by 1.4%. EBITDA increased 7.4% to US$97.0 million (FY14: US$90.3 million), resulting in an EBITDA margin of 6.3% (FY14: 5.8%).

After charges for depreciation and amortisation of intangible assets, operating profit was up 9.9% to US$74.2 million (FY14: US$67.5 million) which was again a strong performance given global macroeconomic conditions.

The increase in profitability for the year was driven primarily by a much improved performance in the Southern Cone region of Latin America. Profitability in both the Europe and North America regions were broadly flat year-on-year but Asia-Pacific was down, primarily due to the Australia operation. Despite the general market growth in demand for cloud solutions, Logicalis did not benefit from this market growth and the revenue segment is still a relatively small proportion of total revenues.

The days' sales outstanding ("DSO") for accounts receivable of 58 days at the year-end was higher than the exceptional 51 days achieved at 28 February 2014, and reflects a more normalised level. Changes in customer mix also influence this metric. Logicalis' credit terms with its suppliers extended slightly over the period under review and the days' payable outstanding ("DPO") for accounts payable was 89 days (FY14: 83 days). Net cash was US$82.4 million, lower than the US$104.8 million at 28 February 2014. An operating cash conversion ratio for the year of around 50% of EBITDA was offset partly by acquisitions funded in the year, an increase in the ownership of the Latin America region, payments to shareholders, expenditure on fixed assets and corporate taxation payments.

On 2 January 2015, Logicalis acquired Inforsacom, a German ICT services and solutions provider. Inforsacom is a provider of database, storage and infrastructure solutions and services with operations across the major economic centres of Germany. The acquisition will significantly enhance Logicalis' scale and capabilities in the German ICT market. Inforsacom has an annual turnover of approximately US$120 million and employs 160 staff.

On 1 September 2014, Logicalis acquired a 51% shareholding in Ituma, a speciality software developer based in Germany. Ituma is focused on Wi-Fi-enabled services such as in-location navigation, product and service offerings access, product promotions and analytics.

Partner and vendor relationships

Logicalis continues to build strong relationships and partnerships with key stakeholders in its business, customers and vendors and service partners.

Its strategy of building strong customer intimacy continues to enable Logicalis to grow its relationships and solution and service engagements with existing clients.

Its strong relationship with Cisco (Logicalis' primary vendor partner) was maintained in FY15 with Logicalis named as one of Cisco's top 10 partners in the world. At the Cisco Partner Summit in FY15, Logicalis was presented with a number of country and regional awards.

In FY15 IBM awarded Logicalis Spain "Best Partner in Security".

Logicalis US was recognised as the HP PartnerOne Enterprise Group Growth Reseller of the Year at the 2015 HP Global Partner Conference.

Outlook

Logicalis' operational priorities for the coming year are to continue to demonstrate the value of IT to its customers. Logicalis will continue to engage with clients through solutions and service-led sales engagements, and build out a common portfolio of solutions and services in geographies where it currently concentrates. Logicalis will maintain its focus on investing and innovating in its main areas of growth – data centre, networking, communications and collaboration, cloud solutions and managed services. Emerging trends such as private cloud, mobility, business analytics, IT service management, big data, and cloud consumption are creating new opportunities to further differentiate Logicalis in the market and with customers.

General market conditions for IT products and services is forecast to improve in 2015 but trading conditions, particularly for product sales, are challenging. The strong growth in cloud-based solutions is disrupting the IT market. Logicalis will continue to closely manage operating costs and maximise the opportunities provided by its multinational customer base. In addition, Logicalis expects to benefit from the changes in customers' consumption demands, and further benefit from the investments it has made in data centre and cloud-based services in order to grow its annuity-based managed services.

The two main financial goals for the coming year are the same as in prior years, namely to achieve a revenue growth rate in excess of the market and increase operating profits.

US Dollar strength will impact the FY16 reported results. Logicalis expects to continue investing in cloud and data centre services and is planning for revenue and profits to be similar to the revenues and profits in FY15 (excluding the impact of acquisitions). Logicalis will continue to seek to make further acquisitions that extend its scale and services businesses in established markets.

The Via Group

Bram Moerman
Analysys Mason CEO

PERFORMANCE

Revenue of **US$55.2 million**

Reduction in operating costs to **protect profitability**

EBITDA improvement **US$3.2 million**

Mason Advisory formed

Challenging sales year with **Via Group** flat and **Analysys Mason contraction**

www.linkedin.com/company/analysys-mason
www.linkedin.com/company/the-via-group-inc.
www.linkedin.com/company/mason-advisory-limited

www.facebook.com/AnalysysMason
www.facebook.com/TheViaGroupInc

CONSULTING SERVICES – DIVISIONAL REPORT

Corporate overview

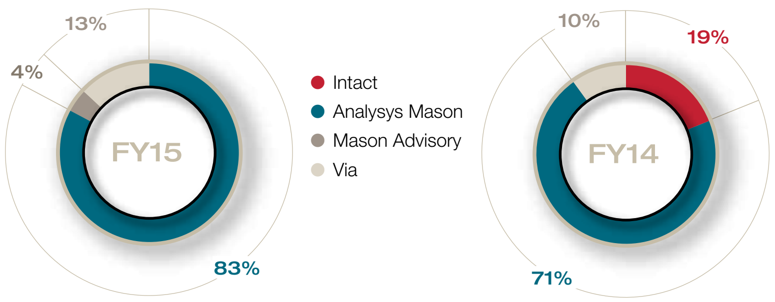
The Consulting Services division, comprising the majority-owned businesses Analysys Mason, Mason Advisory and The Via Group, accounted for 1% of Group revenues (FY14: 1%) and 1% of EBITDA (FY14: 1%).

Analysys Mason is a global specialist in telecoms, media and technology ("TMT"), celebrating its 30-year anniversary in FY15. The business delivers strategic, trusted advisory, modelling and market intelligence services to the telecoms, IT and digital media industries.

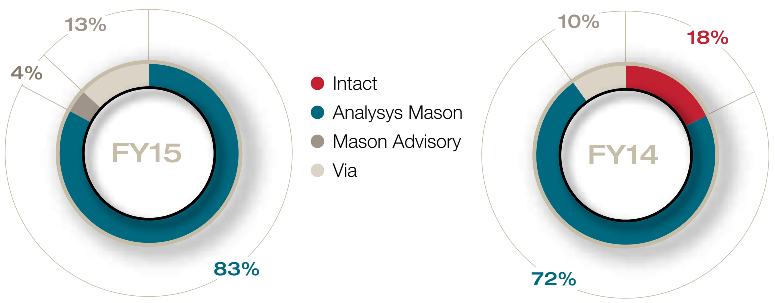
The Via Group ("Via") is a specialist systems integrator providing products and services to support unified communications and integrated voice solutions.

In May 2014, a new IT advisory business, Mason Advisory was created as a split-out from Analysys Mason. Mason Advisory gives a new focus to the Mason business and its 20-year heritage of supporting business-critical IT projects. Its consultants provide advice on complex IT and digital challenges to large organisations across the public and private sectors.

Revenue % contribution



Gross profit % contribution



During the year Datatec disposed of its equity stake in Cornwall Energy Associates Limited, a UK-based research and consulting business.

How Consulting Services creates value

Analysys Mason is wholly focused on its sector and is respected for its exceptional quality of work, independence and flexibility. It helps operators, financial institutions, media organisations, regulators and a range of other public sector bodies in more than 100 countries to:

- Design strategies that deliver measurable results
- Make informed decisions based on market intelligence and analytical rigour
- Develop innovative propositions to gain competitive advantage
- Implement effective solutions to improve business operations

Mason Advisory delivers strategic, trusted IT advice, working with clients to reduce risk and improve efficiency. Advice and support ranges from strategy development through to solution design, procurement, implementation and assurance.

See **www.analysysmason.com**
See **www.masonadvisory.com**
See **www.theviagroup.com**
for more information

CONSULTING SERVICES – DIVISIONAL REPORT
CONTINUED

Mason Advisory's work helps clients transform their businesses by making the right decisions in several important areas.

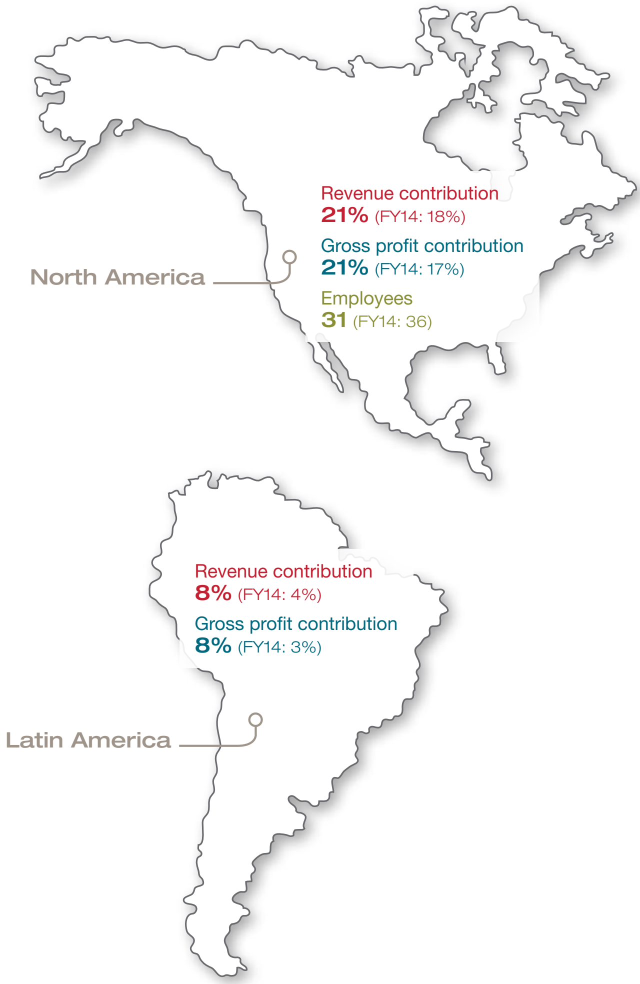
- Getting the best value from IT spend
- Ensuring IT services and infrastructure are fit for purpose
- Ensuring IT delivery is the most appropriate blend of in-house and outsourced services
- Delivering the right level of security for systems and data

Via's engineers specialise in optimising existing communications investments by integrating IT infrastructure and telephony systems. Through a proven methodology and quick adoption of new technologies, Via helps guide customers and partners through the important processes that translate the tremendous value of unified communications to the bottom line. Customers represent many verticals with particular focus on energy, healthcare, legal and higher education.

Consulting Services' strategy

The Consulting Services division represents a breadth of expertise through separate but complementary business units specialising in strategic consulting, research, programme management, communications platform integration and technical staff augmentation. With a focus on all TMT sectors, this division provides insight and a vantage point observing trends and developments in the ICT industry.

Analysys Mason's approach is based on a unique combination of applied intelligence, independent opinions, a passion for problem solving and consistently looking closer and seeing further. This approach engenders strong long-term relationships with clients and Analysys Mason monitors this repeat business by reference to the percentage of company sales in a financial year derived from clients for whom Analysys Mason has undertaken projects during the preceding financial year. The value of this metric was 66% for FY15 (FY14: 60%).

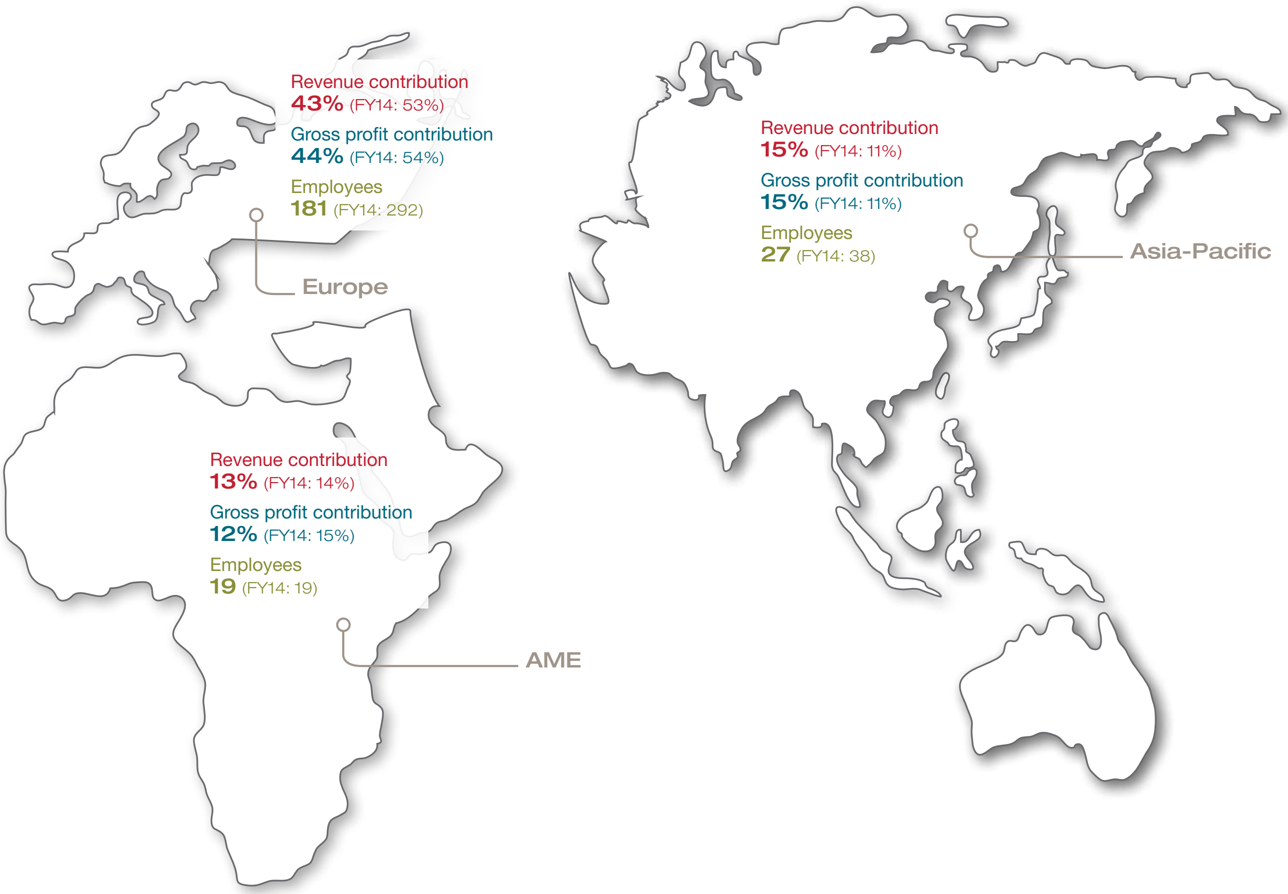


Mason Advisory has been established as a standalone company to focus on its core IT advisory capability. Its CEO, Steve Watmough, has a long history within the IT industry and the business has been set up under his strategic guidance to build an industry leading capability in the IT advisory space.

Via is recognised as a skilled partner in the delivery of unified communications and integrated voice solutions and is a leader in providing professional services to support Avaya and Microsoft-based unified communications solutions. With roots in telephony, IT and messaging products, Via aims to provide services that bridge the gap between telephony and computing to deliver best-in-class, multi-vendor, integrated unified communications solutions.

Notwithstanding an impressive client list within the division, all units are still subject to the combined dynamics of discretionary-spend constraints and dependence on a sizeable volume of relatively small, short-term projects.

All units have a technical bias and a key priority for the division remains sustaining profitability without diluting the significant value propositions delivered by its highly skilled employees.



CONSULTING SERVICES – DIVISIONAL REPORT
CONTINUED

Progress against objectives

Listed below are the FY15 objectives of the division, including a discussion on the progress towards these objectives. The emphasis on sales diversification, propositions and talent helps to balance the highly volatile nature of consulting.

FY15 objectives	FY15 execution of objectives	FY16 priorities
Targeted sales activities to continue to diversify the customer base and improve scale	• Recruited Alex Henschel as a partner to head a new office serving the DACH region, based in Basel • Senior hires in Latin America and Hong Kong to establish market opportunities • Continued investment in the Analysys Mason Research business outside Europe and the US (notably Asia and Middle East and North Africa "MENA")	• Analysys Mason to establish an entity in Basel, Switzerland, to penetrate the DACH market • Analysys Mason to identify regional market opportunities in Latin America and North Asia and build up the delivery team as appropriate • Analysys Mason to maintain European market share while continuing to grow Latin America, Asia and MENA sales • Mason Advisory to maintain its leading position in providing technology advice to the emergency services sector • Mason Advisory looking to establish a foothold in the enterprise sector for global companies looking for independent IT advice • Via to develop product and service opportunities in the managed services practice
Specific initiatives to improve resource recruitment, development and retention of high-calibre people	• Senior hires secured with business development expertise • Continued focus on internships and graduate recruitment, including establishment of a graduate training programme at Analysys Mason	• Identify senior hires that can provide geographic or proposition diversification along with business development expertise • Continue to recruit high-calibre interns and graduates • Retain talent by offering career development and progression
Seek acquisition opportunities to improve scale	• Due diligence of a potential acquisition target performed, but ultimately management decided not to pursue the opportunity • In May 2014, a new IT advisory business, Mason Advisory, was created as a split-out from Analysys Mason. The core focus of the standalone business is on meeting the growing IT/cloud/security technology requirements of major public and commercial enterprises	• Seek appropriate acquisition opportunities

Markets

Analysys Mason experienced a reduced demand for consulting services during FY15, in particular from the Asia-Pacific and Middle East region, compared to the previous year. While demand in Europe was relatively flat, the Americas saw significant growth year-on-year.

Analysys Mason's deep technical knowledge and unique commercial insight laid the foundation for strong demand for Regulatory and Strategic Advice services while Transaction Support and Operational Consulting experienced a slowdown in the second half of the year.

Analysys Mason's Research division experienced growth in emerging markets and a stabilisation of demand in Europe and the US.

During FY15, Mason Advisory delivered quality advisory work across several sectors and geographies. The business continued to build on its impressive track record with the UK and international emergency services clients and made solid strides in developing its enterprise IT capability.

Via is positioned to take advantage of the growing popularity of Microsoft Skype for Business ("SfB") – formerly Microsoft Lync – with 7+ years of experience with Microsoft Unified Communications. Over the past year, Via has focused on and invested in knowledge and services infrastructure to build a robust managed services practice to support SfB customers, both on premise and hosted through a recent partnership with One Source Networks. Via also continues to support an Avaya practice of a few larger customers.

Performance

Revenues were US$55.2 million (FY14: US$72.6 million). The lower revenues translate into lower utilisation levels and consequently lower divisional gross margins of 34.6% from 37.3%. EBITDA has improved to US$3.2 million (FY14: US$2.1 million) due to operating improvements at Via and following the transfer of Intact to Westcon. Analysys Mason focused on cost-saving initiatives in response to downward sales pressure in order to preserve operating margins on a lower revenue base. The FY14 comparatives include Intact revenues of US$15.4 million and EBITDA loss of US$1.6 million. From FY15, Intact is included in the Westcon Group results.

Partner and vendor relationships

All units build and maintain relationships with partners and customers throughout the process of an engagement – from thought leadership to sales, through project management and engineering up to project completion, to ensure that services are delivered to support desired outcomes. The nature of the specific engagements differs both by unit and by project.

Analysys Mason occasionally partners with other consultancies on specific projects, delivers research to industry vendors and operates as a vendor independent trusted adviser to its customers.

Mason Advisory prides itself on its independence. This allows Mason Advisory to provide impartial advice to clients that genuinely reflects the best options to meet their needs. However, it's crucial that Mason Advisory understands the evolving technology market, and to do so it participates in a number of vendor-led consulting liaison programmes. Mason Advisory also embraces strategic partnerships where they support its aim of building the business, while ensuring clients receive the best possible service.

Via's relationship with industry leading unified communications vendors is very important and Via is required by its major vendors to participate in and promote annual customer satisfaction surveys to maintain partnership certification levels. Via continues to score highly in these independently run surveys.

Outlook

In the year ahead the division's units will continue to focus on targeted business development activities, proposition enhancement and talent development.

Analysys Mason has experienced strong demand in Asia as well as the Middle East and expects this to continue during the first half of FY16. Analysys Mason expects revenue in Europe to increase following the recruitment of an experienced consulting leader in early 2015 and is planning to open a new office in Switzerland serving the German, Austrian and Swiss markets.

Mason Advisory is looking to grow its business in its chosen sectors in order to create a profitable and sustainable long-term business to meet the demands of its clients and offer a rewarding environment for its staff.

Via's managed services practices, centred on SfB, is anticipated to be the cornerstone of the business moving forward. FY16 will likely be a challenging period for Via as it transitions its business model, however, management led by CEO, Kevin Carswell, is confident that the initiatives and groundwork that is being performed both directly and through partners will improve the profitability of the business.

SOCIAL AND ETHICS COMMITTEE REPORT

"The Social and Ethics Committee's responsibilities encompass monitoring and regulating the impact of the Group on its stakeholders."

Prof LW Nkuhlu
Social and Ethics Committee Chairman

The Social and Ethics Committee's responsibilities encompass monitoring and regulating the impact of the Group on its stakeholders. Although management is tasked with overseeing the day-to-day operational sustainability of their respective areas of business, and reporting thereon to the Social and Ethics Committee, the Board remains ultimately responsible for Group sustainability. The committee was established under the terms of the Companies Act.

The committee is chaired by Professor Wiseman Nkuhlu and further comprises CEO, Jens Montanana and independent non-executive Group Chairman, Stephen Davidson. The committee meets at least twice a year. Details of meeting attendance are set out on page 60.

The Social and Ethics Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board. Broadly, the committee is tasked with overseeing the good corporate citizenship of the Group on behalf of the Board.

The committee's role is to regularly monitor the Group's activities, with regard to any relevant legislation, other legal requirements or prevailing codes of best practice, in respect of the following:

- Social and economic development, including the Group's standing in terms of the:
  - ten principles set out in the United Nations Global Compact Principles
  - anti-bribery and corruption legislation and best practice from around the world, including OECD policy guidelines for preventing corruption, US Foreign Corrupt Practices Act and UK Bribery Act
  - Employment Equity Act
  - Broad-Based Black Economic Empowerment Act
- Good corporate citizenship, including the Group's:
  - promotion of equality, prevention of unfair discrimination, and reduction of corruption
  - contribution to development of the communities in which our activities are predominantly conducted or within which our products or services are predominantly marketed
  - record of sponsorship, donations and charitable giving
- Environment, health and public safety, including the impact of the Group's activities and services
- Stakeholder relationships, including the Group's advertising, public relations and compliance with consumer protection laws
- Labour and employment, including the Group's:
  - standing in terms of the International Labour Organisation Protocol on decent work and working conditions
  - employment relationships, and its contribution towards the educational development of its employees.

> Broadly, the committee is tasked with overseeing the good corporate citizenship of the Group on behalf of the Board.

The Social and Ethics Committee examines the application of the Group's Code of Conduct which provides a framework of ethics that is applied across the Group. It also monitors the Group's application of BBBEE legislation in its South African operations and the promotion of equality and prevention of unfair discrimination throughout the global operations of Datatec. Furthermore, it oversees the Group's contribution to the development of communities in South Africa through the Datatec Educational and Technology Trust.

The committee draws matters relating to employment equity, BBBEE, CSI and labour to the attention of the Board and reports on them to shareholders at the Annual General Meeting. These are reported on page 60.

No human rights incidents were reported during the financial year.

In South Africa, aspects such as prohibition of child labour, forced compulsory labour and discriminatory practices are monitored by the Department of Labour in addition to the committee.

Prof LW Nkuhlu
Social and Ethics Committee Chairman

ETHICAL LEADERSHIP

Datatec is committed to maintaining the highest standards of ethics and business conduct. The Group has a Code of Conduct ("the Code") detailing the standards expected from all Datatec employees, including addressing specific matters such as bribery and corruption. The Code is uniformly applied across all divisions.

The Code is founded on the ten principles of the UN Global Compact and the OECD policy guidelines for preventing corruption. It is reviewed annually. It was last amended in March 2015 with enhancements including reference to the Group's policies on trade sanctions and political/charitable contributions.

All employees are required to undertake training on the Code. Westcon and Logicalis organise this training through an annual online programme, and Analysys Mason and Mason Advisory have annual employee briefing sessions.

The Datatec Social and Ethics Committee monitors implementation of the Code. The divisions are required to report any unethical or fraudulent conduct in contravention of the Code to the Datatec Audit, Risk and Compliance Committee and the Datatec Social and Ethics Committee and to provide formal annual assurance to the Board on these matters.

The Group has in place a Whistle Blowing Hotline for anonymous reporting of any unethical conduct. Westcon also operates a separate Whistle Blowing Hotline. Both hotlines are operated by third party suppliers independently of the Group and divisions.

Any complaints received via the hotlines or any other means are investigated in accordance with the Group's procedures for investigating complaints. These procedures are under the direction of the Audit, Risk and Compliance Committee and the results of any investigations are reported to the Audit, Risk and Compliance Committee. No significant incidents of unethical behaviour were reported at Group or divisional level during the year.

CORPORATE GOVERNANCE REVIEW

Governance practices and reporting

Datatec's Board is fully committed to upholding the King III "RAFT" principles, namely:

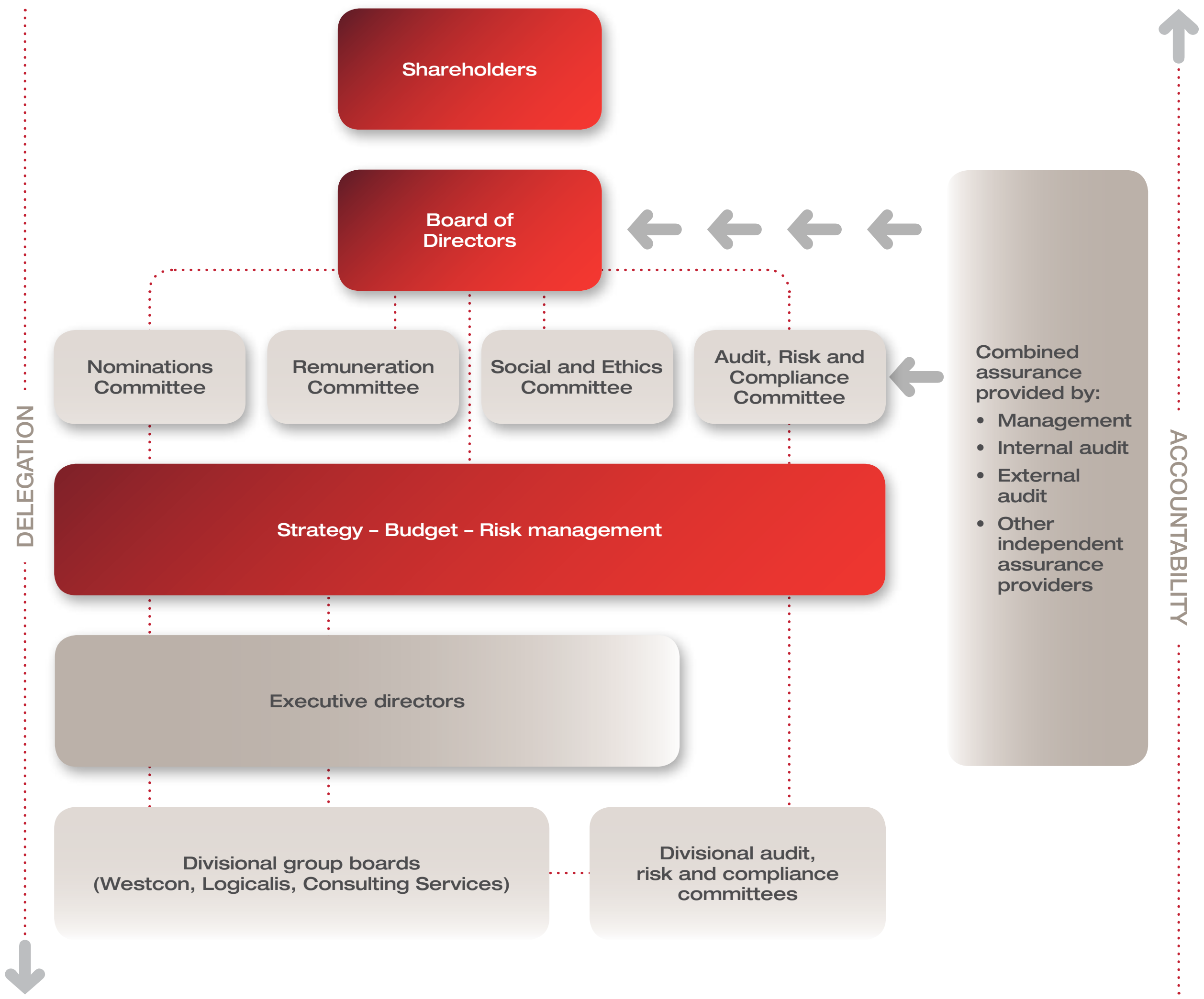
- Responsibility;
- Accountability;
- Fairness; and
- Transparency.

The directors appreciate that these principles are essential for good governance and are important to successful stakeholder engagement.

The standards of disclosure are regulated by the Companies Act, the JSE Listings Requirements, AIM Rules and the King III Code. In addition, the Board has adopted the principles of corporate governance contained in the UK Code issued in September 2012 by the UK Financial Reporting Council.

The Board appreciates that effective corporate governance is a key driver of sustainability and acknowledges its responsibility in this regard, including to report openly thereon to stakeholders. Throughout the year (and up to the date of approval of this Integrated Report and annual financial statements) the principles articulated in the King III Code have been applied or, if not applied, explained, as have the main principles of the UK Code.

Corporate governance



The Company has published a register, showing how it has applied the principles of the King III Code on its website (**www.datatec.com**).

CORPORATE GOVERNANCE REVIEW CONTINUED

The Board

The Board is responsible for the leadership and guidance of the Group and exercises control over all divisions and subsidiaries by monitoring the executive management. The Board is at the apex of the Group's corporate governance structure and ensures the Group is a responsible corporate citizen, cognisant of the impact its operations may have on the environment and society in which it operates, while acting in accordance with Datatec's Code of Conduct.

The Board is governed by a formal Board Charter that regulates the parameters within which it operates and defines its roles and responsibilities in accordance with legislation and global best practice. The Board Charter was comprehensively reviewed and updated in 2011 to reflect the King III Code and the Companies Act. The directors are of the opinion that they have adhered to the terms of reference set out in the Board Charter for the year. A copy of the Board Charter is available on the website **www.datatec.com**.

The responsibilities of the Chairman and CEO, and those of other non-executive and executive directors, are clearly separated to ensure a balance of authority which precludes any one director from exercising unfettered powers of decision-making.

The non-executive directors draw on their experience, skills and business acumen to ensure impartial and objective viewpoints in decision-making processes and standards of conduct. The directors consider the mix of technical, entrepreneurial, financial and business skills of the directors to be balanced, thus enhancing the effectiveness of the Board.

To fulfil their responsibilities adequately, directors have unrestricted access to timely financial and other information, records and documents relating to the Group. The Board receives presentations from the management teams of its major subsidiaries, enabling it to explore specific issues and developments in greater depth.

Directors are provided with guidelines regarding their duties and responsibilities and a formal orientation programme has been established to familiarise incoming directors with the Group's business, competitive position, strategic plans and objectives.

Directors' attendance at Board meetings during FY15 and subsequently to the date of this report (all meetings were scheduled):

	6 March 2014	*13 May 2014*	*16 July 2014*	*14 October 2014*	*13 January 2015*	*10 March 2015*	*12 May 2015*
SJ Davidson	P	P	P	P	P	P	P
RP Evans	P	P	P	P	P	P	P
O Ighodaro	P	P	P	P	P	P	A
JF McCartney	P	P	P	P	P	P	P
JP Montanana	P	P	P	P	P	P	P
PJ Myburgh	–	P	P	P	P	P	P
LW Nkuhlu	P	P	P	P	P	P	P
CS Seabrooke	P	P	P	P	P	P	P
NJ Temple	P	P	P	P	P	P	P

P = Present – = Not a director at the time A = Absent

Independence and length of service

The Board has determined that the retirement age for directors should be maintained at 70 but in exceptional cases where service continues beyond this age the director concerned will be subject to annual retirement and re-election by shareholders at the Annual General Meeting. The Board is of the opinion that independence is not necessarily compromised after nine years' service and on the contrary, believes that the quality of service of its directors increases over time and that this is particularly true in relation to the chairs of committees and the Board. The Nominations Committee and the Board review the independence of the non-executive directors thoroughly each year and this review of independence focuses specifically on those directors who have more than nine years' service.

At the request of the Group, John McCartney continues to fill the role of non-executive director of Westcon and is separately remunerated for those services. The Board has determined that this does not impinge on his independence on the Datatec Board.

Rotation of directors

In terms of the Group's Memorandum of Incorporation, one-third of the Board's directors must retire from office at each Annual General Meeting on a rotation basis. Retiring directors may make themselves available for re-election, provided that they remain eligible as required by the Memorandum of Incorporation and in compliance with the JSE Listings Requirements and AIM Rules.

At the upcoming Annual General Meeting, Wiseman Nkuhlu, Funke Ighodaro and Rob Evans will retire by rotation. On behalf of the Board, the Chairman confirms that on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of the three directors throughout their periods of office have been highly satisfactory.

Rob Evans will focus on his roles as Chief Operating Officer of Logicalis and Chairman of the Consulting Services Division and will not put himself forward for re-election at the Annual General Meeting after retiring by rotation.

Wiseman Nkuhlu and Funke Ighodaro, being eligible, will offer themselves for re-election and the Board unanimously recommends shareholders to vote in favour of their re-election at the Annual General Meeting (see page 169).

Reviews

In addition to Board and committee self-evaluations, the directors were evaluated during the year as follows:

- Individual assessments conducted by the CEO and Chairman
- Non-executive directors were assessed for independence by the Board (as noted above)
- The Chairman was assessed by the non-executive directors and CEO
- The CEO was assessed by all the non-executive directors
- The CFO was assessed by the Audit, Risk and Compliance Committee (see Audit, Risk and Compliance Committee report on page 96).

Share dealings and conflicts of interest

Datatec has a Share Dealing Code to regulate dealings by its directors and applicable employees in the Group's shares. "Insiders" include directors, prescribed officers in terms of the Companies Act, immediate family members of directors and/or prescribed officers, or any person who might have obtained information from an insider.

All directors and employees in the Group are prohibited from dealing, directly or indirectly, in Datatec shares or derivative financial instruments on the basis of previously unpublished, price-sensitive information.

All directors of the Group and directors of major subsidiaries are prohibited from dealing during closed periods and an appropriate communication is sent to all directors of the Group and the directors of major subsidiaries alerting them that the Company is entering a closed period.

Directors' share dealings in appropriate periods must be authorised first by written permission from the Chairman, prior to any dealing taking place. Directors' dealings are then reported to the Company Secretary, who along with the Company's sponsor ensures that such dealings are disclosed on SENS within 24 hours. Datatec issues simultaneous notification on the UK RNS without delay as required by AIM Rules.

Directors are required to declare their interests at Board meetings.

Succession planning

Succession planning for the Board, management team and senior executives is the responsibility of the Board, assisted by the Nominations Committee. There is a formal succession plan in place for the Chairman, CEO, Board, Board Committee Chairs and senior management that is reviewed annually by the Nominations Committee. The committee then reports to the Board, which determines if any action needs to be taken.

New appointments

A formal induction programme is in place for directors which comprises a presentation on responsibilities, familiarisation meetings and reviews of prior Board and committee meetings. Training is provided with regard to the Companies Act, JSE Listings Requirements and AIM Rules.

Board committees

The Board has established four committees to assist it with its duties:

- Audit, Risk and Compliance Committee
- Social and Ethics Committee
- Remuneration Committee
- Nominations Committee

Support functions

Independent advice

All directors have access to seek professional and independent advice about the affairs of the Group at the Group's expense.

Company Secretary

All directors have unlimited access to the advice and services of the Company Secretary. The Company Secretary is responsible for the duties set out in section 88 of the Companies Act, including governance and proper administration of the Board, regulatory advice, monitoring the implementation of Board decisions and ensuring that ethical governance standards are implemented.

Datatec Management Services (Pty) Ltd, a South African company, is the Company Secretary. This company is managed by Simon Morris. The certificate required to be signed in terms of subsection 88(2)(e) of the Companies Act appears on page 93.

The Board undertakes an annual evaluation of the Company Secretary in accordance with the JSE Listings Requirements. The evaluation criteria for the Company Secretary includes assessing the qualifications, knowledge of or experience with relevant laws, ability to provide comprehensive support and the ability to provide guidance to directors as to their duties, responsibilities and powers. The annual evaluation in October 2014 involved the completion of a questionnaire by Board members and a discussion during a meeting of the Board in the absence of the Company Secretary. Based on the results of the evaluation, the Board is comfortable that the Company Secretary maintains an arm's length relationship with the Board at all times, has the relevant experience to discharge his duties and is sufficiently qualified and skilled to act in accordance with, and advise directors in terms of the JSE Limited Listings Requirements and update the directors in terms of the recommendations of the King III Code and other relevant local and international law. Simon Morris is a qualified Chartered Accountant (ICAEW).

Application of King III

The full application of the King III Code showing the extent to which Datatec has applied the principles or giving reasons for the recommendations which have not been applied is set out in the Group's King III Register available on the website: **www.datatec.com**.

CORPORATE GOVERNANCE REVIEW CONTINUED

Board committees

Audit, Risk and Compliance Committee

During the year ended 28 February 2015 the Audit, Risk and Compliance Committee comprised four independent non-executive directors:

- Chris Seabrooke (Chairman)
- Funke Ighodaro
- Wiseman Nkuhlu
- Stephen Davidson

The King III Code recommends that the Group Chairman should not sit on the audit committee but this is permitted by the JSE. The Board is of the view that the presence of Stephen Davidson, the Group Chairman, as a member of the Audit, Risk and Compliance Committee is a valuable aspect of the Group's corporate governance and assists effective communication within the Board.

The committee considers its Chairman, Chris Seabrooke, to be designated the financially qualified member. Biographical details of the committee members, including their financial qualifications, are shown on pages 12 to 13.

The committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board and meets at least three times a year, when the external auditors, the internal auditors, the Group Chairman (in addition to being a member of the committee), Chief Executive Officer, Chief Financial Officer and the Chief Risk Officer are invited to attend. The external and internal auditors have unrestricted access to the Audit, Risk and Compliance Committee and meet with the committee members, without management present, at least once a year. The Audit, Risk and Compliance Committee is available on the Group's website: **www.datatec.com**.

The principal functions of the committee are to:

- review the annual financial statements, the half-yearly results announcement and other financial reports;
- assess the risks facing the business and review the Group's risk management procedures; discuss the findings and recommendations of the internal and external auditors;
- monitor the effectiveness of internal controls and comment on the state of the internal control environment (see page 67);
- review the internal and external audit plans; and
- review the effectiveness of the internal and external auditors.

Directors' attendance at Audit, Risk and Compliance Committee meetings during FY15 and subsequently to the date of this report (all meetings were scheduled):

	5 March 2014	*12 May 2014*	*15 July 2014*	*13 October 2014*	*5 March 2015*	*11 May 2015*
CS Seabrooke	P	P	P	P	P	P
O Ighodaro	P	P	P	P	P	P
LW Nkuhlu	P	P	P	P	P	P
SJ Davidson	P	P	P	P	P	P
P = Present						

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set down in its charter.

The committee is satisfied that it has met its responsibilities for the year under review and to the date of this report with respect to its terms of reference as set out in its Charter.

Furthermore, the committee is satisfied that it has complied with its legal and regulatory responsibilities throughout that period.

The Audit, Risk and Compliance Committee's report to shareholders for the year ended 28 February 2015 is presented on page 96 of this Integrated Report.

The Chairman of the Committee will be available at the Annual General Meeting to answer queries about the work of the committee.

Social and Ethics Committee

The Board has established a Social and Ethics Committee under the terms of the Companies Act 71 of 2008. This committee is chaired by Prof Wiseman Nkuhlu and in addition comprises the CEO, Jens Montanana, and Company Chairman, Stephen Davidson.

The committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board and meets at least twice a year.

The Social and Ethics Committee Charter is available on the Group's website: **www.datatec.com**

The committee's role is to monitor the Company's activities in the areas of: social and economic development; good corporate citizenship; the environment, health and public safety; relationship with all stakeholders; and labour and employment matters. In carrying out this role it will have regard to any relevant legislation, other legal requirements or prevailing codes of best practice.

A key role of the committee is to monitor the Company's standing in terms of the goals and purposes of the ten principles set out in the United Nations Global Compact.

The committee monitors the application of the Company's Code of Conduct across the Group and takes account of the Organisation for Economic Co-operation and Development's recommendations regarding corruption as well as anti-bribery and corruption legislation and best practice from around the world including the US Foreign Corrupt Practices Act and the UK Anti-Bribery Act.

It also monitors the Company's application of BBBEE legislation in its South African operations and the promotion of equality and prevention of unfair discrimination throughout the global operations of Datatec.

The committee also monitors the Company's contribution to development of communities in South Africa undertaken through the work of the Datatec Educational and Technology Trust.

Directors' attendance at Social and Ethics Committee meetings during FY15 and subsequently to the date of this report (all meetings were scheduled):

	5 March 2014	*13 October 2014*	*5 March 2015*
LW Nkuhlu	P	P	P
JP Montanana	P	P	P
SJ Davidson	P	P	P
P = Present			

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set down in its Charter.

In summary, the committee's role can perhaps best be described as overseeing the good corporate citizenship of the Group on behalf of the Board.

The committee's report to shareholders for the year ended 28 February 2015 is presented on pages 54 to 55 of this Integrated Report.

The Chairman of the committee will be available at the Annual General Meeting to present its annual report noted above and to answer queries about the work of the committee.

Board committees

Remuneration Committee

The Remuneration Committee operates under terms defined in its Charter, which has been approved by the Board. The Remuneration Committee Charter is available on the Group's website: **www.datatec.com**

The composition of the Remuneration Committee during FY15 was:
- John McCartney (Chairman)
- Stephen Davidson
- Chris Seabrooke
- Nick Temple

The Remuneration Committee's meetings during FY15 and subsequently to the date of this report (all meetings were scheduled), together with the attendance of the committee members, are as follows:

	6 March 2014	*13 May 2014*	*24 July 2014*	*16 October 2014*	*10 March 2015*	*12 May 2015*
JF McCartney	P	P	P	P	P	P
SJ Davidson	P	P	P	P	P	P
CS Seabrooke	P	P	P	P	P	P
NJ Temple	P	P	P	P	P	P
P = Present						

The Chief Executive Officer and the Chief Financial Officer may be invited to attend meetings of the Remuneration Committee but neither may take part in any discussions regarding their own remuneration.

The role of the committee is to assist the Board to ensure that the Company remunerates directors and executives fairly and responsibly in alignment with the creation of long-term shareholder value and to ensure that the disclosure of director and senior management remuneration is accurate, complete and transparent.

The main functions of the committee include:
- Determining, agreeing and developing the Company's general policy on executive and senior management remuneration so that it will promote the achievement of strategic objectives and encourage individual performance;
- Ensuring that the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders once every year;
- Determining specific remuneration packages for executive directors of the Company, including basic salary, benefits in kind, annual performance-based bonuses, share incentives and pensions;
- Determining any grants to executive directors and other senior employees made pursuant to the Company's share schemes and satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- Selecting an appropriate comparator group when comparing remuneration levels;
- Regularly reviewing incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules;
- Advising on the remuneration of non-executive directors;
- Overseeing the preparation of, and recommend to the Board, the Remuneration Report, included in the Integrated Report (see pages 68 to 79).

The Remuneration Committee employs the services of specialist consultants in the field of executive remuneration to assist it when necessary. The consultants which have been retained in this role to date are Towers Watson and PricewaterhouseCoopers.

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set down in its charter.

The Chairman of the committee reports on the committee's activities at each Board meeting and committee members will be available at the Annual General Meeting to answer questions about the committee's work.

Further details of remuneration matters are covered in detail in the remuneration section of this report on pages 68 to 79.

Nominations Committee

The committee operates within defined terms of reference as set out in its charter which has been approved by the Board. The Nominations Committee Charter is available on the Group's website: **www.datatec.com**

The Nominations Committee currently consists of the following independent non-executive directors:
- Stephen Davidson (Chairman)
- Funke Ighodaro
- John McCartney
- Chris Seabrooke

The Nominations Committee's meetings during FY15 and subsequently to the date of this report (all meetings were scheduled), together with the attendance of the committee members, are as follows:

	6 March 2014	*14 October 2014*	*10 March 2015*
SJ Davidson	P	P	P
O Ighodaro	P	P	P
JF McCartney	P	P	P
CS Seabrooke	P	P	P
P = Present			

The Chief Executive Officer and Chief Financial Officer may be invited to attend the committee's meetings, but neither may take any part in decisions regarding their own succession. The committee is satisfied that it has met its responsibilities for the year with respect to its terms of reference.

The committee is responsible for making recommendations to the Board regarding the appointment of new executive and non-executive directors and makes recommendations on the composition of the Board generally. The committee ensures that director appointments are formal and transparent and oversees succession planning for the Board and senior management.

The committee reviews its performance annually by means of questionnaires completed by individual committee members and attendees which are then discussed at Board and committee meetings. These appraisals enable the committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set down in its charter.

The Chairman of the committee reports on the committee's activities at each Board meeting and will be available at the Annual General Meeting to answer questions about the committee's work.

RISK REPORT

In line with the King III Code, the Board takes ultimate responsibility for risk management. King III states that the Board is responsible for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board has applied this principle in its approach to risk management and internal control throughout the year under review and up to the date of approval of this Integrated Report and annual financial statements, maintaining sound risk management and internal control systems throughout this period. The Group's Risk Policy sets out the Board's approach to risk management noted above and establishes a risk management framework to enable risk to be managed on a decentralised basis subject to Group overview. Key risks to the Group are set out below.

Key risks

Technological disruption

The Group's operations focus on the higher value, faster growing products and services in the ICT supply chain. While the Group's portfolio does not include any manufacturing, it is essential to anticipate the impact of the rapid technological change which is a feature of the sector. This risk is addressed through careful partner selection in terms of vendors and by working closely with our vendor partners. In addition, the Group's operating divisions must pre-empt market changes resulting from new technology such as the provision of Infrastructure as a Service ("IaaS") enabled by the development of cloud computing.

Financial risk related to financial instruments

These risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. While the Group utilises derivative financial instruments where appropriate, the Board cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on its business, operating results or financial condition.

Dependence on key vendors

The Group is dependent on certain vendors, particularly Cisco, whose product sales accounted for approximately 50% of the Group's revenue. If any one of the Group's principal vendors terminates, fails to renew or materially adversely changes its agreement or arrangements with the Group, it could materially reduce the Group's revenue and operating profit and thereby seriously harm the Group's business, financial condition and results of operations. The Group's management recognises the importance of its vendor partners as one of its key stakeholder groups and assigns the highest priority to maintaining close, transparent relationships with them for the mutually beneficial development of the business.

Risk of failure to fund working capital needs sufficiently

The Group's business is working-capital intensive; this is particularly relevant for Westcon. Westcon's working capital is utilised to finance accounts receivable and inventories. Westcon largely relies on revolving credit and vendor inventory purchase financing for its working capital needs. Typically, Westcon carries inventory quantities which are sufficient to enable it to promptly meet anticipated customer demand. Westcon maintains inventory levels based on its projections of future demand and market conditions. Any sudden decline in demand or technological change could cause it to have excess or obsolete inventories. If actual market conditions are more favourable than forecasts, additional inventory levels may be required. While Westcon takes steps to mitigate this risk by including protective provisions in its purchase agreements with vendors, there can be no assurance that such risks will be obviated.

Management of future growth and acquisition risk

The Group's planned growth strategy will continue to place additional demand on management, customer support, administrative and technical resources. If the Group is unable to manage its growth effectively, its business operations or financial conditions may deteriorate. To date, the business of the Group has grown through acquisitions and through organic growth. The Group will continue to consider further acquisition opportunities. If the Group is unable to successfully integrate an acquired company or business, such acquisition could lead to disruptions to the business. If the operations or assimilation of an acquired business does not accord with the Group's expectations, the Group may have to decrease the value attributed to the acquired business or realign the Group's structure. To mitigate this risk, the Group undertakes extensive due diligence of potential acquisitions, including detailed integration planning. These processes are managed and directed by Datatec's central team.

Risk of mismanagement of payment discounts, product rebates and allowances

The Group receives significant benefits from purchase and prompt payment discounts, product rebates, allowances and other programmes from vendors based on various factors. A decrease in purchases and/or sales of a particular vendor's products could negatively affect the amount of discounts and volume rebates the Group receives from such vendors. Because some purchase discounts, product rebates and allowances from vendors are based on percentage increases in purchases and/or sales of products, it may become more difficult for the Group to achieve the percentage growth in volume required for larger discounts due to the current size of its revenue base. In addition, vendors may exclude the Group from time to time from participation in some of their programmes. As noted on page 62 under the "dependence on key vendors" heading, a strong and transparent relationship with our vendor partners is crucial in managing product discounts, rebates and allowances.

Risk of over-dependence on key personnel

The Group's future success depends largely upon the continued employment of its executive directors, senior management and key sales, technical and marketing personnel. Certain of its key employees have relationships with principal vendors and customers which are particularly important to the business of the Group. The executive directors, senior management team and key technical personnel would be very difficult to replace and the loss of any of these key employees could harm the business and prospects of the Group. The Group's employees are a key stakeholder group and a high standard of employment conditions and working environment are seen as essential for the business.

Other risks

Other risks faced by the Group include:

- Intensification of competition
- Warehouse and logistics disruption leading to business interruption
- Changes in customer relationships
- Reduction in future profitability
- Managing and controlling widespread international activities
- Restrictions on access to capital
- Reduction in demand
- Pressure on gross margins
- Dependence on key information systems
- Significant exposure to credit risk
- System changes leading to business interruption.

Risk Management Framework

The Group's risk management process has three key steps:

- Identify key risks
- Implement controls to mitigate risk and
- Obtain assurance that controls are effective.

RISK REPORT CONTINUED

Within this framework the specific responsibilities of different designates and the processes they follow are set out below:

Responsibility	Process
Board • Extensive experience in the Group's main business streams • Experience of the non-executive directors in other fields of business	• Level of risk tolerance and limits of risk appetite are set as part of the strategic direction of the Group • A combined assurance framework is in place to ensure adequate assurance that the controls over the identified risks are operating effectively • A Group risk register is maintained and risks across all aspects of the Group's operations are considered, including financial, market, political and operational risks, as well as social, ethical and environmental risks
Audit, Risk and Compliance Committee	• Monitors risk management activities on an ongoing basis • Discusses risk topics raised • Reviews divisional summary risk registers semi-annually • Reviews divisional audit, risk and compliance committee meeting minutes • Reviews divisional management risk committee minutes
Group Chief Risk Officer	• Chairs Datatec Risk Committee • Maintains Group risk register • Reports to CFO • Reports to Audit, Risk and Compliance Committee • Ensures that the risk management framework is operating effectively in the divisions • Ensures improvements in the controls and risks identified in the Group risk register
Divisions – Divisional Boards, Executive Committees, Management Risk and Compliance Committees **Head office – Datatec Risk Committee**	• Regularly review strategic and emerging risks • Input to risk registers • Identify and prioritise high-risk areas on risk maps based on impact and likelihood: – Impact ratings are broadly defined in terms of financial thresholds, operational impacts, regulatory compliance, customer and community impacts, employee impacts and reputational impacts – Likelihood ratings are defined in terms of the overall likelihood of a risk materialising • Further analyse high-risk areas to identify potential root causes • Identify mitigating controls and associated monitoring/assurance activities for each high-risk area • Assign an executive to monitor and manage specific risk areas • Review risk registers and risk maps semi-annually
Divisional Chief Risk Officers	• Ensure divisional risk procedures accord with and support the Group's risk management framework • Maintain divisional risk registers • Co-ordinate the execution at divisional level of the risk management framework • Identify emerging risk and compliance issues • Report on divisional management of risk to divisional audit, risk and compliance committees (which report to the divisional boards) • Oversee management's response to matters identified as requiring improvement

Financial and internal control

The Group's internal control and accounting systems are designed to provide reasonable, but not absolute assurance as to the integrity and reliability of the financial information and to safeguard, verify and maintain accountability of its revenues and assets. These controls are implemented and maintained by skilled company personnel.

Combined assurance

A combined assurance framework for monitoring and evaluating the effectiveness of the internal controls is in place throughout the Group. This framework deploys and co-ordinates internal and external assurance providers to report on the effectiveness or otherwise of the Group's internal controls.

A combined assurance model aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the Group. Within Datatec there are a number of assurance providers that either directly or indirectly provide the Board and management with certain assurances over the effectiveness of those controls that mitigate the risks as identified during the risk assessment process. Collectively, the activities of these assurance providers are referred to as the combined assurance framework.

As the nature and significance of risks vary, assurance providers are required to be equipped with the necessary expertise and experience to provide assurance that risks are adequately mitigated. External assurance providers include external audit, internal audit, regulators, sustainability assurance providers and other professional advisers.

In the combined assurance model each control is linked to a specific assurance provider, where applicable, to enable the following to be identified:

- Risk areas where no/insufficient controls have been identified;
- Risk areas where controls have been identified, yet insufficient assurance is provided (gaps);
- Risk areas where duplicate or "excess" assurance is provided (duplication).

Combined assurance framework

- **Management-based assurance:** Management oversight, including strategy implementation, performance measurements, control self-assessments and continual monitoring mechanisms and systems.

  Local management is required to complete and submit control self-assessment programmes annually and this is monitored against internal control norms. Action is taken where ratings are considered to be inadequate. Ratings are also reviewed by the Audit, Risk and Compliance Committee.

  In addition, the Board obtains a formal letter of assurance annually from each of its subsidiary divisions (supported by similar representations from the divisions' own subsidiaries) which provides the Board with assurance over the operation of the risk management processes described above, including the operation of internal controls over financial and IT risks, compliance with legislation, and the ethical and sustainable management of the business.

- **Internal assurance:** Risk management (adopting an effective enterprise risk management framework), legal, compliance, health and safety, and quality assurance departments are included. They are responsible for maintaining policies, minimum standards, oversight and risk management performance and reporting.

- **Independent assurance:** Independent and objective assurance of the overall adequacy and effectiveness of risk management, governance and internal control within the organisation is predominantly the role of internal audit, external audit and other expert assurance providers required from time to time.

- **Oversight committees:** Appropriate assurance providers under each of the above categories have been identified:
  - The Audit, Risk and Compliance Committee
  - The Social and Ethics Committee with regard to oversight of the Group's controls in the sphere of ethics, corporate social responsibility and sustainability
  - The Remuneration Committee with regard to controls in the remuneration sphere
  - The Nominations Committee in relation to Board diversity and corporate governance structures.

Management has used this model to conclude the completeness and appropriateness of the current assurance activities for each risk identified and that the level of assurance provision is satisfactory. It continues to maintain the framework as part of the ongoing risk management process.

The Audit, Risk and Compliance Committee has reviewed the combined assurance frameworks for the Group and the three divisions to satisfy itself with management's conclusions and will continue to review them as part of its role in oversight of risk management.

In light of its review of the combined assurance framework, the Audit, Risk and Compliance Committee has recommended to the Board that appropriate assurance activities are in place in relation to the controls operating over each risk identified in the risk management process.

RISK REPORT CONTINUED

The governance of IT

The Board has ensured that the governance of IT is firmly embedded in the Group's risk management culture by identifying IT risk as one of the risks to be managed across all operations with controls and assurance provision to be maintained and reviewed in the same way as for other risks.

The Board includes a review of IT governance procedures operated by the Group's major divisions in its annual timetable so that it may carry out its IT governance role.

In addition there are documented and tested procedures in the major subsidiaries which will allow them to continue their critical business processes in the event of a disastrous incident impacting on their activities. Such documented procedures are reviewed annually and, where weaknesses are identified, the relevant subsidiaries are required to rectify them.

Management reporting

The Group operates management reporting disciplines which include the preparation of annual budgets by operating entities. Monthly results and the financial status of operating entities are reported against approved budgets. Profit projections and cash flow forecasts are reviewed regularly, while working capital, borrowing facilities and bank covenant compliance are monitored on an ongoing basis. All financial reporting by the Group, including external financial reporting and internal management reporting, is generated from the same financial systems which are subject to the internal controls and risk management procedures described above.

Compliance framework and processes

Each division manages compliance with relevant laws and regulations, which the Audit, Risk and Compliance Committee has divided into the following broad categories for the purposes of monitoring. These are considered to be the main themes/classes of legislation which pose the biggest risk to Datatec in the event of breach:

- Corporate law – companies acts, financial reporting
- Financial law – anti-money laundering, fraud
- Export regulations – trade sanctions, foreign corrupt practices
- Import regulations – including duty and VAT
- Taxation
- Securities law – insider dealing, stock exchange compliance
- Employment law – unfair dismissal, employment practices, health and safety
- Intellectual property, trademarks, patents
- Competition legislation
- Customer protection legislation.

Each category is considered in the risk assessment process and, if appropriate, a risk is recorded on the relevant risk register and managed in accordance with the risk management framework set out above. The divisions' audit, risk and compliance committees report on each category of legislation above, noting whether any breaches of compliance have been identified.

Internal audit

Internal audit is an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance. The internal auditor is the key assurance provider in the Group's combined assurance framework described above. The function provides the Board with a report of its activities which, along with other sources of assurance, is used by the Board in making its assessment of the Group's system of internal controls and risk management.

Datatec has outsourced the internal audit function of the Group to EY. Internal audit operates within defined terms of reference as set out in its charter and the authority granted to it by the Audit, Risk and Compliance Committee and the Board, and reports to the Audit, Risk and Compliance Committee with notification to the Chief Risk Officer.

The Audit, Risk and Compliance Committee is satisfied that internal audit has met its responsibilities for the year with respect to its terms of reference.

The EY internal audit team reports to the Chief Risk Officer on day-to-day matters, and to the chairman of the Audit, Risk and Compliance Committee. Audit plans are presented in advance to the Audit, Risk and Compliance Committee and are based on an assessment of risk areas involving an independent review of the Group's own risk assessments. The internal audit team attends and presents its findings to the Audit, Risk and Compliance Committee and in addition has unfettered access to the Group CEO as required.

External audit

The Audit, Risk and Compliance Committee is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor is appropriately independent.

Shareholders have appointed Deloitte & Touche as external auditors to the Group and their reappointment will be sought at the upcoming Annual General Meeting.

The external auditor carries out an annual audit of all the Group's subsidiaries in accordance with international auditing standards and reports in detail on the results of the audit both to the audit, risk and compliance committee of the Group's divisions and to the Group Audit, Risk and Compliance Committee. The external auditor is therefore the main external assurance provider for the Board in relation to the Group's financial results for each financial year.

The Audit, Risk and Compliance Committee regularly reviews the external auditors' independence and maintains control over the non-audit services provided, if any. Pre-approved permissible non-audit services performed by the external auditors include taxation and due diligence services. The external auditors are prohibited from providing non-audit services such as valuation and accounting work where their independence might be compromised by later auditing their own work. Any other non-audit services provided by the external auditors are required to be specifically approved by the chairman of the Audit, Risk and Compliance Committee or by the full committee if the fees are likely to be in excess of 50% of the audit fee.

The external auditor has the policy of rotating the lead audit partner and those of South African subsidiaries every five years and the other subsidiary audit partners with a maximum of every seven years. The Audit, Risk and Compliance Committee has adopted the same policy.

Board assessment of the Group's system of internal controls and risk management

Nothing has come to the attention of the Board or has arisen out of the internal control self-assessment process, internal audits or year-end external audit that causes the Board to believe that the Group's system of internal controls and risk management is not effective or that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The Board's opinion is based on the combined assurances of external and internal auditors, management and the Audit, Risk and Compliance Committee.

REMUNERATION REPORT

Remuneration policy

The Remuneration Committee aims to align the interests of management with those of shareholders in order to support the Group's strategy to deliver sustainable above-average returns to shareholders. It has established a framework of policies, within which it sets the remuneration package for the Group's executive directors and senior executives.

The underlying philosophy of the Remuneration Committee is to set remuneration levels as necessary to attract and retain the best international talent and to provide the potential for upper-quartile earnings when corporate and individual performance justify this.

Key principles of the Remuneration Policy are to:

- Ensure that executive directors and senior managers are suitably rewarded for their contribution to the Group's operating and financial performance;
- Promote a common interest with shareholders;
- Consider the international IT industry, market and country benchmarks;
- Provide performance-linked variable pay and share-based awards aligned with the executive incentive policy;
- Ensure the Group's remuneration is competitive in regions in which the Group operates, particularly the USA and the UK; and
- Balance long-term and short-term objectives through three main elements of remuneration:
  - Base salary (executive directors and senior executives also receive retirement and other benefits)
  - Short-term incentive – annual bonus plan with performance targets
  - Long-term incentive share-based remuneration plan with performance targets.

The base salary provides individuals with a fixed income to reward the job they do. The metrics by which the incentives are determined are aligned directly with the creation of shareholder value in addition to rewarding superior performance. While long-term incentives are inherently retentive, there are no schemes specifically in place for the sole purpose of retaining key employees.

This Remuneration Policy was put before shareholders for an advisory vote at the Annual General Meeting on 17 September 2014 and received overwhelming support from shareholders. The Remuneration Policy will again be put before shareholders for an advisory vote at the 2015 Annual General Meeting (see pages 169 to 174).

Remuneration type	Determined by	Benchmarking	Changes in the year
Base salary	The base salary of executive directors and senior management is subject to annual review by the Remuneration Committee. The committee makes use of external market data relating to comparable international IT companies based in the USA and the UK and to benchmarking exercises carried out by third-party advisers in determining appropriate levels of base salary.	The Remuneration Committee has determined base salary for executive directors above the median of comparative groups for retention of key, high-calibre personnel.	For the financial year ended 28 February 2015, the Remuneration Committee determined that the base salary of executive directors would not increase from the previous year.
	Benefits Executive directors and senior executives are entitled to defined contribution pensions, the provision of car allowances or a fully maintained car, medical insurance, and death and disability insurance.	During the year, the Group contributed an amount of 15% of the executive directors' base salaries to a private pension scheme, with the individuals contributing 5% of their salary. The total value of benefits received by each director is shown in Note 23 to the consolidated annual financial statements.	

Remuneration type	Determined by	Benchmarking	Changes in the year
Short-term incentives: annual bonus plan	All executive directors and senior executives participate in an annual bonus plan based on the achievement of short-term performance targets set for each individual. These targets are determined by the Remuneration Committee and include measures of corporate performance and the achievement of individual objectives congruent with the Group's business strategy.	The targets set by the Remuneration Committee for the corporate performance element of the annual bonus (80% of the potential total) in FY15 remained the same as in the prior year as follows: • **Share price growth** – the primary measure of the Group's strategy to deliver sustainable above-average returns to shareholders • **Underlying EPS** – in the Group's budget approved by the Board in March 2014. The budget is aligned with the Group's strategy and therefore achievement of the budget is a critical measure of delivery on the strategy • **EBITDA** – the target similarly being the budget, but in this case the measure is an absolute indicator of operational achievement rather than a per share earnings figure. The personal performance element, constituting 20% of the potential bonus, includes several key performance indicators for each executive director which are also aligned to the Group's overall strategy. At the end of each financial year, the achievement of the corporate financial targets is measured and the achievement of the personal targets is assessed by the Remuneration Committee. The on-target bonus level has been set at 125% of base salary for the CEO and capped at 200%, and 75% of base salary for the CFO and capped at 120%.	The bonus structure for FY15 remained the same as for FY14.
Long-term incentives: share-based remuneration	Equity-settled share-based incentive schemes for Group employees are in place to encourage and reward superior performance and to align the interests of participants as closely as possible with those of shareholders. These are: – Share Appreciation Right Scheme ("SAR Scheme") – Long-Term Incentive Plan ("LTIP") – Deferred Bonus Plan ("DBP") (executive directors)	See pages 72 to 74.	There was no change in the rules of the plans in operation under the terms of the 2012 SARs and LTIP grants; neither scheme vested in May 2015.

REMUNERATION REPORT CONTINUED

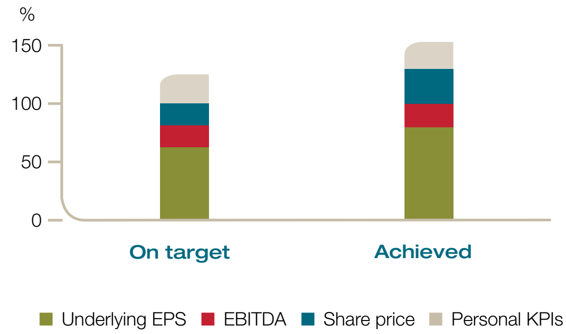
The Board has set out shareholding guidelines for executive directors whereby a shareholding with market value of twice annual base salary should be built up over the three years from appointment. The share-based remuneration schemes are intended to enable new executive directors to achieve this shareholding guideline and executive directors are not expected to purchase shares in the market if the share-based remuneration schemes do not deliver sufficient shares to meet the guideline shareholdings in the timescale.

Datatec's subsidiaries operate a number of cash-settled share-based incentive schemes for their senior employees based on the subsidiary's equity value as determined by annual valuations by independent valuers. Summaries of these schemes are also provided below.

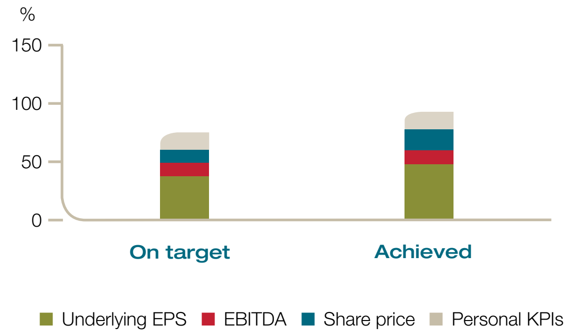
The composition of the annual bonuses of the executive directors for the year under review and for the previous year, shown as a percentage of base salary and split by the bonus elements are shown below:

FY15

CEO bonus composition as a % of base salary

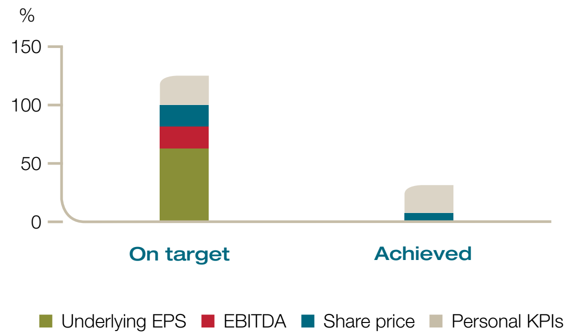


CFO bonus composition as a % of base salary

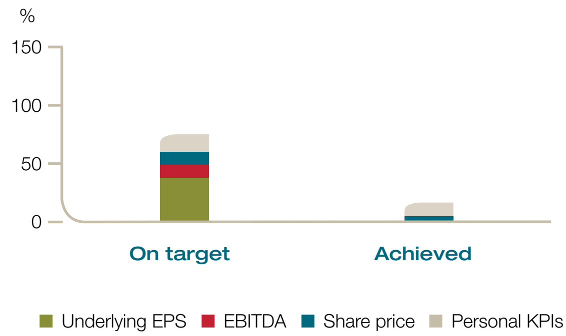


FY14

CEO bonus composition as a % of base salary



CFO bonus composition as a % of base salary



Datatec Group share-based remuneration

The Board has appointed Simon Morris as the Compliance Officer (as defined by section 97 of the Companies Act) for the Datatec share-based remuneration schemes, to be responsible for their administration.

Datatec established the Datatec Limited Share Incentive Trust 2005 ("the Share Incentive Trust") to hold Datatec shares, either new issues or purchased in the market, as treasury shares pending their use in settlement of share scheme awards. Settlement of awards which have vested under the share schemes is made by transferring new shares to participants from the Share Incentive Trust.

These schemes are all equity-settled and their earnings dilution effect is included in the diluted EPS figure. Details of these schemes are given in Note 2 to the consolidated annual financial statements on pages 115 to 120.

The Datatec Limited Share Appreciation Rights Scheme 2005 ("SARs Scheme")

Eligible employees may receive annual grants of Share Appreciation Rights ("SARs"), which are rights to receive shares equal to the value of the difference between the exercise price and the grant price. Eligible employees are executive directors and managers employed in Datatec head office functions. The number of SARs granted is proportional to the base salary of the recipient and awards are approved by the Remuneration Committee. The grant price is the "face value" of a SAR that is taken to be the 30-day volume weighted average Datatec share price on the grant date. In May 2014, recipients were granted SARs with a face value in the range 100% to 150% of their annual base salary.

Vesting of the SARs granted to date is subject to performance conditions. The duration and specific nature of the performance conditions and performance period are stated in the letter of grant. The condition that was imposed for the grants of SARs in 2012 and subsequently, was that underlying EPS (in US cents) must increase by 2% per annum above US consumer price index ("CPI") inflation over a three-year performance period in order for 50% of the SARs to vest. For the other 50% of the SARs to vest, underlying EPS (in US cents) must increase by 4% per annum above US CPI inflation over a three-year performance period. Between these two limits a sliding scale of vesting between 50% and 100% will operate.

Growth in underlying EPS is seen by the Remuneration Committee as a key measure of achievement of the Group's long-term strategy, and 2% above US CPI inflation is seen as the minimum growth threshold which must be achieved.

For the May 2011 SARs awards, the underlying EPS of 37.9 US cents was set as the base for the performance condition. The performance condition was first tested in May 2014, when underlying EPS growth to 28 February 2014 was compared with US CPI inflation plus 6% over a three-year period. The result of this test, confirmed by an independent third-party adviser, was that the performance condition had not been met and, accordingly, the 2011 SARs did not vest in May 2014. The May 2011 SARs award was the last to have a retesting provision attached and as a result, was subject to retesting of the performance condition in May 2015, when underlying EPS growth to 28 February 2015 was compared with US CPI inflation plus 8% over a four-year period. The result of this test, confirmed by an independent third-party adviser, was that the performance condition had not been met and, accordingly, the 2011 SARs did not vest in May 2015. The performance condition will be tested again in May 2016 for the final time.

After vesting, the SARs become exercisable. Upon exercise by a participant, the Company will settle the value of the difference between the exercise price and the grant price by delivering shares. SARs not exercised within the period specified in the letter of grant, to date seven years from grant in all cases, will lapse. SARs are not entitled to receive any dividends or capital distributions.

The SARs in issue at 28 February 2015 constitute a 0.12% (FY14: 0.15%) dilution of the Company's weighted average shares for the year, based on the assumption that new shares will be issued to settle them. The settlement of exercises during the year was made by transferring shares from the Share Incentive Trust.

REMUNERATION REPORT CONTINUED

The Datatec Limited Long-Term Incentive Plan 2005 ("LTIP")

Eligible employees, being executive directors and managers employed in Datatec head office functions, receive annual grants of conditional awards. The number of conditional awards granted is proportional to the base salary of the recipient and awards are approved by the Remuneration Committee. The face value of a conditional award is taken to be the 30-day volume weighted Datatec share price on the grant date. In May 2014, recipients were granted conditional awards with a face value in the range 67% to 150% of their base salary. The conditional awards will vest after the performance period if and to the extent that the performance conditions have been satisfied.

The duration and specifics of the performance conditions and performance period are stated in the letter of grant. For all grants made to date the performance period has been three years and the performance condition is related to the Company Total Shareholder Return ("TSR") over a three-year period, relative to the TSR of an international peer group using a common currency basis. The Remuneration Committee considers this to be an appropriate performance condition as it is a direct measure of the Group's achievement of its strategy to deliver long-term, sustainable, above-average returns to shareholders.

The international peer group for grants of awards under the LTIP which are currently within their performance period at the date of this report is as follows:

Comparator				
	UNITED STATES			
1.	Arrow Electronics, Inc.	USA	NYSE	ARW
2.	Avnet, Inc.	USA	NYSE	AVT
3.	ScanSource, Inc.	USA	NASDAQ	SCSC
4.	Anixter International, Inc.	USA	NYSE	AXE
5.	Tech Data Corporation	USA	NASDAQ	TECD
6.	Ingram Micro	USA	NYSE	IM
7.	Synnex Corporation	USA	NYSE	SNX
8.	Agilysys, Inc.	USA	NASDAQ	AGYS
	EUROPE			
9.	Phoenix IT Group plc	UK	LSE	PNX
10.	Computacenter UK Limited	UK	LSE	CCC
11.	Esprinet S.p.A.	Italy	BIT	PRT
12.	Groupe Steria SCA (Steria)	France	EPA	RIA:FP
13.	Bechtle AG	Germany	XETRA	BC8.GR
	SOUTH AFRICA			
14.	Datacentrix Holdings Limited	RSA	JSE	DCT
15.	Business Connexion Group Limited	RSA	JSE	BCX

The Remuneration Committee has determined that a larger group of 22 comparator companies will be used for the 2015 LTIP grant in May 2015 to give a better market comparison less susceptible to volatility and inequitable outcomes. The comparator group for the May 2015 LTIP grant is as follows:

	NORTH AMERICA			
1.	CGI Group, Inc.	Canada	TSE	GIB/A
2.	Atos Origin	USA	NASDAQ	AEXAF
3.	Avnet, Inc.	USA	NYSE	AVT
4.	Arrow Electronics, Inc.	USA	NYSE	ARW
5.	Ingram Micro	USA	NYSE	IM
6.	Synnex Corporation	USA	NYSE	SNX
7.	Anixter International, Inc.	USA	NYSE	AXE
8.	Tech Data Corporation	USA	NASDAQ	TECD
9.	Agilysys, Inc.	USA	NASDAQ	AGYS
10.	ScanSource, Inc.	USA	NASDAQ	SCSC
11.	ePlus, Inc.	USA	NASDAQ	PLUS
	LATIN AMERICA			
12.	Sonda S.A.	Chile	SSE	SONDA
	EUROPE			
13.	Sopra Steria Group	France	EN Paris	SOP:FP
14.	Bechtle AG	Germany	XETRA	BC8.GR
15.	Computacenter UK Limited	UK	LSE	CCC
16.	Esprinet S.p.A.	Italy	BIT	PRT
17.	Phoenix IT Group plc	UK	LSE	PNX
	SOUTH AFRICA			
18.	Datacentrix Holdings Limited	RSA	JSE	DCT
	ASIA-PACIFIC			
19.	NTT Data Corporation	Japan	TYO	9613
20.	SK C&C Co. Ltd	Korea	KRV	034730:KS
21.	Redington India Ltd	India	NSE	REDINGTON
22.	Tech Mahindra Limited	India	NSE	TECHM

REMUNERATION REPORT CONTINUED

The performance condition will determine if, and to what extent, the conditional award will vest. Upon vesting of the conditional award, the Company will procure the delivery of shares to settle the vested portion of the award. The conditional awards which do not vest at the end of the three-year performance period will lapse.

The commitment to issue shares under the LTIP for the conditional awards in existence at 28 February 2015 constitutes a 0.25% (FY14: 0.50%) dilution of the Company's weighted average shares for the year, based on the assumption that new shares will be issued to settle them.

The TSR, for the purposes of the LTIP, is defined to be the compound annual growth rate ("CAGR") of the Total Return Index for a company and the peer group as provided by Datastream (a UK-based information provider or any other appropriate service provider as determined by the Company), calculated as follows:

$$\left(\frac{\text{TSR 2} - \text{TSR 1}}{\text{TSR 1}}\right)^{1/y}$$

where:

- "Total Return Index" means the index calculated by combining share price performance and the value of reinvested dividends;
- "TSR 1" is the average Total Return Index over each weekday (excluding Saturdays and Sundays) during the 30-day period ending on the weekday immediately before the beginning of the LTIP Performance Period;
- "TSR 2" is the average Total Return Index over each weekday (excluding Saturdays and Sundays) during the 30-day period ending on the final weekday of the LTIP Performance Period;
- "LTIP Performance Period" means the period from 1 March in the year of grant to 28/29 February three years later; and
- "y" is the number of years over which TSR is being measured.

The TSR is calculated on a common currency basis with any non-ZAR values converted into ZAR by reference to the exchange rate on each relevant weekday.

At the end of the performance period the TSR of Datatec is compared with the distribution of the comparator group TSRs over the LTIP performance period:

- If the Datatec TSR lies within the upper quartile of the peer group, the whole LTIP award (100%), which is subject to the TSR condition, will become unconditional and will vest.
- If the Datatec TSR lies at the median TSR of the peer group or lower, none (0%) of the LTIP award will become unconditional and will vest. The remainder of the LTIP award, subject to the TSR condition, will lapse and will be of no further force or effect.
- If the Datatec TSR lies between the median and the upper quartile of the peer group the percentage of the LTIP award, subject to the TSR condition that becomes unconditional and will vest, will be linearly apportioned between 0% at the median and 100% at the upper quartile of the comparator TSR distribution. The remainder of the LTIP award, subject to the TSR condition, will lapse and will be of no further force or effect.

Vesting of the LTIP conditional awards is also subject to the participant remaining in the employ of the Group for the LTIP minimum employment period. Conditional award holders under the LTIP are not entitled to receive any dividends or capital distributions during the vesting period.

The TSR calculation method summarised above was approved by the Remuneration Committee in May 2015. Previously, a different method of calculation for the TSR performance condition was applied (as set out in previous Integrated Reports).

In May 2014, the TSR performance condition for the conditional awards granted under the LTIP in May 2011 (three years previously) was computed (using the previous calculation method) by an independent third party and Datatec was found to rank below the median of the TSR of the international peer group. This meant that 0% of the conditional awards vested and accordingly they lapsed.

In May 2015, the TSR performance condition for the conditional awards granted under the LTIP in May 2012 (three years previously) was computed (again by the previous calculation method) by an independent third party and Datatec was found to rank below the median of the TSR of the international peer group. This meant that 0% of the conditional awards vested and accordingly they lapsed.

The LTIP rules include a requirement for participants to hold some of the Datatec shares they receive on vesting for a period beyond the vesting date. Participants will be able to sell sufficient shares immediately to meet the total tax liability on the vesting but will then have to retain the remaining shares, 50% for one year and 50% for two years, prior to being able to sell them.

The Datatec Limited Deferred Bonus Plan 2005 ("DBP")

Eligible employees are permitted to use a portion of the after-tax component of their annual bonus to acquire shares (pledged shares). A matching award will be made to the participant after a three-year pledge period, on the condition that the participant remains in the employ of the Company and retains the pledged shares over the period and subject to certain performance conditions. In this context, a matching award means a conditional right to receive shares at no cost to the employee at the end of the three-year pledge period, subject to the employment condition and the performance condition being satisfied. The performance condition in place for the DBP pledged shares purchased in 2012, 2013 and 2014 are such that the number of shares that can be acquired under the matching award is as follows:

- 50% without performance conditions (but with the employment condition)
- A further 50% if EPS increases over the three-year matching period by US CPI +4% per annum giving 100% matching in total
- A further 50% if underlying EPS increases over the three-year matching period by US CPI +8% per annum, giving 150% matching in total.

From the 2015 DBP pledged share purchase onward, the Remuneration Committee has set the performance conditions such that the number of shares that can be acquired under the matching award is as follows:

- 100% without performance conditions (but with the employment condition)
- An additional 50% if underlying EPS increases over the three-year matching period by US CPI +8% per annum, giving 150% matching in total.

For all grants up to and including those in 2011, the vesting of matching awards had not been subject to the satisfaction of performance conditions. Accordingly, the pledged shares purchased under the DBP in May 2011 were matched by an equal number of matching shares in May 2014 transferred from the Trust (ie a 1:1 match).

Currently the employees eligible for the DBP are the executive directors. The participants must use 20% of their annual bonus for a mandatory purchase of pledged shares and may voluntarily use a further 40% of their annual bonus to purchase additional pledged shares. Awards are approved by the Remuneration Committee.

A participant remains the full owner of the pledged shares for the duration of the pledge period and will enjoy all shareholder rights in respect of the pledged shares. Pledged shares can be withdrawn from the pledge at any stage, but the matching award is then forfeited. The shares subject to the matching award are only acquired by the eligible employee at the end of the pledge period and he/she has no shareholder rights in respect of those shares before then.

From the 2012 grant onwards, participants become entitled to receive additional shares on matching, equal in value to the notional accrued dividends or capital distributions arising on the matched shares during the pledge period. The matching shares will not hold any voting rights until vesting.

The main purpose of the matching award is to encourage the employees concerned to acquire and retain shares in the Company through the pledged shares and to retain their services throughout the pledge period. By holding shares in the Company, the interests of employees are also directly aligned with those of shareholders.

The commitment to issue matching shares for the pledged shares held at 28 February 2015 constitutes a 0.11% (FY14: 0.13%) dilution of the Company's weighted average shares for the year, based on the assumption that new shares will be issued to settle them.

Limits applicable to the SAR Scheme, LTIP and DBP

The aggregate number of shares that may be issued under the SAR Scheme, the LTIP and the DBP is limited to 9 250 000 (approximately 5% of Datatec's ordinary shares in issue at 10 August 2010). This limit applies to the issue of new shares and not to shares purchased in the market for the purposes of share scheme settlements.

The maximum number of new shares that can be issued to any single participant under the SAR Scheme, the LTIP and the DBP is 4 625 000 (approximately 2.5% of Datatec's ordinary shares in issue at 10 August 2010).

The face value of the grants made to an employee in any financial year under the SAR Scheme cannot exceed 150% of his/her base salary at the date of the offer. The face value of the grants made to an employee in any financial year under the LTIP cannot exceed 150% of his/her base salary at the date of the

REMUNERATION REPORT CONTINUED

offer. The face value of the matching shares in any financial year made under an award to an employee under the DBP cannot exceed 75% of his/her base salary at the date of the offer.

The Datatec Share Option Scheme

Since the implementation of the SAR Scheme, LTIP and DBP on 16 August 2005, no new options have been granted under the Datatec Share Option Scheme. Options previously granted under the Datatec Share Option Scheme had a ten-year life and ran their course in terms of the rules of the scheme. The last outstanding options were exercised during the financial year ended 28 February 2015.

Subsidiary share-based remuneration schemes

Share-based remuneration plans are in operation within Westcon, Logicalis and Consulting Services. These schemes are based on the subsidiaries' share price, determined by an annual valuation of the subsidiary by an independent third-party adviser (rather than on Datatec's share price) and are cash-settled (except in the case of Analysys Mason – see below). The annual valuation of the subsidiary is used to mark the liability to the valuation share price and to establish both a grant price for new awards and the exercise price for vested SARs.

Westcon SAR Scheme

The Westcon Group Share Incentive Plan ("the Westcon SAR Scheme") provides for grants of SARs based on Westcon common shares to employees, directors (including non-executive directors), consultants and other advisers to Westcon.

The Westcon SARs vest in equal instalments over three years from the date of grant, are voluntarily redeemable in cash in equal instalments over three years beginning on the date of each vesting period, and expire on the last redemption date, which is five years from the date of grant.

Details of the operation of the Westcon SAR Scheme, including grants, exercises and lapses of SARs during the year ended 28 February 2015 and the prior year, are included in Note 2 to the consolidated annual financial statements.

Westcon Africa and Middle East ("AME") SAR schemes

Certain of the entities comprising Datatec's former Westcon Emerging Markets ("WEMG") sub-group, which transferred its operations into Westcon's AME division during the year ended 28 February 2011, operated cash-settled SAR schemes as follows:

- WEMG Share Appreciation Rights Scheme 2009 ("the WEMG SARs Scheme")
- Westcon SA Share Appreciation Rights Scheme 2006 ("the WSA SARs Scheme")
- Westcon Africa Share Appreciation Rights Scheme 2009 ("the WA SARs Scheme")
- Westcon Middle East Share Appreciation Rights Scheme 2006 ("the WME SARs Scheme").

The WA and WME SARs schemes were transferred to Westcon Group along with the entities that operated them during the year ended 28 February 2011. The WSA SARs Scheme remains operated by Westcon SA (Pty) Ltd under the management control of Westcon, and the WEMG SARs Scheme remains outside Westcon under the direct control of Datatec.

These schemes are all discontinued, with the last grants having been made in July 2012. Details of the operation of the Westcon AME SARs Schemes, including exercises and lapses of SARs during the year ended 28 February 2015 and the prior year as these schemes wind down, are included in Note 2 to the consolidated annual financial statements.

Logicalis and PLLAL SAR Schemes

Under the terms of the Logicalis Share Appreciation Rights Scheme 2005 ("the Logicalis SARs Scheme"), SARs are granted annually to senior managers. Vesting of the SARs is subject to certain earnings performance conditions. Provided that the performance conditions are met, 50% of the SARs vest after 24 months and the remainder after 36 months. All rights lapse if not exercised by the end of the seventh year after grant.

During the year ended 28 February 2010, Logicalis established a separate SAR scheme, the PLLAL SARs Scheme, for its 65% subsidiary PromonLogicalis Latin America Limited. The terms of this scheme are the same as those of the Logicalis SARs Scheme, but the grants are made to key employees of PLLAL and the annual valuations and appreciation rights are based on the equity value of PLLAL.

Details of the operation of the Logicalis and PLLAL SARs schemes, including grants, exercises and lapses during the year ended 28 February 2015 and the prior year, are included in Note 2 to the consolidated annual financial statements.

Consulting Services division share-based remuneration

Analysys Mason Performance Share Scheme

Analysys Mason operates a performance share plan, approved by its board of directors and shareholders, under the terms of which conditional shares are granted to participants. One-third of the conditional shares vest unconditionally after three years if the participant is still an employee and is settled with the same number of Analysys Mason ordinary shares. The vesting of the remaining two-thirds is conditional on an earnings-based performance condition and may be settled in cash or shares.

Analysys Mason Growth Share Plan

During the year ended 28 February 2010, Analysys Mason introduced a Growth Share Plan aimed at allowing employees to participate in the growth of the business if the valuation of the Analysys Mason business increased by a threshold of 10% per annum over the three years following issue. The “B” and “C” classes of growth shares issued in February 2010 and February 2011 have both lapsed since issue. In the financial year ended 29 February 2012, 17 senior managers of the business subscribed for 200 000 “D” shares (constituting 8.1% of Analysys Mason’s share capital) which have vested with effect from 28 February 2014.

Intact SAR Scheme

During the year ended 28 February 2011, Intact initiated a SAR Scheme approved by its board of directors and shareholders. The terms of the scheme are very similar to the Logicalis SARs Scheme outlined above. SARs were granted to senior management in the year ended 28 February 2011, but no grant has been made since and the remaining SARs are unlikely to vest.

Details of the operation of the Consulting Services division schemes, including grants, exercises and lapses during the year ended 28 February 2015 and the prior year, are included in Note 2 of the consolidated annual financial statements.

Non-executive directors’ remuneration

During the year ended 28 February 2015, non-executive directors received fees unchanged from the prior year, as approved by shareholders at the Annual General Meeting on 17 September 2014 as follows:

- Chairman of the Board: US$190 000 total fee inclusive of all committee and subsidiary board work
- Senior non-executive director’s fee: US$70 000
- Non-executive director’s fee: US$60 000
- Chairman of the Audit, Risk and Compliance Committee: US$30 000
- Member of the Audit, Risk and Compliance Committee: US$15 000
- Chairman of the Remuneration Committee: US$15 000
- Chairman of the Social and Ethics Committee: US$10 000
- Member of the Remuneration Committee: US$7 500
- Member of the Nominations Committee: US$5 000
- Trustee of Datatec trusts: US$7 000.

The Remuneration Committee determines the fee structure for non-executive directors, including the Chairman, based on benchmarking studies prepared by external advisers using data from comparable companies. The committee does not consider it necessary to split directors’ fees into a base fee and attendance fee components, as recommended by King III, because of the near 100% attendance record of directors at Board meetings.

For the year ending 28 February 2016, the Remuneration Committee proposes to increase fees for non-executive directors by 4% to the levels shown below and these fees will be presented for approval by shareholders at the Annual General Meeting on 10 September 2015.

- Chairman of the Board: US$197 600 total fee inclusive of all committee and subsidiary board work
- Senior non-executive director’s fee: US$72 800
- Non-executive director’s fee: US$62 400
- Chairman of the Audit, Risk and Compliance Committee: US$31 200
- Member of the Audit, Risk and Compliance Committee: US$15 600
- Chairman of the Social and Ethics Committee: US$10 400
- Chairman of the Remuneration Committee: US$15 600
- Member of the Remuneration Committee: US$7 800
- Member of the Nominations Committee: US$5 200
- Trustee of Datatec trusts: US$7 280.

REMUNERATION REPORT CONTINUED

Non-executive directors are reimbursed for travel costs necessary for attending Board meetings and do not receive any employment benefits.

The terms and conditions of appointment of non-executive directors are available on request from the Company Secretary. Non-executive directors are not eligible to participate in the annual bonus plan or any of the Datatec share incentive schemes. However, John McCartney, as a non-executive director of Westcon, does participate in the Westcon SARs Scheme as described above. The Nominations Committee is satisfied that this does not compromise his independence as a director of Datatec.

External appointments

Subject to the approval of the Board, executive directors are permitted to hold a directorship in one non-Group listed company and to retain the fees payable from this appointment.

Jens Montanana is non-executive Chairman of Corero plc, an AIM-listed software development business.

Directors' service contracts

In order to properly reflect their spread of responsibilities, executive directors have employment contracts as follows: Jens Montanana has a contract with Datatec International Holdings Limited; Rob Evans has a contract with Logicalis Group Services Limited; and Jurgens Myburgh has contracts with Datatec Limited and Datatec International Holdings Limited. The employment contracts of executive directors are terminable at six months' notice by either party and contain contractual provisions for payment on termination.

All non-executive directors have letters of appointment with Datatec Limited and/or Datatec International Holdings Limited. Under these contracts, non-executive directors retire in accordance with the Memorandum of Incorporation of the Company, which is at least every three years. Retiring directors may offer themselves for re-election.

Directors' emoluments

The remuneration, including bonuses and share-based incentive awards, for individual directors who held office during the financial years ended 28 February 2015 and 28 February 2014 is set out in Note 23 to the consolidated annual financial statements.

The Remuneration Committee has approved the executive directors' emoluments. The emoluments are set out in Note 23 to the consolidated annual financial statements.

Senior management emoluments

The aggregate remuneration of the 16 most senior executives employed by the Group subsidiaries during the financial years ended 28 February 2015 and 28 February 2014 is set out in Note 23 to the consolidated annual financial statements.

The King III Code recommends that the individual remuneration paid to the three most highly paid executives (other than the executive directors) of the Group be disclosed in the Integrated Report. However, the Remuneration Committee has decided not to apply this recommendation as it is not in the interests of the Company to do so, since there could potentially be a negative impact from a competition perspective.

Other than the executive directors whose remuneration is disclosed in Note 23 to the consolidated annual financial statements, Datatec does not have any prescribed officers as defined by the Companies Act and hence no other prescribed officers' remuneration is disclosed.

Directors' share interests

The directors who held office at year-end had the following interests in ordinary shares of the Company:

28 February 2015	Direct beneficial	Indirect beneficial	Associates	Total
Executive directors				
JP Montanana	–	14 900 000	–	**14 900 000**
PJ Myburgh	49 294	–	–	**49 294**
RP Evans	29 731	–	–	**29 731**
Non-executive directors				
SJ Davidson	–	–	–	**–**
O Ighodaro	–	–	–	**–**
JF McCartney	731 781	–	–	**731 781**
LW Nkuhlu	305	–	–	**305**
CS Seabrooke	–	–	200 000	**200 000**
NJ Temple	–	–	–	**–**
	811 111	14 900 000	200 000	**15 911 111**

Directors' interests in ordinary shares of the Company shown above are unchanged as at the date of this report.

Directors' interests in the ordinary shares of the Company at 28 February 2014 were as follows:

28 February 2014	Direct beneficial	Indirect beneficial	Associates	Total
Executive directors				
JP Montanana	–	15 463 426	–	**15 463 426**
RP Evans	24 252	–	–	**24 252**
Non-executive directors				
SJ Davidson	–	–	–	**–**
O Ighodaro	–	–	–	**–**
JF McCartney	720 000	–	–	**720 000**
LW Nkuhlu	300	–	–	**300**
CS Seabrooke	–	–	700 000	**700 000**
NJ Temple	–	–	–	**–**
	744 552	15 463 426	700 000	**16 907 978**

Directors' holdings of SARs, LTIP conditional awards and DBP matching shares are shown in Note 23 to the consolidated annual financial statements.

The executive directors' holdings of Datatec shares pledged in terms of the DBP are included in the tables on this page.

John McCartney's holding of Westcon SARs, which he was awarded as a non-executive director of Westcon in line with US practice for directors' fees and awards, is shown in Note 23 to the consolidated annual financial statements. These awards have been ratified by the Datatec Remuneration Committee.

OUR PEOPLE

Datatec employs over 8 000 employees across more than 60 countries. The Group strives to attract and retain employees of the highest calibre to uphold performance and build sustainability, and in parallel prioritises optimal working conditions and opportunities for development. The Group seeks to develop skills and talent inherent in its workforce.

The Group is an equal opportunities employer and is committed to a working environment that is free from discrimination in every region in which it operates. The divisions accord completely with this commitment. No incidents of discrimination were reported during the year. All reported incidents are investigated and if substantiated, a disciplinary enquiry will be convened, the outcome of which may lead to termination of employment.

Westcon

Westcon's technological expertise, performance excellence and years of partner success are all attributable to a very down-to-earth conviction. It's about hiring and developing the best people – dedicated individuals and teams with a strong understanding of their roles, responsibilities and contributions worldwide. The commitment to quality and value spans all operations – a driving force that combines unique skills in delivering, supporting and leading IT innovation.

Regional human resource executives take the helm in ensuring exceptional employee relations across all locations, in accordance with Westcon CEO, Dolph Westerbos' global direction and strategy. In addition to adhering to the employment laws of each country of operation, Westcon maintains consistent and transparent diversity policies across all markets served.

High standards are upheld through steadfast practices that go beyond performance reviews and other human resources basics. Training makes a difference, keeping Westcon on the cutting edge at a time of unprecedented technological transformation. Corresponding programmes over the past two years include:

- The "Westcon Way", a management training programme that centres on coaching, mentoring and leading through adversity
- New hire training, which encompasses an introduction to Westcon processes, procedures, messaging and value proposition
- Anti-bribery and corruption training – provided to all employees
- Conflict management, which guides leaders to effectively communicate and resolve problems in all situations while driving positive team mentality
- Interview skills, including the "Dos and Don'ts" when interviewing position candidates
- Vendor sales training and certification
- First-time manager training
- Skills in territorial account management, customer service, telephone and general communications
- Sales effectiveness training.

The overarching commitment to excellence at Westcon also correlates to its mentor programme, currently offered to the top 20% of Westcon employees in terms of performance. These associates are matched with a senior leader in the business for a period of six months, giving participants a dynamic opportunity to develop identified skills. Certain regions also offer a "high-potential programme" internally. In addition, Westcon has established Westcon Academy, which offers various online development programmes to employees.

Logicalis

Logicalis recognises that its people are critical to the ongoing success of the business and, by striving to attract the best talent, develop and reward its people for great performance and engage effectively with them, Logicalis aims to optimise the performance of the business.

In Logicalis, the focus on advanced technologies requires a high level of technical expertise, and management works closely with its vendors to ensure that employees are trained appropriately and have the necessary accreditations. In the interests of the long-term sustainability of the business, Logicalis will be launching a group-wide leadership development programme in FY16, aimed at developing our senior leaders of the future.

Logicalis has a culture of meritocracy where great performance is rewarded.

The majority of employees at Logicalis have performance objectives which are linked to the strategy of the local business. Talent and succession management reviews of the leadership team in each business are held annually, to focus on the retention of top talent and effective succession management.

Logicalis aims to be an employer of choice within the technology industry, attracting, developing and retaining the best talent. To assess what its employees think of the business, Logicalis conducted its first group-wide employee engagement survey in FY15, and is now acting upon the feedback from employees in each operation.

Human resource practices and policies ensure that all employees, wherever he/she works, whatever his/her role, are treated equally, fairly and respectfully at all times. Logicalis maintains consistent and transparent diversity policies across all its markets. All employees within Logicalis annually complete an online Code of Conduct training course to remind them of the importance of integrity to the success of the business.

Consulting Services

The companies within the Consulting Services division are equal opportunity employers, with policies in place to ensure that all employees and job applicants are treated fairly and equally regardless of their gender, sexual orientation, marital status, race, colour, nationality, ethnic or national origin, religion or belief, age, disability or union membership status. Consulting Services conducts an annual staff survey. The results of the survey for the year indicated that all employees consider the division to be upholding fair and equal treatment, that their opinions are respected and sought out and that diversity is encouraged.

At Analysys Mason and Mason Advisory, all employees receive regular performance and career development reviews. The companies have training frameworks for each grade. Individuals and their line managers agree, at the annual performance reviews, which training they will attend over the coming year. This training encompasses IT skills, personal development, project management and financial understanding. In addition, the companies provide financial assistance for training towards professional accreditations such as ACCA, CIPD, CFA and MBA.

Transformation

In line with South African legislation Datatec is required to comply with the Codes of Good Practice on BEE issued by the Department of Trade and Industry ("the Codes"), as well as the Broad-Based Black Economic Empowerment ("BBBEE") Act 53 of 2003. In terms of this the South African-based operations are required to comply with the Codes and are measured in terms of black participation on seven scorecard elements, namely: ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

Westcon Comztek (Pty) Ltd currently enjoys Level 4 BBBEE status, giving its customers 100% spend recognition on their respective scorecards. Annual BBBEE audits are performed by accredited BBBEE verification agents. Westcon Comztek (Pty) Ltd employed Empowerlogic (Pty) Ltd to perform the latest audit.

SAFETY, HEALTH AND ENVIRONMENT

Safety, health and environment ("SHE") policy and procedures

Datatec has a Group-wide SHE policy, which is complemented by individual policies at each subsidiary to ensure compliance with local regulations. Management at each subsidiary is responsible for implementing and maintaining the policy throughout the organisation, and ensuring that health and safety considerations are given priority in planning and day-to-day supervision of work. The Group CEO delegates the responsibility for maintaining a safe working environment to a health and safety committee or nominated individuals at each subsidiary. Health and safety issues are collated by the committees, nominated individuals and the Company Secretary, who reports to the Board.

Health and safety committees

The subsidiary health and safety committees' members are permanent, full-time employees acquainted with conditions and activities in the workplace. Each subsidiary elects the health and safety committee, including representatives from human resources and each division. The committees are responsible for:

- Reviewing and recommending changes to the Datatec SHE policy
- Investigating any accident which may occur, with the objective of achieving a factual and honest assessment of the causes and thereby preventing recurrence
- Proactively identifying health and safety hazards in the work environment
- Reporting hazards to management
- Making recommendations to management to reduce health and safety hazards
- Keeping abreast of relevant legislation
- Creating awareness of workplace risks with employees
- Investigating complaints by employees relating to health and safety at work
- Setting goals for improving health and safety within the business
- Identifying health and safety training needs in the different areas of the business
- Attending meetings with health and safety inspectors if required.

Employees are responsible for taking reasonable care of their own health, carrying out lawful orders in terms of health and safety, and complying with notices, instructions, hazard and warning signs. Furthermore, it is their responsibility to report any safety risk and any accident, injury or health and safety incident to the designated health and safety representative or human resources manager.

Health

The approach to health and wellness is on a per region/operation basis, in keeping with the decentralised management model of the Group. At most operations employees are afforded health schemes with the operations contributing the entire or part of the employee membership fee.

Westcon

Westcon continually updates its assessment of health and safety across their global business. Westcon has embarked on a global compliance programme for meeting local and regional legislation, and developing a consistent and best practice approach with the development of an internal benchmarking audit performance programme. This programme consists of formal reviews incorporating equipment, facilities, programmes and implementation against regional and country regulations. Corrective actions/improvements are continually being developed and implemented for identified deficiencies.

In addition, a global business compliance council has been created to address local legislation and best practices in Health and Safety, Environment, Business Continuity, and Quality & Security Standards. Westcon also has developed and tested emergency plans as part of an overall Business Continuity strategy.

Logicalis

Logicalis recognises its obligation to reduce the risk of injury in the work environment and to provide a clean and safe place to work. Logicalis undertakes to comply with health and safety regulations as set out in the jurisdictions in which Logicalis operates around the world.

Each Logicalis operation has its own health and safety policy which is consistent with best practice in the applicable jurisdiction, and regularly undertakes programmes and procedures to mitigate health and safety risks, such as risk assessments and safety audits.

Logicalis also ensures that the appropriate health and safety training is provided for its employees for the role that they perform, which includes, where appropriate, the training of first aiders and fire marshals.

During the year, Logicalis launched its group-wide online Code of Conduct training which covers the responsibilities of Logicalis as an employer and all Logicalis employees with regard to health and safety in the workplace. This training was completed by all employees in the fourth quarter of FY15 and will be updated on an annual basis.

Consulting Services

Analysys Mason has its own health and safety policy, approved by Datatec. This is published on the company's intranet, posted on notice boards in each office and covered during induction training. Risk assessments are carried out on a regular basis and safety audits are carried out annually. There have been no issues of concern to date. Health and safety training is ongoing to maintain up-to-date certifications for first aiders and fire marshals.

Mason Advisory's health and safety policy is part of their accredited ISO 9001 quality management system and is available to staff via the intranet. Mason Advisory retains the services of a qualified third party to ensure that risk assessments are undertaken and that staff receive appropriate training. As a consultancy business, the day-to-day risks may appear minimal; however, Mason Advisory ensures the team remains vigilant and that administrative staff are mindful of issues that may emerge in the office environment.

Via does not currently have a formal health and safety policy. Via does provide employee health coverage and maintains commercial office space that meets or exceeds all regulatory requirements for safety and accessibility.

Datatec head office

The head office continues to meet or exceed the Occupational Health and Safety Act 85 of 1993 ("OHS") requirements. Datatec requested an OHS review which was conducted on the Datatec head office by Uni-Excellens, specialists in OHS consulting. As a result of the review, training has been organised for first aiders, fire marshals and evacuation wardens. An emergency co-ordinator has also been appointed, who, alongside the OHS manager, will be responsible for health and safety at the head office.

The head office was identified as a low impact environment due to it being predominately office-based.

No incidents relating to health and safety have been reported at the Datatec head office during the year.

Approach to environmental conservation

The increased use of IT in recent years has led to increased usage of energy and the generation of carbon dioxide. As a responsible corporate citizen operating in the ICT market, Datatec has a duty to help minimise energy use. By improving the efficiency of IT systems and networks Datatec can contribute to "green IT" by helping clients become greener in their use of IT.

Some examples of how Datatec can provide more efficient IT systems include:

- Virtualisation
  - consolidating server capacity usage
  - consolidating server data storage
- Information lifecycle management
- Desktop power management
- Videoconferencing (to reduce travel).

In addition to assisting customers to enhance their sustainability, Datatec strives to minimise its own emissions of carbon dioxide by applying the principles of green IT in its own business as part of its environmental policy.

A formal environmental policy is in place and is applied throughout the Group. The main environmental objectives contained in the policy include:

- Complying with legal environmental requirements – European Waste Electrical and Electronic Equipment ("WEEE") regulations
- Maximising the Group's understanding of environmental issues through gathering information and ongoing training
- Purchasing environmentally sensitive products
- Seeking to minimise waste
- Seeking to minimise energy use
- Seeking to minimise transportation impacts
- Supporting community and other environmental initiatives by active involvement.

Westcon

Westcon is driven by a commitment to act responsibly, in an effort to minimise the impact of commercial activities on the environment. For this reason, Westcon encourages every operation across the globe to pursue initiatives with the goal of improving the quality of life in local communities.

Westcon is of the opinion that responsible business practices significantly benefit the environment, but also help accelerate new business, drive cost-effective strategies, and enhance loyalty. Westcon understands its role as a responsible global corporate citizen and regularly works alongside employees, suppliers, customers, the public and environmental agencies to incorporate these efforts into its overall business strategy.

Westcon aims to comply with all environmental legislation across every region. It works to foster an

SAFETY, HEALTH AND ENVIRONMENT CONTINUED

"environmentally conscious" culture by providing employees with appropriate information and support to ensure all work is done with a consideration of the environment. Westcon seeks to effectively maintain its plants and machinery to decrease environmental risks and recycle materials where possible. Its teams focus on implementing processes that assess and improve good environmental practices and encourage both internal and external communications related to performance of these practices.

Examples of how Westcon promotes environmental awareness and sustainability include:

- Power-saving light switches, ensuring lights are turned off when offices are not in use
- Recycling programmes encouraging operations in a paperless manner, asking employees to print documents only when necessary
- Electronic signature policies reducing the volume of documents printed and shipped globally
- An environmental information centre as part of the European business compliance site. The site contains an environmental policy and implementation manual, vendor site links and for each European country WEEE, battery and packaging declarations to each country's requirements
- Promotion of carpooling and cycling initiatives. For example, Westcon launched a new programme in the UK, whereby employees are encouraged to commute via bicycle by offering highly discounted rental prices, with free maintenance and replacement.

Logicalis

As a responsible international provider of IT solutions, Logicalis seeks to measure and minimise the way in which its commercial activities may impact the environment. Logicalis is also committed to providing practical advice and support to its customers and vendor partners to help them along the path to ever cleaner and greener IT solutions.

As an early adopter of green IT ideas and activities, Logicalis recognises that a responsible attitude to green IT can lead to significant reductions in energy consumption and carbon emissions. As well as reducing greenhouse gases and operational costs, the technologies it promotes, such as remote working and video and teleconferencing, enable more flexible working, greater productivity and improved business continuity.

Logicalis promotes remote working and videoconferencing across regional and home offices to minimise car or air transportation and reduce its carbon footprint. This is also supported through Logicalis' schemes to encourage employees to use public transport.

Many of its local operations support initiatives for reducing power and water usage and monitoring waste reduction in its offices. These range from paper and plastic recycling to water filtration and office lighting efficiency systems.

Logicalis' data centres are designed to best-practice standards to measure "power usage effectiveness" ("PUE") and save energy.

Logicalis UK promotes recycling internally and has recycling bins in all its offices across the UK. Logicalis also promotes "cycle to work" schemes as part of its flexible benefits programme.

Consulting Services

The Consulting Services division is mainly office-based, and therefore has minimal environmental impact. Nonetheless, environmental training takes place and policies and procedures are made available to all staff via the companies' intranet.

Companies within the division have introduced initiatives that conserve resources such as paper and electricity, and general recycling is standard. Furthermore, travel is kept to a minimum by holding meetings via tele/videoconference where practical.

COMMUNITY DEVELOPMENT

Group

Datatec's Corporate Social Investment ("CSI") endeavours are central to the Group's belief that a good education is at the heart of a successful economy. The Datatec Educational and Technology Trust ("the Trust") remains focused on supporting educational organisations with a specific focus on uplifting the standard and talent in the fields of mathematics, science and technology ("MST") within underprivileged communities in South Africa. In the year under review, Datatec spent in the region of R7 million on CSI activities with a primary focus on school level intervention programmes for learners and teachers; provision of technology infrastructure; bridging course and bursaries for tertiary studies.

CSI activities FY15	Direct beneficiaries FY15	Indirect beneficiaries FY15
School level intervention in mathematics and science	2 742 learners	100 000+ learners and students benefiting from enhanced teaching across South Africa
Bursaries	11 students	
Career guidance	800 learners	
Teacher training in mathematics and science	670 teachers	
Access to computer technology	4 000+ learners, students and teachers	

CSI activities FY14	Direct beneficiaries FY14	Indirect beneficiaries FY14
School level intervention in mathematics and science	2 658 learners	100 000+ learners and students benefiting from enhanced teaching across South Africa
Bursaries	10 students	
Career guidance	500 learners	
Teacher training in mathematics and science	445 teachers	
Access to computer technology	4 500 learners, students and teachers	

CSI spend by MST category

COMMUNITY DEVELOPMENT CONTINUED

School level intervention programmes – teacher and learner development

Datatec funds a number of organisations dedicated to providing professional development to teachers and providing learners with extra tuition in mathematics and science. The primary objective of our tertiary school level intervention programmes is to improve the performance of previously disadvantaged learners in mathematics and science, thus enabling them to obtain better grades in order to study disciplines such as medicine, engineering and accounting. The FY15 beneficiaries are set out in detail below:

Beneficiary	Purpose	Datatec's contribution FY15
AIMSSEC – partnership between the African Institute for Mathematical Sciences and University of Fort Hare	Offers a teacher training programme consisting of a three-month mathematical thinking course and a two-year Advanced Certificate in Education ("ACE") course.	Datatec has been in partnership with AIMSSEC since 2011. During FY15 the Company funded 25 teachers of whom 24 successfully completed their two-year ACE course.
The Vula Programme – Hilton College's educational outreach and community support initiative	Provides an educational service to around 90 under-resourced schools in disadvantaged communities in KwaZulu-Natal.	In 2001, Datatec donated R3 million towards the establishment of a Centre for Innovation, which meant the school could share resources, facilities and access to technology with less privileged schools in the area. In FY15, Datatec funded three ongoing projects: • Vula Science Project • Vula Annual Careers Day • Funding of an administrative assistant to provide support on the programme.
The Kutlwanong Centre for Maths, Science and Technology – ProMaths	The Kutlwanong Centre for Maths, Science and Technology focuses on addressing the challenges that South African schools face in the teaching and learning of mathematics, science and accounting. Its objective is to assist learners to obtain decent passes (minimum C symbol) in these subjects.	Datatec has been involved with Kutlwanong since 2011, funding extra tuition in mathematics and science for 300 top performing learners from 11 partner schools in the Mdantsane area of the Eastern Cape province. In FY15, the group of 89 grade 12 students achieved a pass rate of 94% and produced a total of 15 distinctions for mathematics and science. 52 out of 89 learners obtained between 50% and 100% for mathematics; and 44 out of 89 learners achieved between 50% and 100% for physical science. 61% of this group obtained a bachelor pass, compared with the national average of 27%. Datatec has committed to funding a new group of grade 10 to 12 learners for FY16.

Beneficiary	Purpose	Datatec's contribution FY15
The Tomorrow Trust – NGO that supports orphaned and vulnerable youth in South Africa, providing education and holistic support	Datatec partnered with The Tomorrow Trust to support the Saturday and holiday school programme which provides academic support for children from disadvantaged backgrounds.	This support enabled 30 learners in grade 8 and 30 learners in grade 10 to receive comprehensive academic lessons in mathematics, English, natural science and computer science/computer literacy as well as providing career guidance support, leadership workshops, and psychosocial support.
OLICO Youth – a community-based academic support programme for township school youth with a focus on senior phase mathematics	The aim of OLICO Youth is to provide learners with a pathway into high school mathematics by bridging the gaps in foundational understanding, thereby serving as a conduit into algebra and geometry.	In FY15 Datatec funded the development of the programme and mathematics materials as well as the programme director's annual salary.

Siyakhula Computer School students celebrate at their graduation ceremony.

COMMUNITY DEVELOPMENT CONTINUED

Provision of technology infrastructure

As a leading global technology company, Datatec recognises that access to ICT is vital in a growing economy and it is the Trust's objective to provide previously disadvantaged individuals with access to computer equipment for the purposes of education, job creation and community support.

Beneficiary/partner	Datatec's contribution FY15
Maharishi Institute – provides financial support, access to education, skills development and personal development tools to underprivileged students in Johannesburg. Students also gain valuable work experience by earning money while working in an on-site call centre	The Trust funded an extensive computer network with 450 network points on two floors, facilitating network access in all offices for all staff and providing all students internet and email access throughout the building. In addition, the Trust bought 100 computers and assisted the institute in sourcing hundreds more. Further, the Trust purchased two servers for the call centre, headsets for staff and voice over IP phones. To ensure proper maintenance and ongoing care for the network, Datatec continues to fund training for onsite IT staff. In FY15 many students were able to "learn and earn" through the support provided by the Maharishi Institute, with 500 students using the building ten hours a day during the academic year.
Afrika Tikkun – works toward the transformation of South African communities by caring for vulnerable children and orphans in townships. It operates in six communities across the country, providing "Centres of Excellence", assisting them in taking responsibility for the day-to-day activities and outreach programmes implemented in the community	The Trust has committed to upgrading Afrika Tikkun's national ICT infrastructure, which will enable Afrika Tikkun to collate comprehensive data to accurately track the conditions of families in distress and to inform management of these social conditions on a proactive basis. In addition, this infrastructure will be utilised by members of the beneficiary communities. Africa Tikkun has structured youth development programmes to run from these media centres/computer labs to provide IT skills training and research facilities for unemployed youths.
Siyakhula Education Foundation – operating as the Siyakhula Computer School, provides low-cost computer literacy training to underprivileged communities in Ivory Park, Ebony Park, Diepsloot, Zandspruit and Olievenhoutbosch	Datatec has been involved with Siyakhula since 2001 when it built a community centre in Ivory Park. This was used by members of the surrounding communities for various activities, including computer literacy training through the Siyakhula Computer School. In FY15 1 328 students received computer qualifications and training through four computer training facilities in Diepsloot, Ebony Park, Ivory Park, Olievenhoutbosch and Zandspruit. Datatec funds the programme director's salary on an annual basis.

Bridging course and bursaries for tertiary studies

The Trust supports not only secondary but also tertiary education and is of the informed opinion that investment in mathematics and science at secondary level will grow South Africa's talent pool of students studying engineering, medicine, science and accounting. For this reason, Datatec dedicates a portion of its CSI funding to bursaries in the field of accounting.

Beneficiary/partner	Datatec's contribution FY15
The Thuthuka Bursary Fund – a South African Institute of Chartered Accountants ("SAICA") initiative established to provide full bursaries to 250 to 300 black students at selected SAICA-accredited universities	Datatec has been in partnership with Thuthuka since 2011 and provides full bursaries to ten students per year for a period of three years. In FY15, Datatec funded a new group of ten students who will complete their three-year studies at the end of 2016.
Living Through Learning – Living Through Learning's TEACH programme seeks to address the knowledge gap in learners from underprivileged schools who go on to study at universities. It is focused on providing full-time tuition in mathematics, science and English. In addition, the programme also addresses areas including emotional intelligence, and personal skills (in respect of computers, communication, life and studies) to ensure the students are well equipped to successfully complete their tertiary studies at a university or FET college	Datatec, in partnership with Living Through Learning, launched a pilot project in Cape Town in January 2013. 35 underprivileged students who failed to achieve any form of university entrance were selected to attend the one-year programme. Overall the students increased their pass mark by 34%. 77% of the students gained entrance into tertiary education institutions. In FY15, 76% of students received entrance into tertiary institutions which is a great achievement considering none of the students had university exemption when they joined the TEACH programme.

Westcon

Westcon fully supports a wide variety of corporate and employee-led charitable initiatives throughout the year, offering both time and resources toward social responsibility initiatives.

In North America, several offices held local winter clothing drives as well as food and toy donations to help families during the holiday season. In Omaha, associates collected a truck full of coats, hats, shoes and gloves to deliver to Open Door Mission a week before Thanksgiving, and have continued a monthly drive for food, toiletries and other items. During the annual Connect event in Orlando, all attendees built "big and bold" structures from non-perishable food items that were then donated to Second Harvest Food Bank. The Toronto office sponsored separate drives for the Children's Aid Society and Mississauga/Oakville Food Bank. Meanwhile, Comstor US donated US$3 500 to the Learning Together Holiday Hopes Programme, sponsoring six families financially impacted by a cancer diagnosis, and also donated US$6 000 in Cisco's Santa Connection Programme to help children in two Washington, DC area hospitals chat with Santa Clause via videoconferencing and receive gifts.

At Tarrytown headquarters, employees supported almost 20 charities through the "Westcon Gives Back" initiative in FY15, including donations to Good Counsel Homes, to support residential care and community-based services for homeless, expectant, new mothers and their children, as well as United Cerebral Palsy, a leader in the disability community and a strong voice for individuals with disabilities and their families. Other charities supported by Tarrytown include: Alzheimer's Awareness; Adopt-A-Family; the Memorial Sloan Kettering Cancer Centre; the Fight Ebola campaign, and many more. Many employees also completed the ice bucket challenge, raising awareness and funds to fight amyotrophic lateral sclerosis ("ALS") by challenging each other.

In EMEA, nine teams totalling 78 employees participated in a Movember Mo-Off by growing moustaches and raising thousands of Dollars for the Movember Foundation to research men's health projects. Meanwhile, its Middle Eastern operations held fundraisers to support All as One, an organisation to help children and orphans of Sierra Leone, and the Al Noor Training Centre for Children with Special Needs in Dubai. In addition, Middle East associates organised an Iftar (an evening meal after sunset during Ramadan) for people in worker's

COMMUNITY DEVELOPMENT CONTINUED

camps in the United Arab Emirates. Crawley, UK, employees held a charity raffle and silent auction to benefit nearby St Catherine's Hospice. Also, Westcon Germany employees raised money for "Holzwurmhaus", a children's youth club in Berlin, while Comstor Spain donated several thousand Dollars to Caritas Food Bank.

Westcon's South African offices leveraged vendor relationships to source PCs at minimal cost for the 1 450 student Kliptown Secondary School, and also donated R100 000 toward the purchase of additional computers. As part of the Comstor Cares initiative, South African associates and Cisco helped to paint a school building in Soweto and collected almost R15 000 to pay for paint and other supplies, also donating more than 400 grocery items to the school. The South African office also purchased handmade "Hope" bracelets to benefit The Hillcrest Aids Centre Trust and participated in an NGO Field of Dreams event to raise funds for a children's centre near Hartebeespoort.

In Brazil, employees provided sponsorship for Bola pra frente, a charity started by a former soccer player that provides a number of social programmes, including nutrition, musical instruments, athletic equipment and education for more than 15 000 children around Rio De Janeiro.

In Australia, associates supported a number of charities throughout the year including the Red Cross and Cancer Council Australia, while also providing donations and raising awareness through Pink Ribbon Day for Breast Cancer, Movember and R U Okay, a suicide prevention organisation. In New Zealand, associates rallied to raise more than US$20 000 for one employee's young daughter diagnosed with type 1 diabetes. The family was able to acquire a special trained diabetic assistance dog that recognises when the owner has hypoglycemia.

Logicalis

Logicalis encourages its operating companies in every territory to create initiatives that help improve the quality of life within the local communities where they work and live.

During the 2014 holiday season, Logicalis US again donated US$55 000 to 61 charities in communities where its employees work and live, ranging from food banks and homeless shelters to healthcare research. In addition, Logicalis US encourages all employees to donate their time in their local community by allowing eight hours of paid time off annually.

Logicalis Singapore participated in a number of charity events, including the Singapore Airlines' charity run to raise funds for the Community Chest of Singapore. It also took part in the National Kidney Foundation "WALK OF LOVE" event. Cash donations were also contributed to Club Rainbow, a charity committed to providing help to children suffering from a range of chronic and life-threatening illnesses, as well as to the Lee Ah Mooi Old Age Home, a private nursing home for the elderly. Logicalis Hong Kong was one of the corporate sponsors for the "Cook for Love" charity event organised by the Hong Kong Council of Early Childhood Education and Services ("CECES"). They also donated to CECES for its English workshops, which aims to help underprivileged students with their English language skills through music, art, drama and dance.

Logicalis UK set up a programme to support the local communities and has been working with a local community partnership to provide voluntary support to help the young, elderly, people with learning difficulties and charity organisations. These activities included gardening for the elderly, decorating at local schools, and mentoring children with CV writing and interview skills.

Logicalis UK also took part in the ice bucket challenge. The event raised £200 for the amyotrophic lateral sclerosis ("ALS") charity and they donated £100 to UNICEF to offset the cost of the water used.

Logicalis UK has now set up a charity committee and has agreed an annual budget which will be used to support either nominated charities or to sponsor staff in charity events. The following charities have benefited from this venture: Water Aid, St Michael's Hospice and Child Bereavement UK, Brain Tumor Charity, JDRF – Juvenile Diabetes Research Foundation, The Royal Liverpool Charity, The Children's Trust for Brain Injury, Treloar Trust, Chatterbox, Cancer Research UK, MNDA – Motor, Neurone Disease Association, The Animal Sanctuary UK, British Lung Foundation and MacMillan Cancer Research.

Logicalis UK also held their annual Christmas party in aid of cancer research and raised over £10 000 from a charity auction, raffle, and sponsorship for the event.

Logicalis Ireland supported a number of chosen charities including the National Children's Hospital Christmas Appeal with the sponsorship of a star on the hospital Christmas tree, and the Simon Community's Christmas fundraising event. The Simon Communities throughout Ireland provide the best possible care, accommodation and support for people experiencing homelessness and those at risk. The team also supported the Irish Cancer Society's annual Daffodil Day with funds being raised to support nationwide cancer support initiatives.

Logicalis SMC in the Netherlands supported several charities by getting involved in community and sport events to raise awareness and money. They sponsored the ALS Foundation, the Dutch KWF Cancer Foundation and the Movember Foundation against prostate cancer.

Logicalis Channel Islands continues to provide support to the community; providing computers and IT support to the Guernsey Bereavement Centre and also to domestic abuse charity Safer; to the Guernsey Sailing Trust and their programme of getting youngsters active and on the water; to the Jersey Ladies Volleyball team supporting their programme to get teenagers active and to take up sport; to the Gorey Regatta enabling the oldest sailing event in the world to continue to operate and provide a fun competitive event for all the family; and to the Jersey Rowing Club.

Logicalis Australia supported various organisations during FY15 including R U OK Day by hosting a morning tea to raise awareness for mental health, as well as the Peter MacCallum Cancer Centre, to end women's cancer by supporting staff who participated in a 60 kilometre walk. Logicalis Australia also donated sporting memorabilia to the global campaign to raise awareness for the Alfie Fund.

Logicalis Southern Cone made donations to Juvenile Centre Paso Joven and Cruz Roja, by their offices in Uruguay and Paraguay, respectively. In Argentina, Logicalis supports the Fundación Equidad, which develops several training programmes for students in disadvantaged communities. Throughout the region, there's great support for Junior Achievement projects, which seek to awaken the entrepreneurial spirit in young students and stimulate their personal development through educational programmes.

Logicalis Andean Region has participated in the Socios Por Un Día volunteering programme, in which the Colombia and Peru offices received a young member of the Junior Achievement organisation, who had the opportunity to spend a day working in the company as administration and finance manager. Throughout the four countries in the Andean region, the first edition of the Bienestar para Todos programme introduced Logicalis Runners, a human resources-organised initiative to encourage sports activities and a healthier lifestyle among employees.

In Brazil, PromonLogicalis prioritises investments and social initiatives in projects for educational and culture areas, considering them an essential factor in the society and the country's development. They supported projects in non-governmental organisations – such as Ação Comunitária, Casa do Zezinho, Mozarteum Brasileiro and Associação Sociedade de Cultura Artística – and their employees got involved in the Volunteer Programme, participating in Junior Achievement projects, seeking to prepare young people for the labour market and reduce school evasion. The company has started to also support the English For All programme, teaching English to children and young adults.

Consulting Services

During the year, Analysys Mason donated funds to 12 beneficiaries, including the main three listed below:

- Unicef, addressing the long-term needs of children and women in developing countries everywhere;
- The Teenage Cancer Trust, expert treatment and support for young people aged between 13 and 24 diagnosed with cancer;
- World Transplant Games organised by The World Transplant Games Federation whose purpose is to visibly demonstrate the benefits of successful organ transplantation, work to increase public awareness of its success and thereby increase organ donation rates, as well as promote the full rehabilitation and wellbeing of participants.

Mason Advisory recognises the need for a CSR policy and statement. It is management's intent to support staff in specific fundraising efforts during the course of the year.

Throughout the year Via has made nominal contributions to organisations which support the fight against cancer, multiple sclerosis and other notable organisations. On a few occasions the company has contributed several hundred dollars to individual families in need. This year, Via employees plan to participate in community organisations such as Habitat for Humanity.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTENTS

BOARD APPROVAL

for the year ended 28 February 2015

Datatec's ("The Group") consolidated annual financial statements for the year ended 28 February 2015 are prepared in accordance with the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board, Interpretations issued by the IFRS Interpretations Committee, the JSE Listings Requirements, AIM Rules, the South African Companies Act 71 of 2008 ("the Companies Act"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and incorporate transparent and responsible disclosure together with appropriate accounting policies.

These annual financial statements have been audited in compliance with the requirements of the Companies Act and were compiled under the supervision of Jurgens Myburgh CA(SA), the Chief Financial Officer during the year.

The directors are responsible for the maintenance of adequate accounting records, the preparation and integrity of the Group annual financial statements and all related information. The directors are also responsible for the systems of internal control which are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and loss.

The directors believe that the Group has adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

In terms of the Companies Act, the directors are required to prepare annual financial statements that fairly present the state of affairs and business of the Company and of the Datatec Group at the end of the financial year and of the profit for that year.

The Group annual financial statements were approved by the Board of Directors on 13 May 2015. The consolidated annual financial statements extracted from the Group annual financial statements which appear on pages 96 to 168 are signed on its behalf by:

JP Montanana
Chief Executive Officer

PJ Myburgh
Chief Financial Officer

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88(2)(e) of the South African Companies Act 71 of 2008, I certify that for the year ended 28 February 2015 Datatec Limited has filed with the Commissioner of the CIPC all such returns as are required of a public company in terms of the Act. Further, that such returns are true, correct and up to date.

SP Morris
For and on behalf of
Datatec Management Services (Pty) Ltd
Company Secretary

INDEPENDENT AUDITORS' REPORT

for the year ended 28 February 2015

TO THE SHAREHOLDERS OF DATATEC LIMITED

We have audited the consolidated financial statements of Datatec Limited set out on pages 100 to 168, which comprise the consolidated statement of financial position as at 28 February 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Datatec Limited as at 28 February 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated financial statements for the year ended 28 February 2015, we have read the Directors' Report, the Audit, Risk and Compliance Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditors

Per: MH Holme
Partner

13 May 2015

Buildings 1 and 2
Deloitte Place
The Woodlands
Woodlands Drive
Woodmead Sandton
South Africa

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

for the year ended 28 February 2015

The information below constitutes the report of the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee comprises four independent non-executive directors: Chris Seabrooke (Chairman), Stephen Davidson, Funke Ighodaro and Wiseman Nkuhlu. CVs for these directors are on pages 12 and 13 of the Integrated Report and evidence their relevant skills and suitable experience. The Chief Executive Officer, Jens Montanana, the Chief Financial Officer, Jurgens Myburgh, the Chief Risk Officer, Simon Morris, and the external and internal auditors are invited to attend all meetings. The external and internal auditors have unrestricted access to the Audit, Risk and Compliance Committee and also meet with the Audit, Risk and Compliance Committee members, without management present, at least once a year. Attendance at Audit, Risk and Compliance Committee meetings is set out on page 60 of the Integrated Report.

The Audit, Risk and Compliance Committee meets at least three times a year. In the year under review and subsequent to the date of this report, the Audit, Risk and Compliance Committee has met six times, with all members in attendance. The Chairman of the Audit, Risk and Compliance Committee reports on the Audit, Risk and Compliance Committee's activities at each Board meeting.

The Audit, Risk and Compliance Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board. The charter is reviewed annually to confirm compliance with the King III Code and the Companies Act and to ensure the incorporation of best practice developments. The charter is available at **www.datatec.com**.

The Audit, Risk and Compliance Committee is satisfied that it has met its responsibilities for the year under review and to the date of this report with respect to its terms of reference as set out in its charter. Further, the Audit, Risk and Compliance Committee is satisfied that it has complied with its legal and regulatory responsibilities throughout that period.

Datatec's three operating divisions each have an audit, risk and compliance committee, chaired by the Datatec Group Chief Financial Officer, Jurgens Myburgh. Reports from these committees are submitted to the Datatec Audit, Risk and Compliance Committee, which retains all the functions of an audit committee in respect of Datatec's subsidiaries.

The Audit, Risk and Compliance Committee reviews the activities of the Group's outsourced internal audit function and annually reviews the internal audit charter and recommends it to the Board.

The Audit, Risk and Compliance Committee is responsible for selecting the external auditor and recommending its appointment to the shareholders as well as for approving the external auditors' fees. The committee monitors the external auditor and has satisfied itself that Deloitte & Touche and MH Holme, the designated auditor, are independent of the Company.

In terms of the Companies Act and the JSE Listings Requirements the Audit, Risk and Compliance Committee has considered and satisfied itself of the appropriateness of the expertise and experience of Jurgens Myburgh, who served as Chief Financial Officer from 1 May 2014 to date. Further, the committee considers the appropriateness of the expertise and adequacy of resources of the Group's finance function and the experience of senior management responsible for the finance function annually. For the year under review, the committee is satisfied in this regard.

The Audit, Risk and Compliance Committee assists the Board in reviewing the risk management process and significant risks facing the Group (see pages 62 to 67). The committee reviews the Group's risk strategy with the executive directors and senior management and oversees the Group's use of recognised risk management and internal control models and frameworks to maintain a sound system of risk management and internal control with combined assurance processes in place throughout the Group. The Audit, Risk and Compliance Committee is satisfied that the appropriate processes are in place to enable the Board to make an effective assessment of the Group's system of internal controls and risk management.

The Audit, Risk and Compliance Committee is tasked with reviewing the interim and annual financial statements and Integrated Report. The Audit, Risk and Compliance Committee recommended the annual financial statements for the year ended 28 February 2015 for approval to the Board. The Board has subsequently approved the annual financial statements which will be presented at the forthcoming Annual General Meeting.

CS Seabrooke
Audit, Risk and Compliance Committee
Chairman

Sandton
13 May 2015

DIRECTORS' REPORT

for the year ended 28 February 2015

PROFILE AND GROUP STRUCTURE

The Group is an international information and communications technology ("ICT") business with operations in over 60 countries. The Group's main lines of business comprise: the distribution of networking, security and unified communications and data centre products (Westcon); ICT infrastructure solutions and services (Logicalis); and strategic and technical consulting (which includes Analysys Mason Limited, Mason Advisory Limited and The Via Group, Inc.). "Corporate" encompasses the costs of the Group's head office entities including Datatec Financial Services, a new capital/leasing business under development.

Datatec Limited (the "Company"), a South African company with registration number 1994/005004/06, is the parent company of the Group. The Company's shares are listed on the JSE Limited and on the Alternative Investment Market of the London Stock Exchange with share code DTC and ISIN ZAE000017745.

GROUP FINANCIAL RESULTS

Commentary on the Group financial results is given in this Integrated Report on pages 21 and 27. Full details of the financial position and financial results of the Group are set out in the consolidated annual financial statements on pages 96 to 168.

SHARE CAPITAL

Authorised share capital

The authorised share capital of the Company as at 28 February 2015 and 28 February 2014 is R4 000 000 made up of 400 000 000 ordinary shares of one cent each.

Issued share capital

As at 28 February 2015, the issued share capital amounted to R2 036 146, divided into 203 614 644 ordinary shares of one cent each (FY14: R1 971 427 divided into 197 142 685 ordinary shares).

Share capital changes during the year

During the year, shares were issued to settle obligations in terms of the Datatec Share Option Scheme (which has now terminated), in relation to the interim scrip distribution (see below) and as part of the consideration for acquisitions.

Financial details of the movement in share capital have been reflected in the Group statement of changes in equity and in Note 15 in the consolidated annual financial statements together with the number of shares issued during the year.

DIRECTORS

Brief CVs of directors are included on pages 12 and 13 and further information on the directors, including their interests in the shares of the Company and share-based remuneration schemes, is provided in the Remuneration Report set out on pages 68 and 78 and in Note 23 to these consolidated annual financial statements on pages 143 to 147.

All directors are subject to election by shareholders at the first opportunity after their appointment. Subsequently, the terms of the Company's Memorandum of Association requires one-third of all directors to retire annually (ensuring each director retires at least once every three years) when they may offer themselves for re-election by shareholders.

GOING CONCERN

Having undertaken a thorough solvency and liquidity test and review of going concern assertions across the Group, the Directors believe that the Datatec Group has adequate financial resources to continue in operation for the 12 months after the date of this report and accordingly the financial statements have been prepared on a going concern basis.

The directors have determined from the solvency and liquidity test that the Group is solvent and has access to sufficient cash resources for the 12 months after the payment of the final dividend referred to below. Ordinary shareholders' funds are US$870.9 million (FY14: US$871.6 million). Working capital remains well controlled. Trade receivables and inventory are of sound quality and adequate provisions are held against both. The Group has sufficient liquidity and borrowing capacity to meet its ongoing operating needs, including approved capital expenditure. At 28 February 2015, the Group had cash balances on hand of US$366.1 million (FY14: US$378.7 million), bank overdrafts of US$388.2 million (FY14: US$420.4 million) and borrowing facilities of US$1 170 million (FY14: US$1 069 million) of which US$1 034 million (FY14: US$857 million) was available for draw-down against existing collateral at that date.

DIRECTORS' REPORT CONTINUED

for the year ended 28 February 2015

The Group has no need to undertake a capital restructuring and key executive management is in place. The Board is not aware of any new material changes that may adversely impact on the Group relative to customers, suppliers, services or markets. The Board is not aware of any material non-compliance with statutory or regulatory requirements and there are no pending legal proceedings other than in the normal course of business.

INVESTMENTS AND SUBSIDIARIES

Financial information relating to the Group's investments and interests in subsidiaries is contained in Annexure 1 of the consolidated annual financial statements (see page 164).

ACQUISITIONS

The following acquisitions were concluded during the financial year ended 28 February 2015:

Westcon Group

On 30 August 2014, Westcon acquired the assets of US-based Verecloud, Inc. ("Verecloud"), the developer of an advanced distribution platform for cloud and services solutions, for US$12.0 million, settled through the issue of Datatec shares. The platform will be incorporated into Westcon's Cloud Solution Practice and form the foundation which is designed to help resellers drive significant revenue from cloud-enabled services.

Logicalis Group

On 1 September 2014, Logicalis acquired a 51% shareholding in ITUMA GmbH ("Ituma"), a speciality software developer based in Germany. Ituma is focused on Wi-Fi-enabled services such as in-location navigation, product and service offerings access, product promotions and analytics.

Logicalis increased its shareholding in PromonLogicalis Latin America Limited ("PLLAL") from 60.0% to 64.4% by electing to take its share of a PLLAL dividend in the form of scrip and acquired a further 0.6% of PLLAL shares from Promon in exchange for the issue of Datatec shares. As a result, Datatec's shareholding in PLLAL increased from 60.0% to 65.0% during the year.

On 2 January 2015, Logicalis acquired inforsacom Holding GmbH ("Inforsacom"). Inforsacom is a provider of database, storage and infrastructure solutions and services with operations across the major economic centres of Germany. The acquisition will significantly enhance Logicalis' scale and capabilities in the German IT market.

CORPORATE GOVERNANCE COMPLIANCE STATEMENTS

A statement on the Group's corporate governance policies and procedures is set out in the governance section of the Integrated Report on pages 57 to 59.

SHARE-BASED PAYMENTS AND OTHER MANAGEMENT INCENTIVE SCHEMES

Details of the Group's share-based payment schemes and other management incentive schemes are set out in the remuneration section of the Integrated Report on pages 71 to 77.

EVENTS OCCURRING SUBSEQUENT TO THE YEAR-END

There are no material subsequent events to report. On 6 May 2015, Logicalis acquired Trovus, a small UK business intelligence consultancy, which provides business insight solutions, professional services and managed services to large enterprise clients.

SCRIP DISTRIBUTIONS WITH CASH DIVIDEND ALTERNATIVE

The Company paid an interim scrip distribution with cash dividend alternative of 88 ZAR cents (approximately 8 US cents) to shareholders on 1 December 2014. The number of scrip distribution shares to which each shareholder became entitled (to the extent that such shareholder had not elected to receive the cash dividend) was determined by reference to the ratio that 88 ZAR cents bore to the volume weighted average price of an ordinary Datatec share traded on the JSE during the 30-day trading period ending on Thursday, 13 November 2014, which was 5 378 ZAR cents, ie 1.63630 scrip distribution shares for every 100 ordinary shares held.

The result of the shareholder election in relation to the cash dividend alternative to the scrip distribution was that 2 018 910 new ordinary shares were issued on 1 December 2014 to shareholders who did not elect to receive the cash dividend in respect of all or part of their shareholding, resulting in a capitalisation of the distributable retained profits of the Company of ZAR108.6 million. The proportion of the Company's total shares which received the scrip distribution was 61.8%. Shareholders holding 76 189 934 ordinary shares elected to receive the gross cash dividend of 88 ZAR cents per ordinary share resulting in a total gross cash dividend of ZAR67.0 million which was paid out of the distributable retained profits of the Company. The proportion of the Company's total shares which received the cash dividend was 38.2%.

The Board has declared a final scrip distribution with cash dividend alternative of 108 ZAR cents in relation to the financial year ended 28 February 2015, which will be payable to shareholders on the Register on 17 July 2015. The number of scrip distribution shares to which each shareholder will became entitled (to the extent that such shareholder has not elected to receive the cash dividend) will be determined by reference to the ratio that 108 ZAR cents bore to the volume weighted average price of an ordinary Datatec share traded on the JSE during the 30-day trading period ending on Thursday, 2 July 2015.

CAPITAL DISTRIBUTIONS

For the financial year ended February 2014, the Company paid an interim capital distribution to shareholders of 80 ZAR cents (approximately 8 US cents) per share on 2 December 2013 and a final capital distribution of 93 ZAR cents (approximately 9 US cents) per share on 21 July 2014, making a total capital distribution to shareholders for the financial year ended 28 February 2014 of 173 ZAR cents (approximately 17 US cents).

The Group's dividend policy of paying an annual dividend, which will provide cover of at least three times relative to underlying earnings, remains unchanged.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 12:00 on Thursday, 10 September 2015 at the DaVinci Hotel & Suites, Nelson Mandela Square, corner Maude and 5th Street, Sandown, Sandton, 2196, South Africa. A notice of Annual General Meeting is included on page 169.

GROUP ACCOUNTING POLICIES

for the year ended 28 February 2015

BASIS OF ACCOUNTING AND REPORTING

The Group financial statements as set out on pages 96 to 168 have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Significant details of the Group's accounting policies are set out below and are consistent with those applied in the previous year.

The financial statements comply with the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board, interpretations issued by the IFRS Interpretations Committee, the JSE Listings Requirements, AIM Rules, the Companies Act of South Africa as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

ADOPTION OF NEW OR REVISED ACCOUNTING STANDARDS AND AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

The Group adopted the following amendments to accounting standards. The adoption of these amendments did not have a material impact on the Group annual financial statements.

- IAS 32 *Financial Instruments: Presentation* (effective for accounting periods beginning on or after 1 January 2014)
- IAS 39 *Financial Instruments: Recognition and Measurement* (effective for accounting periods beginning on or after 1 January 2014)

No new or revised accounting standards or interpretations were adopted during the year.

NEW OR REVISED ACCOUNTING STANDARDS, AMENDMENTS TO EXISTING STANDARDS, AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these annual financial statements, the following new or revised standards, amendments to existing standards, and interpretations applicable to the Group were in issue but not yet effective:

- IFRS 7 (Revised) *Financial Instrument Disclosures* – amendments on application of IFRS 9 (effective for accounting periods beginning on or after 1 January 2015)
- IFRS 9 *Financial Instruments* (effective for accounting periods beginning on or after 1 January 2018)
- IFRS 10 *Consolidated Financial Statements* (effective for accounting periods beginning on or after 1 January 2016)
- IFRS 11 *Joint Arrangements* (effective for accounting periods beginning on or after 1 January 2016)
- IFRS 15 *Revenue from Contracts with Customers* (effective for accounting periods beginning on or after 1 January 2018)
- IAS 1 *Presentation of Financial Statements* (effective for accounting periods beginning on or after 1 January 2016)
- IAS 16 *Property, Plant and Equipment* (effective for accounting periods beginning on or after 1 January 2016)
- IAS 19 (Revised) *Employee Benefits* (effective for accounting periods beginning on or after 1 July 2014)
- IAS 27 *Separate Financial Statements* (effective for accounting periods beginning on or after 1 January 2016)
- IAS 28 *Investments in Associates and Joint Ventures* (2011) (effective for accounting periods beginning on or after 1 January 2016)
- IAS 38 *Intangible Assets* (effective for accounting periods beginning on or after 1 January 2016)
- Amendments resulting from Annual Improvements 2010 – 2012 Cycle (effective for accounting periods beginning on or after 1 July 2014)
- Amendments resulting from Annual Improvements 2011 – 2013 Cycle (effective for accounting periods beginning on or after 1 July 2014)
- Amendments resulting from Annual Improvements 2012 – 2014 Cycle (effective for accounting periods beginning on or after 1 July 2016)

The Group is in the process of assessing the impact of IFRS 9 and IFRS 15. The Group has assessed the remaining new or revised standards, amendments to existing standards, and interpretations applicable to the Group, and does not believe that the adoption of these will have a material impact on the financial results or disclosures of the Group.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the Group's accounting policies described below, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available and the Group also engages third parties to perform valuations.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the relevant notes.

The following are the key assumptions concerning the future, and other key areas of estimation and judgement included in the Group's annual financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- Estimates made in determining the recoverable amount of acquired intangible assets included in the statement of financial position (disclosed in Note 10). The Group continually assesses the carrying value of its intangible assets recognised as part of historical acquisitions. This requires an estimation of the value-in-use, based on estimated future cash flows and discount rates of the asset or cash-generating units to which these assets belong.
- Estimates made in determining the recoverable amount of goodwill included in the statement of financial position (disclosed in Note 9). Similar to acquired intangible assets, this requires an estimation of the value-in-use of the cash-generating unit to which the goodwill is allocated. The Group's cash-generating units are consistent with those segments (disclosed in Note 32).
- Estimates made in determining the probability of future taxable income thereby justifying the recognition of deferred tax assets included in the statement of financial position (disclosed in Note 12).
- Estimates regarding the recognition and measurement of the Group's share-based payment schemes. Details of the assumptions made and analyses of these assumptions are provided in Note 2.
- Estimates made in determining the level of provision required for obsolete inventory and doubtful debts (disclosed in Notes 13 and 14, respectively).
- Estimates made in determining changes in estimated useful lives and residual values of property, plant and equipment (disclosed in Note 8) and capitalised development expenditure (disclosed in Note 10).
- Estimates made of contingent liabilities disclosed (disclosed in Note 22).

BASIS OF CONSOLIDATION

The Group reports in US Dollars as the US Dollar is the functional currency in which the major part of the Group's trading is conducted and is consistent with the economic substance of most of the Group's transaction flows worldwide. Reporting in US Dollars also simplifies financial analysis and is more meaningful to global investors and shareholders and for international benchmarking.

The translation into US Dollars for reporting purposes is performed as follows:

(a) Assets and liabilities (including comparatives) are translated at the closing rate ruling at the date of each statement of financial position.

(b) Income and expense items for all periods presented (including comparatives) are translated at a weighted average rate that approximates the ruling exchange rates at the dates of the transactions.

Exchange differences arising from the translations in (a) and (b) are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

(c) The functional currency of the parent company is South African Rand. The share capital and share premium of the parent company are translated into US Dollars at the closing exchange rates.

(d) The exchange differences arising on this translation (c) are recognised directly in equity and accumulated in non-distributable reserves.

GROUP ACCOUNTING POLICIES
CONTINUED
for the year ended 28 February 2015

The Group consolidated annual financial statements incorporate the financial statements of the Company and all enterprises controlled by the Company during the reporting period.

Control is achieved when the Group:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. Consolidation of subsidiaries begins when the Group obtains control over a subsidiary and ceases when the Group loses control of a subsidiary. Profit or loss and each component of other comprehensive income are attributable to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The operating results of Group entities are included from the effective date of acquisition to the effective date of disposal. All significant inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS).

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

BUSINESS COMBINATIONS
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions of recognition under IFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the consideration transferred, the excess is recognised immediately in profit and loss. Costs associated with the acquisition are expensed, and may include such costs as advisory, legal, accounting, valuation and other professional costs associated with the transaction.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Contingent consideration is measured at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Subsequent adjustments to the consideration are recognised against the cost of the acquisition, with corresponding adjustments against goodwill, only to the extent that they arise from new information obtained within the measurement period (which is not more than 12 months from the acquisition date) about facts and circumstances that existed at the acquisition date. All other subsequent adjustments that do not qualify as measurement period adjustments, classified as assets or liabilities, are recognised in profit or loss.

A non-controlling interest in the acquiree is initially measured at the proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the share of changes in equity since the date of the combination.

Business combinations achieved in stages

Changes in the Group's ownership interests in subsidiaries that do not result in variations in the Group's control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. Additionally the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income is transferred within equity between the foreign currency translation reserve and non-controlling interest.

Restructuring of entities or businesses under common control

A business combination of entities or businesses under common control is excluded from IFRS 3 *Business Combinations* as it involves the combination of businesses that are ultimately controlled by the same company. Any such business combination is accounted for at the net asset value and no goodwill is raised. Any difference between the net asset value and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

FOREIGN CURRENCY TRANSACTIONS

Transactions in currencies other than the reporting currency are initially recorded at the rates of exchange ruling on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing at the reporting date. Profits and losses arising on exchange are dealt with in the statement of comprehensive income, except for profits and losses on exchange arising from equity loans, which are taken directly to equity until the loan is derecognised, at which time they are recognised as income or expenses. Exchange differences arising on equity loans and the translation of foreign subsidiaries are classified as equity and transferred to the Group's translation reserve.

Where appropriate, in order to minimise its exposure to foreign exchange risks, the Group enters into forward exchange contracts.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment have been stated at cost less accumulated depreciation except land, which is shown at cost. Depreciation is calculated based on cost using the straight-line method over the estimated useful lives of the assets less their residual value.

The basis of depreciation provided on property, plant and equipment is as follows:

	Useful lives (years)
Office furniture and equipment	2 – 6
Motor vehicles	2 – 4
Computer equipment	2 – 6
Buildings	20
Leasehold improvements	Period of the lease

Land and buildings comprise mainly warehouses and offices (land is not depreciated). Software purchased to support the Group's back-office, accounting and customer relationship functions, and having little customisation, is included in computer equipment and is depreciated over its expected useful life.

GROUP ACCOUNTING POLICIES
CONTINUED
for the year ended 28 February 2015

All assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. An impairment review of property, plant and equipment is carried out when there is an indication that these may be impaired by comparing the carrying amount thereof to its recoverable amount. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

LEASED ASSETS
Assets leased in terms of agreements which are considered to be finance leases are capitalised. Capitalised leased assets are depreciated at the same rate and on the same basis as equivalent owned assets or over the term of the lease, if this is shorter. The liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease finance charges are amortised over the duration of the underlying leases, using the effective interest rate method.

Operating leases, mainly for the rental of premises, office furniture, computer equipment and motor vehicles, are not capitalised and rentals are expensed on a straight-line basis over the lease term.

CAPITALISED SOFTWARE DEVELOPMENT EXPENDITURE
An intangible asset arising from internal development (or from the development phase of an internal project) is recognised only if the Group can demonstrate all of the following conditions:
(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) Its intention or ability to complete the intangible asset, and use or sell it;
(c) How the intangible asset will generate probable future economic benefits, including the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(d) The availability of adequate technical, financial and other resources to complete the development, and to use or sell the intangible asset; and
(e) Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Capitalised software development assets are amortised using the straight-line method over their useful lives, which generally do not exceed 10 years.

All other expenditure on research activities is recognised as an expense in the period in which it is incurred.

OTHER INTANGIBLE ASSETS
Other intangible assets include those intangible assets acquired and identified as part of a business combination, and software.

An intangible asset is recognised when it meets the following criteria:
(a) It is identifiable;
(b) The entity has control over the asset;
(c) It is probable that economic benefits will flow to the entity; and
(d) The cost of the asset can be measured reliably.

Intangible assets are amortised using the straight-line method over their useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

	Useful lives (years)
Software	2 – 6
Other intangible assets	Maximum of 10

Intangible assets which do not meet the criteria listed above are recognised as expenses in the period in which they are incurred.

GOODWILL

Goodwill represents the excess cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquiree at the date of acquisition. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The carrying amount of goodwill (or relevant portion thereof) is included in computing the gains and losses on the disposal of an entity.

Impairment tests are conducted annually or more frequently when an indication of impairment exists on goodwill attributed to the cash-generating units, based on the value of future discounted cash flows and other appropriate methods.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The results and assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate and joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture.

IMPAIRMENT

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately and are reflected in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but will never exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

INVENTORIES

Inventories, comprising spares/maintenance inventory, finished goods and merchandise for resale, are stated at the lower of cost and net realisable value and are mainly valued on the weighted average cost basis.

Provision is made for obsolete and slow-moving inventory.

Contract work in progress is recognised on the percentage of completion method by reference to the milestones for each contract.

GROUP ACCOUNTING POLICIES
CONTINUED
for the year ended 28 February 2015

FINANCIAL INSTRUMENTS
Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third-party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of the assets and liabilities is disclosed in Notes 19 and 24.

Effective interest rate method
The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the period of the instrument. Effectively this method determines the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, if appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

Trade receivables
Trade receivables are initially recognised at cost, which approximates fair value, and are subsequently measured at amortised cost using the effective interest rate method.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. Objective evidence includes observable data about the following loss events:
- Significant financial difficulty of the debtor;
- Breach of contract;
- Creditor granting concessions to the debtor which it would not normally consider but for the debtor's financial difficulty;
- It becomes probable that the debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the debtor; and
- An increase in delayed payments from the debtor or an increase in the number of times the debtor exceeds its credit limit.

In instances where there is clear and unassailable evidence that a trade receivable has been impaired and there is no evidence to indicate that the trade receivable is recoverable and all reasonable measures to recover the amount have been exhausted, the Group reduces the carrying amount of the impaired trade receivable directly against the asset account or the provision for impairment of trade receivables if one had previously been raised.

Any increase or decrease in the provision for impairment of trade receivables, or any reduction in trade receivables directly against the asset account, is recorded in operating profit.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Borrowings
Borrowings are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost using the effective interest rate method. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables
Trade payables are recognised initially at cost, which approximates fair value and are subsequently measured at amortised cost using the effective interest rate method.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of the direct issue costs.

PROVISIONS
Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring and not associated with the ongoing activities of the entity.

AMOUNTS OWING TO VENDORS
Amounts owing to vendors represent purchase considerations owing in respect of acquisitions. These purchase considerations are to be settled with the vendors in cash or shares on fulfilment of agreed performance criteria. The amounts classified as short-term are interest free and will be settled within the next year. Amounts payable to vendors are included in the purchase consideration at acquisition and, to the extent that agreed performance criteria are not met, affect the statement of comprehensive income in the period in which that determination is made.

TAXATION
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable income for the year. Taxable income differs from net income as reported in the statement of comprehensive income because it includes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax uses relevant rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences which arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

GROUP ACCOUNTING POLICIES
CONTINUED
for the year ended 28 February 2015

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

REVENUE RECOGNITION
Revenue is measured at fair value of the consideration received or receivable and, except for certain sales arrangements where the Group acts as an agent, represents the invoiced value of sales and services rendered, excluding discounts and sales-related taxes. Revenue from sales arrangements where the Group acts as agent is recognised on a net basis and the commission or gross profit earned on these contracts is recognised as revenue. In respect of trading operations, revenue is recognised at the date on which goods are delivered to customers or services are provided.

Revenue from the rendering of services on long-term and fixed-price contracts is recognised on the percentage of completion method, after providing for contingencies and once the outcome of the contract can be assessed with reasonable assurance. The percentage of completion is measured by reference to milestones set out in each contract. As soon as losses on individual contracts become evident, they are provided for in full.

Revenue from cost-plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as accrued income and where recorded revenue is less than the amounts invoiced to clients, the difference is classified as deferred income.

Within the Group, inter-company and inter-divisional revenue are eliminated on consolidation.

INTEREST RECEIVED
Interest received is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS
All borrowing costs are recognised in profit and loss in the period in which they are incurred.

SHARE-BASED PAYMENTS
The Group issues equity-settled and cash-settled share-based incentives to certain employees.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, the liability for the fair value of all unexercised share rights which are expected to vest is determined initially at grant date and then revalued at each reporting date and amortised over the applicable period.

Fair value is measured by use of appropriate actuarial models. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and exercise behavioural considerations.

PENSION SCHEME ARRANGEMENTS

Certain subsidiaries of the Group make contributions to various defined contribution retirement plans on behalf of employees, in accordance with the local practice in the country of operation. These contributions are charged against income as incurred.

The Group has no liability to these defined contribution retirement plans other than the payment of its share of the contribution in terms of the agreement with the funds and employees concerned, which differs from country to country.

DIVIDENDS DECLARED

The liability for dividends and related taxation thereon is raised only when the dividend is declared.

DIVIDEND RECEIVED

Dividends are recognised when the right to receive payment is established.

UNDERLYING EARNINGS PER SHARE

Earnings, 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.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2015

	Notes	2015 US$'000	2014 US$'000
Revenue	1	6 443 536	5 688 054
Existing operations		6 421 646	5 464 474
Acquisitions		21 890	223 580
Cost of sales		(5 510 605)	(4 846 618)
Gross profit		932 931	841 436
Operating costs		(716 454)	(660 624)
Share-based payments	2	(10 084)	(5 547)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")		206 393	175 265
Depreciation	3	(26 256)	(26 360)
Amortisation of capitalised software development expenditure	3	(7 216)	(6 309)
Amortisation of acquired intangible assets and software	3	(15 163)	(15 066)
Intangible impairment	10	–	(5 473)
Operating profit	3	157 758	122 057
Interest income		4 324	3 580
Finance costs	4	(21 930)	(25 168)
Share of equity-accounted investment earnings	11	450	441
Acquisition-related fair value adjustments		(317)	2 400
Fair value adjustments on put option liabilities		(317)	2 421
Fair value adjustments on deferred purchase consideration		–	(21)
Other income		14	264
Loss on disposal of investments and subsidiary company	11/34	(137)	(1 778)
Profit before taxation		140 162	101 796
Taxation	5	(51 534)	(37 496)
Profit for the year		88 628	64 300
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences arising on translation to presentation currency		(67 757)	(48 271)
Translation of equity loans		(5 279)	12 700
Tax on translation of equity loans		1 480	(3 301)
Transfers and other items		41	(566)
Total comprehensive income for the year		17 113	24 862
Profit attributable to:			
Owners of the parent		73 772	55 780
Non-controlling interests		14 856	8 520
		88 628	64 300
Total comprehensive income attributable to:			
Owners of the parent		11 014	22 882
Non-controlling interests		6 099	1 980
		17 113	24 862
Number of shares issued (millions)			
– Issued		204	197
– Weighted average		199	197
– Diluted weighted average		200	198
Earnings per share (US cents)			
– Basic	6	37.1	28.4
– Diluted	6	36.9	28.2

GROUP STATEMENT OF FINANCIAL POSITION

as at 28 February 2015

	Notes	2015 US$'000	2014 US$'000
ASSETS			
Non-current assets		**701 809**	673 650
Property, plant and equipment	8	**73 328**	65 282
Goodwill	9	**450 884**	438 198
Capitalised software development expenditure	10.1	**49 573**	45 099
Acquired intangible assets and software	10.2	**45 854**	53 664
Investments	11	**6 342**	7 054
Deferred tax assets	12	**54 555**	53 909
Other receivables		**21 273**	10 444
Current assets		**2 572 773**	2 318 374
Inventories	13	**442 612**	432 594
Trade receivables	14	**1 532 820**	1 312 771
Current tax assets	26	**15 626**	14 197
Prepaid expenses and other receivables		**215 585**	180 144
Cash and cash equivalents	30	**366 130**	378 668
Total assets		**3 274 582**	2 992 024
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent		**870 850**	871 617
Share capital and premium	15	**126 886**	122 936
Non-distributable reserves		**50 179**	49 697
Foreign currency translation reserve		**(105 307)**	(40 989)
Share-based payments reserve		**739**	(351)
Distributable reserves		**798 353**	740 324
Non-controlling interest		**41 599**	52 868
Total equity		**912 449**	924 485
Non-current liabilities		**103 710**	94 131
Long-term liabilities	16	**21 555**	17 359
Liability for share-based payments		**9 848**	7 501
Amounts owing to vendors	19	**1 842**	2 447
Deferred tax liabilities	12	**69 833**	66 052
Other liabilities		**632**	772
Current liabilities		**2 258 423**	1 973 408
Trade and other payables	17	**1 795 783**	1 490 238
Short-term interest-bearing liabilities	17	**43 468**	27 611
Provisions	18	**13 979**	13 416
Amounts owing to vendors	19	**2 750**	7 497
Current tax liabilities	26	**14 212**	14 208
Bank overdrafts	20	**388 231**	420 438
Total equity and liabilities		**3 274 582**	2 992 024

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2015

	Share capital US$'000	Share premium US$'000	Foreign currency translation reserve US$'000
Balance at 1 March 2013	218	160 602	(7 507)
Total comprehensive income/(expense) recognised for the year	–	–	(33 482)
Profit attributable to the owners of the parent	–	–	–
Profit attributable to the non-controlling interest	–	–	–
Translation of equity loans	–	–	12 700
Tax on translation of equity loans	–	–	(3 301)
Gain/loss reclassified to profit and loss on disposal of foreign operation	–	–	(566)
Exchange differences arising on translation to presentation currency	–	–	(42 315)
Transfers and other items	–	–	–
Translation of share capital and share premium	(39)	(28 797)	–
New share issues	5	22 541	–
Capital distributions	–	(31 594)	–
Acquisitions of additional interests from non-controlling interests	–	–	–
Recognition of put option liability	–	–	–
Derecognition of put option liability	–	–	–
Disposals of additional interests from non-controlling interests	–	–	–
Transfers within classes of equity	–	–	–
Equity-settled deferred purchase consideration	–	–	–
Share-based payments	–	–	–
Balance at 28 February 2014	184	122 752	(40 989)
Total comprehensive income/(expense) recognised for the year	**–**	**–**	**(62 034)**
Profit attributable to the owners of the parent	**–**	**–**	**–**
Profit attributable to the non-controlling interest	**–**	**–**	**–**
Translation of equity loans	**–**	**–**	**(5 279)**
Tax on translation of equity loans	**–**	**–**	**1 480**
Exchange differences arising on translation to presentation currency	**–**	**–**	**(58 235)**
Transfers and other items	**–**	**–**	**–**
Translation of share capital and share premium	**(15)**	**(9 885)**	**–**
New share issues	**4**	**21 243**	**–**
Capital distributions to shareholders	*****	**(17 226)**	**–**
Dividends to non-controlling interests	**–**	**–**	**–**
Dividend to shareholders	**2**	**9 827**	**–**
Acquisitions of additional interests from non-controlling interests	**–**	**–**	**(2 284)**
Disposals of additional interests from non-controlling interests	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**
Balance at 28 February 2015	**175**	**126 711**	**(105 307)**

Non-distributable reserves relate to the translation of share capital and share premium of the parent company, the recognition of the minority put option liabilities and reserves recognised in the recording of changes in holdings of subsidiaries.

Foreign currency translation reserve includes the translation of subsidiaries and the parent company into presentation currency.

The Group issues equity-settled and cash-settled share-based incentives to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

A liability equal to the portion of services received is recognised at the current fair value determined at each reporting date for cash-settled share-based payments.

Fair value adjustments on put option liabilities of US$0.3 million (FY14: US$2.4 million) were transferred from non-distributable reserves to distributable reserves.

SCRIP DISTRIBUTIONS WITH CASH DIVIDEND ALTERNATIVE – FY15

The Company paid an interim scrip distribution with cash dividend alternative of 88 ZAR cents (approximately 8 US cents) to shareholders on 1 December 2014. The number of scrip distribution shares to which each shareholder became entitled (to the extent that such shareholder had not elected to receive the cash dividend) was determined by reference to the ratio that 88 ZAR cents bore to the volume weighted average price of an ordinary Datatec share traded on the JSE during the 30-day trading period ending on Thursday, 13 November 2014, which was 5 378 ZAR cents, ie 1.63630 scrip distribution shares for every 100 ordinary shares held.

** Less than US$1 000.*

	Non-distributable reserves US$'000	Share-based payments reserve US$'000	Distributable reserves US$'000	Equity attributable to equity holders of the parent US$'000	Non-controlling interest US$'000	Total equity US$'000
	25 292	(826)	687 654	865 433	51 578	917 011
	2 421	584	53 359	22 882	1 980	24 862
	–	–	55 780	55 780	–	55 780
	–	–	–	–	8 520	8 520
	–	–	–	12 700	–	12 700
	–	–	–	(3 301)	–	(3 301)
	–	–	–	(566)	–	(566)
	–	584	–	(41 731)	(6 540)	(48 271)
	2 421	–	(2 421)	–	–	–
	28 836	–	–	–	–	–
	–	–	–	22 546	–	22 546
	–	–	–	(31 594)	(4 327)	(35 921)
	(2 009)	–	–	(2 009)	5 659	3 650
	(1 864)	–	–	(1 864)	–	(1 864)
	131	–	–	131	–	131
	(265)	–	–	(265)	(2 022)	(2 287)
	488	–	(689)	(201)	–	(201)
	(3 333)	–	–	(3 333)	–	(3 333)
	–	(109)	–	(109)	–	(109)
	49 697	(351)	740 324	871 617	52 868	924 485
	(276)	**(765)**	**74 089**	**11 014**	**6 099**	**17 113**
	–	**–**	**73 772**	**73 772**	**–**	**73 772**
	–	**–**	**–**	**–**	**14 856**	**14 856**
	–	**–**	**–**	**(5 279)**	**–**	**(5 279)**
	–	**–**	**–**	**1 480**	**–**	**1 480**
	–	**(765)**	**–**	**(59 000)**	**(8 757)**	**(67 757)**
	(276)	**–**	**317**	**41**	**–**	**41**
	9 900	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**21 247**	**–**	**21 247**
	–	**–**	**–**	**(17 226)**	**–**	**(17 226)**
	–	**–**	**–**	**–**	**(26 066)**	**(26 066)**
	–	**–**	**(16 060)**	**(6 231)**	**–**	**(6 231)**
	(8 339)	**–**	**–**	**(10 623)**	**9 210**	**(1 413)**
	(803)	**–**	**–**	**(803)**	**(512)**	**(1 315)**
	–	**1 855**	**–**	**1 855**	**–**	**1 855**
	50 179	**739**	**798 353**	**870 850**	**41 599**	**912 449**

The result of the shareholder election in relation to the cash dividend alternative to the scrip distribution was that 2 018 910 new ordinary shares were issued on 1 December 2014 to shareholders who did not elect to receive the cash dividend in respect of all or part of their shareholding, resulting in a capitalisation of the distributable retained profits of the Company of ZAR108.6 million. The proportion of the Company's total shares which received the scrip distribution was 61.8%. Shareholders holding 76 189 934 ordinary shares elected to receive the gross cash dividend of 88 ZAR cents per ordinary share resulting in a total gross cash dividend of ZAR67.0 million which was paid out of the distributable retained profits of the Company. The proportion of the Company's total shares which received the cash dividend was 38.2%.

The Board has declared a final scrip distribution with cash dividend alternative of 108 ZAR cents (approximately 9 US cents) in relation to the financial year ended 28 February 2015 which will be payable to shareholders on the Register on 17 July 2015. The number of scrip distribution shares to which each shareholder will became entitled (to the extent that such shareholder has not elected to receive the cash dividend) will be determined by reference to the ratio that 108 ZAR cents bore to the volume weighted average price of an ordinary Datatec share traded on the JSE during the 30-day trading period ending on Thursday, 2 July 2015.

CAPITAL DISTRIBUTIONS – FY14

For the previous financial year ended February 2014 the Group paid an interim capital distribution to shareholders of 80 ZAR cents (approximately 8 US cents) per share on 2 December 2013 and a final capital distribution of 93 ZAR cents (approximately 9 US cents) per share on 21 July 2014, making a total capital distribution to shareholders for the financial year ended 28 February 2014 of 173 ZAR cents (approximately 17 US cents).

GROUP STATEMENT OF CASH FLOWS

for the year ended 28 February 2015

	Notes	2015 US$'000	2014 US$'000
Cash flow from operating activities			
Cash generated from operations	25	186 199	32 227
Interest income		4 324	3 580
Finance costs		(21 930)	(25 168)
Taxation paid	26	(53 193)	(45 073)
Net cash inflow/(outflow) from operating activities		115 400	(34 434)
Cash flow from investing activities			
Cash outflows for acquisitions	27	(1 979)	(16 544)
Additions to property, plant and equipment	28	(35 314)	(32 753)
Proceeds on disposal of investments and subsidiary	11/31	1 024	18
Increase to capitalised software development expenditure	10.1	(14 835)	(8 831)
Additions to software	10.2	(955)	(1 944)
Proceeds on disposal of property, plant and equipment		582	927
Net cash outflow from investing activities		(51 477)	(59 127)
Cash flow from financing activities			
Net proceeds from shares issued		82	12 664
Capital distributions and dividends paid to shareholders		(23 459)	(31 594)
Capital distributions and dividends paid to non-controlling interests		(26 066)	(4 327)
Amounts paid to vendors		(6 161)	(2 024)
Net (outflow)/inflow of short-term liabilities		(6 752)	4 759
Net inflow of long-term liabilities		26 331	4 164
Net cash outflow from financing activities		(36 025)	(16 358)
Net increase/(decrease) in cash and cash equivalents		27 898	(109 919)
Cash and cash equivalents at the beginning of the year		(41 770)	73 316
Translation differences on opening cash position	29	(8 229)	(5 167)
Cash and cash equivalents at the end of the year	30	(22 101)	(41 770)

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2015

	2015 US$'000	2014 US$'000
1. REVENUE		
Revenue from sale of goods	**5 824 748**	5 101 011
Revenue from sale of services	**618 788**	587 043
	6 443 536	5 688 054

	2015 Number of shares ('000)	2015 Weighted average grant price	2014 Number of shares ('000)	2014 Weighted average grant price
2. SHARE-BASED PAYMENTS				
The Group plans are detailed in the Remuneration Report on pages 71 to 77. They provide for a grant price equal to or approximately equal to the market price at the date of the grant. The vesting periods for the different plans range between two and five years.				
Equity-settled schemes				
Datatec Limited Share Appreciation Rights ("SARs") Schemes		**ZAR**		ZAR
Outstanding at the beginning of the year	**2 345**	**43.53**	1 888	36.43
Granted during the year	**1 096**	**50.55**	912	50.25
Exercised during the year – weighted average share price on exercise R55.90 (FY14: R58.28)	**(294)**	**32.35**	(82)	27.43
Forfeited during the year	**–**	**–**	(373)	27.54
Outstanding at the end of the year	**3 147**	**47.04**	2 345	43.53
Exercisable at the end of the year	**65**	**25.59**	359	31.12
The SARs outstanding at 28 February 2015 comprised grant prices in the range of R15.59 to R50.55 (FY14: R15.59 to R50.25) and had a weighted average remaining contractual life of 5.1 years (FY14: 5.1 years).				
Datatec Limited Long-Term Incentive Plan ("LTIP")				
Outstanding at the beginning of the year	**1 726**	**–**	1 236	–
Granted during the year	**912**	**–**	801	–
Settled during the year – share price on vesting – N/A (FY14: R50.25)	**–**	**–**	(311)	–
Forfeited during the year	**(302)**	**–**	–	–
Outstanding at the end of the year	**2 336**	**–**	1 726	–
Exercisable at the end of the year	**–**	**–**	–	–
The LTIP awards outstanding at 28 February 2015 had been granted when the share price was in the range of R44.55 to R50.55 (FY14: R36.61 to R50.25) and had a weighted average remaining contractual life of 1.4 years (FY14: 1.5 years).				
Datatec Limited Deferred Bonus Plan ("DBP")				
Outstanding at the beginning of the year	**260**	**–**	280	–
Granted during the year	**104**	**–**	55	–
Settled during the year – share price on vesting – R50.55 (FY14: R50.25)	**(51)**	**–**	(75)	–
Forfeited during the year	**–**	**–**	–	–
Outstanding at the end of the year	**313**	**–**	260	–
Exercisable at the end of the year	**–**	**–**	–	–

The DBP matching shares outstanding at 28 February 2015 had been granted when the share price was in the range R44.45 to R50.55 (FY14: R36.61 to R50.25) and had a weighted average remaining contractual life of 1.0 year (FY14: 1.2 years).

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

	2015 Number of shares ('000)	2015 Weighted average grant price	2014 Number of shares ('000)	2014 Weighted average grant price
2. SHARE-BASED PAYMENTS (continued)				
Equity-settled schemes (continued)				
Datatec Limited Share Option Scheme		ZAR		ZAR
Outstanding at the beginning of the year	91	9.94	171	9.76
Exercised during the year	(91)	9.94	(73)	9.58
Forfeited during the year	–	–	(7)	9.52
Outstanding at the end of the year	–	–	91	9.94
Exercisable at the end of the year	–	–	91	9.94

The weighted average share price at the date of exercise for the share options exercised during the year was R53.41 (FY14: R54.20).

Fair value is measured by use of an actuarial binomial model for the equity-settled share-based payment schemes with an additional Monte Carlo Simulation model used for the TSR performance condition on the LTIP as explained on pages 72 to 74 of the Integrated Report. The main inputs in the models, in addition to those recorded above, are set out in the table below.

	2015	2014
Grant date	15 May 2014	16 May 2013
Vesting date	15 May 2017	16 May 2016
Performance period (LTIP)	28 Feb 2014 to 28 Feb 2017	28 Feb 2013 to 29 Feb 2016
Share price grant (closing price)	R52.40	R55.00
Weighted fair value at grant date: SARs	R14.31	R15.83
LTIP	R26.33	R21.91
DBP	R70.16	R45.08
Risk-free rate (NACA) – 6 year SARs	7.89%	6.07%
Risk-free rate (NACA) – 3 year LTIP	7.20%	5.27%
Dividend yield – 3 year (NACA)	3.00%	3.00%
Volatility of Datatec	25%	30%
Correlation of TSR group with Datatec (average)	52%	41%

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous four years.

	2015 Number of shares ('000)	2015 Weighted average grant price	2014 Number of shares ('000)	2014 Weighted average grant price
2. SHARE-BASED PAYMENTS (continued)				
Cash-settled schemes				
Westcon Group, Inc. SAR Scheme		US$		US$
Outstanding at the beginning of the year	378.8	73.70	562.0	66.27
Granted during the year	182.3	64.00	173.5	79.50
Exercised during the year – exercise value US$64.00 (FY14: US$79.50)	(20.4)	44.12	(171.1)	57.62
Forfeited during the year	(86.4)	75.02	(185.6)	71.43
Outstanding at the end of the year	454.3	70.89	378.8	73.70
Exercisable at the end of the year	147.4	72.84	147.4	66.15

The SARs outstanding at 28 February 2015 comprised grant prices in the range of US$62.00 to US$80.60 (FY14: US$32.40 to US$80.60) and had a weighted average remaining contractual life of 3.0 years (FY14: 3.1 years).

	2015 Number of shares ('000)	2015 Weighted average grant price	2014 Number of shares ('000)	2014 Weighted average grant price
Westcon Emerging Markets Group SAR Scheme		US$		US$
Outstanding at the beginning of the year	45	8.95	182	6.65
Granted during the year	–	–	–	–
Exercised during the year – share price on exercise US$10.35 (FY14: US$10.34)	(17)	8.23	(137)	5.90
Forfeited during the year	–	–	–	–
Outstanding at the end of the year	28	9.40	45	8.95
Exercisable at the end of the year	–	–	–	–

The SARs outstanding at 28 February 2015 were granted at US$9.40 (FY14: grant prices range: US$8.23 to US$9.40) and had a weighted average remaining contractual life of 2.3 years (FY14: 3.0 years).

	2015 Number of shares ('000)	2015 Weighted average grant price	2014 Number of shares ('000)	2014 Weighted average grant price
Westcon Africa SAR Scheme		US$		US$
Outstanding at the beginning of the year	38	15.31	58	12.54
Granted during the year	–	–	–	–
Exercised during the year – share price on exercise US$24.71 (FY14: US$21.60)	(20)	12.72	(20)	7.36
Outstanding at the end of the year	18	18.26	38	15.31
Exercisable at the end of the year	–	–	–	–

The SARs outstanding at 28 February 2015 were granted at US$18.26 (FY14: grant price range: US$12.72 to US$18.26) and had a weighted average remaining contractual life of 2.3 years (FY14: 2.8 years).

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for the year ended 28 February 2015

	2015		2014	
	Number of shares ('000)	**Weighted average grant price**	Number of shares ('000)	Weighted average grant price
2. SHARE-BASED PAYMENTS (continued)				
Cash-settled schemes (continued)				
Westcon South Africa SAR Scheme		**ZAR**		ZAR
Outstanding at the beginning of the year	**8**	**128.27**	21	123.82
Granted during the year	**–**	**–**	–	–
Exercised during the year – share price on exercise – N/A (FY14: R184.56)	**–**	**–**	(4)	93.56
Forfeited during the year	**–**	**–**	(9)	134.05
Outstanding at the end of the year	**8**	**128.27**	8	128.27
Exercisable at the end of the year	**–**	**–**	–	–
The SARs outstanding at 28 February 2015 comprised grant prices in the range of R112.47 to R147.56 (FY14: R112.47 to R147.56) and had a weighted average remaining contractual life of 1.8 years (FY14: 2.8 years).				
Westcon Middle East SAR Scheme		**US$**		US$
Outstanding at the beginning of the year	**32**	**51.46**	47	48.11
Granted during the year	**–**	**–**	–	–
Exercised during the year – share price on exercise US$74.55 (FY14: US$63.66)	**(7)**	**50.53**	(15)	40.69
Forfeited during the year	**–**	**–**	–	–
Outstanding at the end of the year	**25**	**51.72**	32	51.46
Exercisable at the end of the year	**17**	**48.33**	4	41.96
The SARs outstanding at 28 February 2015 comprised grant prices in the range of US$41.96 to US$58.69 (FY14: US$41.96 to US$58.69) and had a weighted average remaining contractual life of 1.5 years (FY14: 2.5 years).				
Logicalis SAR Scheme		**US$**		US$
Outstanding at the beginning of the year	**2 751**	**3.80**	3 603	3.65
Granted during the year	**838**	**5.84**	909	5.05
Exercised during the year – share price on exercise US$5.84 (FY14: US$5.05)	**(925)**	**3.97**	(1 624)	3.31
Forfeited during the year	**(43)**	**4.46**	(137)	4.81
Outstanding at the end of the year	**2 621**	**4.86**	2 751	3.80
Exercisable at the end of the year	**616**	**3.80**	779	3.71
The SARs outstanding at 28 February 2015 comprised grant prices in the range of US$1.90 to US$5.84 (FY14: US$1.90 to US$5.05) and had a weighted average remaining contractual life of 4.9 years (FY14: 4.8 years).				
PromonLogicalis Latin America SAR Scheme		**US$**		US$
Outstanding at the beginning of the year	**1 037**	**5.81**	957	4.58
Granted during the year	**261**	**9.25**	307	7.95
Exercised during the year – share price on exercise US$9.25 (FY14: US$7.95)	**(388)**	**4.64**	(227)	3.52
Forfeited during the year	**–**	**–**	–	–
Outstanding at the end of the year	**910**	**7.30**	1 037	5.81
Exercisable at the end of the year	**187**	**4.21**	187	3.25

The SARs outstanding at 28 February 2015 comprised grant prices in the range of US$1.93 to US$9.25 (FY14: US$1.93 to US$7.95) and had a weighted average remaining contractual life of 5.0 years (FY14: 5.1 years).

	2015 Number of shares ('000)	2015 Weighted average grant price	2014 Number of shares ('000)	2014 Weighted average grant price
2. SHARE-BASED PAYMENTS (continued)				
Cash-settled schemes (continued)				
Analysys Mason Performance Share Scheme		**GBP**		GBP
Note: a proportion of this scheme is settled in Analysys Mason equity				
Outstanding at the beginning of the year	**173**	**12.23**	143	12.36
Granted during the year	**74**	**15.14**	84	13.06
Exercised during the year – share prices on exercise £15.14 (FY14: £13.06)	**(27)**	**11.16**	(24)	12.12
Forfeited during the year	**(11)**	**12.16**	(30)	15.41
Outstanding at the end of the year	**209**	**13.40**	173	12.23
Exercisable at the end of the year	**–**	**–**	–	–
The awards outstanding at 28 February 2015 had a weighted average remaining contractual life of 1.4 years (FY14: 1.6 years).				
Analysys Mason Growth Share Plan		**GBP**		GBP
Outstanding at the beginning of the year	**190**	**–**	300	–
Exercised during the year	**(44)**	**–**	–	–
Forfeited during the year	**(4)**	**–**	(110)	–
Outstanding at the end of the year	**142**	**–**	190	–
Exercisable at the end of the year	**142**	**–**	190	–
The SARs outstanding at 28 February 2015 had a weighted average remaining contractual life of 4.0 years (FY14: 5.0 years).				
Intact Group SAR Scheme		**GBP**		GBP
Outstanding at the beginning of the year	**10**	**2.47**	10	2.47
Granted during the year	**–**	**–**	–	–
Forfeited during the year	**(5)**	**2.47**	–	–
Outstanding at the end of the year	**5**	**2.47**	10	2.47
Exercisable at the end of the year	**–**	**–**	–	–

The SARs outstanding at 28 February 2015 had a grant price of £2.47 and a remaining contractual life of 2.3 years (FY14: 3.3 years).

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for the year ended 28 February 2015

	2015	2014
2. SHARE-BASED PAYMENTS (continued)		
Fair value is measured by use of Black-Scholes-Merton models for the cash-settled share-based payment schemes.		
The main inputs into the models used by subsidiaries, in addition to those recorded above, fall into the following ranges:		
Grant date	**1 July 2014**	1 July 2013
Vesting date	**30 June 2016 to 1 July 2019**	30 June 2015 to 1 July 2018
Risk-free rate	**1.00% – 10.88%**	0.50% – 9.72%
Expected life (years)	**2.10 – 6.34**	2.20 – 6.34
Dividend yield	**0.00% – 5.00%**	0.00% – 5.00%
Volatility of subsidiary	**19.70% – 40.00%**	25.00% – 40.00%

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility of subsidiaries has been determined by reference to peer group data.

	2015 US$'000	2014 US$'000
Expense in respect of equity-settled schemes		
Datatec Limited	**2 457**	1 815
Subsidiaries	**336**	224
	2 793	2 039
Expense in respect of cash-settled schemes (all in subsidiaries)	**7 291**	3 508
	10 084	5 547

Settlements of US$0.9 million have been made relating to equity-settled schemes for the year ended 28 February 2015 (FY14: US$2.1 million).

	2015 US$'000	2014 US$'000
3. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following items:		
Auditors' remuneration		
Audit fees	6 283	5 580
Other services	511	263
Taxation services	414	227
Other services and expenses	97	36
	6 794	5 843
Depreciation		
Office furniture, equipment and motor vehicles	3 610	3 654
Computer equipment	16 507	17 553
Leasehold improvements	6 000	5 021
Land and buildings	139	132
	26 256	26 360
Amortisation of software	1 459	1 698
Amortisation of capitalised software development expenditure	7 216	6 309
Amortisation of acquired intangible assets	13 704	13 368
Total depreciation and amortisation	48 635	47 735
Foreign exchange losses/(gains)	3 312	8 820
Realised	4 324	5 377
Unrealised	(1 012)	3 443
Impairment losses recognised on trade receivables	9 775	8 645
Reversal of impairment losses on trade receivables	(1 984)	(1 932)
Fees for professional services	28 646	21 963
Administrative and managerial	204	377
Consulting	17 563	13 232
Accounting and advisory	10 879	8 354
Operating lease rentals	40 500	36 855
Office furniture, equipment and motor vehicles	3 898	3 286
Land and buildings	33 721	32 340
Computer equipment	2 881	1 229
Loss on disposal of office furniture, equipment and motor vehicles	36	66
Retirement benefit contributions	12 885	10 786
Staff costs	669 170	572 207
Directors' emoluments*	5 511	2 948
Executive directors	4 820	2 246
Salaries	1 966	1 542
Bonuses	2 516	431
Benefits	338	273
Non-executive directors' emoluments – fees	691	702

** Full details of directors' emoluments are provided in Note 23 on pages 143 to 147.*

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for the year ended 28 February 2015

	2015 US$'000	2014 US$'000
4. FINANCE COSTS		
Bank overdrafts and trade finance	20 664	23 997
Finance leases	322	255
Debt issuance costs	944	916
	21 930	25 168
5. TAXATION		
5.1 Taxation charge		
South African normal taxation:		
Current taxation – Current year	2 115	1 486
– Prior year	28	–
Deferred taxation – Current year	(320)	61
	1 823	1 547
Foreign taxation:		
Current taxation – Current year	51 799	39 253
– Prior year	(861)	(4 942)
Deferred taxation – Current year	(963)	(3 286)
– Prior year	(264)	4 924
	49 711	35 949
Total taxation charge	51 534	37 496
5.2 Reconciliation of taxation rate to profit before taxation		
South African statutory tax rate	28.0%	28.0%
Permanent differences	4.1%	2.3%
Tax arising on dividend flow	0.3%	–
Tax loss utilised	(1.1%)	(1.8%)
Foreign taxation rate differential	3.6%	2.1%
Tax losses and other deferred tax assets not recognised	2.5%	5.8%
Rate adjustment	0.2%	0.4%
Prior year adjustment	(0.8%)	0.0%
Effective taxation rate	36.8%	36.8%
If the fair value movements on put option liabilities, acquisition-related fair value adjustments and loss on disposal of subsidiaries are excluded from profit before tax, the effective tax rate would have been 36.6% (FY14: 37.1%).		
Unutilised tax losses		
Certain subsidiaries had tax losses at the end of the financial year that are available to reduce the future taxable income of the Group and are estimated to be:	62 011	66 694
Estimated future tax relief at an estimated tax rate of 17.0% (FY14: 16.3%) is US$10.5 million (FY14: US$10.8 million). Deferred tax assets of US$4.6 million (FY14: US$7.6 million) have already been recognised in respect of a portion of these losses as set out in Note 12.	10 514	10 849

		2015 US$'000	2014 US$'000
6.	**EARNINGS PER SHARE**		
	Reconciliation of attributable profit to headline earnings		
	Profit for the year attributable to the equity holders of the parent	73 772	55 780
	Headline earnings adjustments:	(98)	6 303
	Intangible impairment – gross	–	5 473
	Intangible impairment – tax effect	–	(991)
	(Profit)/loss on disposal of associates and subsidiary	(106)	1 778
	Loss on disposal of property, plant and equipment		
	– Gross	36	66
	– Tax effect	(18)	(22)
	– Non-controlling interest	(10)	(1)
	Headline earnings	73 674	62 083
	Reconciliation of headline earnings to underlying earnings		
	Underlying earnings adjustments:	9 457	8 082
	Unrealised foreign exchange (gains)/losses	(1 012)	3 443
	Amortisation of acquired intangible assets	13 704	13 368
	Fair value movements on acquisition-related financial instruments	–	21
	Fair value movements on put/call arrangements	317	(2 421)
		13 009	14 411
	Tax effect	(3 546)	(6 406)
	Non-controlling interest	(6)	77
	Underlying earnings*	83 131	70 165
		US cents	US cents
	Basic earnings per share	**37.1**	28.4
	Headline earnings per share	**37.0**	31.6
	Underlying earnings per share	**41.8**	35.7
	The earnings metrics above are calculated on the weighted average number of shares in issue during the year of 198 939 081, after the deduction of the weighted average number of treasury shares of 113 735 (FY14: 196 641 206).		
	Diluted earnings per share	**36.9**	28.2
	Diluted headline earnings per share	**36.9**	31.3
	Diluted underlying earnings per share	**41.6**	35.4
	The diluted earnings metrics above are calculated using the weighted average number of shares in issue during the year, taking into account the dilutive effect of:	**198 939 081**	196 641 206
	Shares related to share options	**–**	73 980
	Shares related to share-based payment schemes	**967 074**	1 340 054
	Diluted weighted average number of shares	**199 906 155**	198 055 240

* *Underlying earnings exclude 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.*

		2015 US$'000	2014 US$'000
7.	**INTEREST IN PROFITS AND LOSSES OF SUBSIDIARIES**		
	Interest in the aggregate amount of profits and losses of subsidiaries after taxation		
	Profits – continuing operations	**81 515**	56 038
	Losses – continuing operations	**(7 358)**	(10 645)
		74 157	45 393

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	2015 US$'000 Cost	2015 US$'000 Accumulated depreciation	2015 US$'000 Net book value	2014 US$'000 Cost	2014 US$'000 Accumulated depreciation	2014 US$'000 Net book value
8. PROPERTY, PLANT AND EQUIPMENT						
Office furniture, equipment and motor vehicles	**32 625**	**(17 613)**	**15 012**	34 271	(18 644)	15 627
Computer equipment	**135 114**	**(106 581)**	**28 533**	122 356	(100 088)	22 268
Leasehold improvements	**48 722**	**(22 898)**	**25 824**	45 734	(23 385)	22 349
Land and buildings	**4 340**	**(381)**	**3 959**	5 311	(273)	5 038
	220 801	**(147 473)**	**73 328**	207 672	(142 390)	65 282

Included in property, plant and equipment are assets held under finance lease agreements with a book value of US$8.0 million (FY14: US$7.8 million) which are encumbered as security for liabilities under finance lease agreements as stated in Note 16. A register of land and buildings is maintained at the registered office of Westcon and may be inspected by shareholders or their duly authorised agents.

Movement of property, plant and equipment US$'000	Office furniture, equipment and motor vehicles	Computer equipment	Software	Leasehold improvements	Land and buildings	Total
Balance at 1 March 2013	15 684	20 747	5 529	15 552	4 964	62 476
Subsidiaries acquired	449	921	–	1 413	–	2 783
Subsidiaries disposed of	(48)	(479)	–	(117)	–	(644)
Additions	3 360	19 071	–	10 322	–	32 753
Translation differences	(154)	180	–	(1 162)	206	(930)
Disposals	(140)	(815)	–	(38)	–	(993)
Transfers	130	196	–	1 400	–	1 726
Software reclassified as intangible assets	–	–	(5 529)	–	–	(5 529)
Depreciation	(3 654)	(17 553)	–	(5 021)	(132)	(26 360)
Balance at 28 February 2014	**15 627**	**22 268**	**–**	**22 349**	**5 038**	**65 282**
Subsidiaries acquired	**405**	**190**	**–**	**6**	**–**	**601**
Additions	**3 851**	**21 268**	**–**	**10 195**	**–**	**35 314**
Translation differences	**(1 434)**	**(2 009)**	**–**	**(1 396)**	**(940)**	**(5 779)**
Disposals	**(288)**	**(96)**	**–**	**(234)**	**–**	**(618)**
Transfers	**461**	**3 419**	**–**	**904**	**–**	**4 784**
Depreciation	**(3 610)**	**(16 507)**	**–**	**(6 000)**	**(139)**	**(26 256)**
Balance at 28 February 2015	**15 012**	**28 533**	**–**	**25 824**	**3 959**	**73 328**

	2015 US$'000	2014 US$'000
9. GOODWILL		
Net book value	**450 884**	438 198
At the beginning of the year	**438 198**	426 622
Arising on acquisition of subsidiaries	**24 378**	12 882
Disposals and other	**(256)**	(3 742)
Translation	**(11 436)**	2 436
Balance at the end of the year	**450 884**	438 198
Goodwill at cost	**527 102**	514 416
Accumulated impairment	**(76 218)**	(76 218)
Per segment:	**450 884**	438 198
Westcon	**246 862**	235 579
Logicalis	**186 336**	181 509
Consulting Services	**17 686**	21 110

The Group completed its annual impairment tests for goodwill. The impairment tests are performed at the cash-generating unit level. External valuations are performed for the cash-generating units and compared to the goodwill and external net asset value. As a result of the impairment analyses, it was concluded that no impairments were required for the period. Goodwill has been allocated for impairment testing purposes to the Westcon, Logicalis and Consulting Services cash-generating units. The recoverable amount of each cash-generating unit is determined based on a value-in-use calculation which is based on three to five-year cash flow projections, a terminal growth rate and a discount rate as determined by each of the independent valuators. Management in the divisions believe that any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the aggregate carrying amount to exceed the aggregate recoverable amounts of the cash-generating units.

The table below contains the key assumptions that were used in the value-in-use calculations:

	Westcon	Logicalis	Consulting Services
Weighted average cost of capital	13.5%	13.0%	13.0%
Revenue growth rate in discrete period	7.0% – 8.9%	4.6% – 7.9%	6.4% – 9.1%
Terminal growth rate	3.0%	3.0%	2.0%

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	2015 US$'000	2014 US$'000
10. INTANGIBLE ASSETS		
10.1 Capitalised software development expenditure		
Capitalised software development expenditure relates to software in Westcon which has been capitalised. Westcon is in the process of transitioning its existing global Enterprise Resource Planning system to a new SAP-based platform. SAP-related capital expenditure was US$9.0 million (FY14: US$6.1 million).		
Net book value	49 573	45 099
At the beginning of the year	45 099	49 599
Amounts capitalised	14 835	8 831
Disposals	(76)	(2)
Impairment	–	(5 473)
Subsidiaries acquired	–	177
Transfers	(2 249)	(1 772)
Translation	(820)	48
Amortisation	(7 216)	(6 309)
Balance at the end of the year	49 573	45 099
Capitalised software development expenditure at cost	107 597	95 906
Accumulated amortisation and impairment	(58 024)	(50 807)

Due to delays in the implementation of the Enterprise Resource Planning system, the Group reassessed the expected amortisation end date of this intangible asset and consequently, the amortisation period was revised to terminate two years later than originally estimated. The estimated amortisation expense effect on the income statement for the current year is US$2.6 million and future charges will amortise the remaining asset to the revised amortisation end date.

Capitalised software development assets are amortised using the straight-line method over their useful lives, which generally do not exceed 10 years.

	2015 US$'000	2014 US$'000
10. INTANGIBLE ASSETS (continued)		
10.2 Acquired intangible assets and software		
10.2.1 Trademarks, marketing, customer and vendor relationships		
Net book value	43 573	48 020
At the beginning of the year	48 020	50 684
Arising on acquisition of subsidiaries	10 418	10 925
Translation	(1 161)	(221)
Amortisation	(13 704)	(13 368)
Balance at the end of the year	43 573	48 020
Acquired intangible assets at cost	174 269	165 101
Accumulated amortisation and impairment	(130 696)	(117 081)
Acquired intangible assets are amortised using the straight-line method over their useful lives, which generally do not exceed 10 years.		
10.2.2 Software		
Net book value	2 281	5 644
At the beginning of the year	5 644	–
Software at cost reclassified from property, plant and equipment	–	11 958
Accumulated depreciation at cost reclassified from property, plant and equipment	–	(6 429)
Arising on acquisition of subsidiaries	76	3
Additions	955	1 944
Transfers (to)/from property, plant and equipment	(2 535)	46
Translation	(400)	(180)
Amortisation	(1 459)	(1 698)
Balance at the end of the year	2 281	5 644
Software at cost	8 541	13 129
Accumulated amortisation	(6 260)	(7 485)
Total acquired intangible assets and software	45 854	53 664

Software is amortised using the straight-line method over their useful lives, which range from two to six years.

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for the year ended 28 February 2015

11. INVESTMENTS

Investments currently comprise interests in joint ventures and associates that are equity-accounted and other investments that are cost-accounted.

Details of the Group's investments are:

Name	Country	Nature of business	Ownership 2015 %	Ownership 2014 %	Carrying value 2015 US$'000	Carrying value 2014 US$'000
Equity-accounted:						
Neteks	Turkey	D	**50**	50	**6 342**	5 892
Cornwall Energy Associates Limited (Associate)	UK	C	**–**	30	**–**	918
Cost-accounted:						
SJ Associates (Hemingford) Limited (Investment)	UK	C	**10**	10	**–**	244
					6 342	7 054

D – Distribution
C – Consulting Services

Neteks is an Istanbul-based networking and security distributor. An agreement is in place whereby both Westcon Group and Turkish-listed group Index, have joint control of the entity. Westcon Group and Index have rights to the net assets of the arrangement rather than rights to the assets and joint obligations for the liabilities. Accordingly, it is considered a joint venture, and is therefore equity-accounted. The carrying value of the equity-accounted investment approximates its fair value at year-end.

During the year, the Group disposed of its investment in Cornwall Energy Associates Limited for a total consideration of US$1.0 million. The profit on disposal of the investment of US$0.1 million is included in the Group statement of comprehensive income.

The Group's investment in SJ Associates (Hemingford) Limited of US$0.2 million was written off to the Group statement of comprehensive income during the year.

Summarised financial information in respect of the above equity-accounted joint venture:

	2015 US$'000	2014 US$'000
Total assets	**66 321**	49 414
Total liabilities	**(58 785)**	(42 153)
Net assets	**7 536**	7 261
Group's share of net assets	**3 768**	3 470
Total revenue	**95 451**	92 192
Profit for the year	**899**	1 020
Group's share of profits after tax	**450**	441

	2015 US$'000	2014 US$'000
12. DEFERRED TAX ASSETS/(LIABILITIES)		
12.1 Movement of deferred tax assets		
At the beginning of the year	53 909	49 961
Arising on acquisition of subsidiaries	–	4 336
Disposal of subsidiaries	–	(292)
Credit to profit and loss	4 121	3 441
Credit to other comprehensive income	2 581	591
Translation and other movements	(6 056)	(4 128)
	54 555	53 909
Analysis of deferred tax assets		
Capital allowances	1 561	1 497
Expense accruals and similar items	40 566	38 189
Effect of tax losses	4 630	7 563
Goodwill and intangible assets	3 353	2 971
Other temporary differences	4 445	3 689
	54 555	53 909
12.2 Movement of deferred tax liabilities		
At the beginning of the year	(66 052)	(57 147)
Arising on acquisition of subsidiaries	(2 826)	(2 183)
Disposal of subsidiaries	–	30
Charge to profit and loss	(2 574)	(5 140)
Credit/(charge) to other comprehensive income	709	(1 904)
Translation and other movements	910	292
	(69 833)	(66 052)
Analysis of deferred tax liabilities		
Capital allowances	(13 385)	(10 912)
Goodwill and intangible assets	(48 364)	(46 350)
Other temporary differences	(8 084)	(8 790)
	(69 833)	(66 052)

Deferred tax assets of US$1.6 million have been recognised in respect of losses incurred by entities that were loss making in the current and prior year on the basis that there is a strong expectation that future taxable profits will arise against which these losses can be offset.

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

		2015 US$'000	2014 US$'000
13.	**INVENTORIES**		
	Merchandise for resale	**402 560**	381 114
	Spares/maintenance inventory	**9 646**	11 517
	Work in progress	**6 585**	4 766
	Finished goods	**41 668**	51 674
		460 459	449 071
	Inventory provisions	**(17 847)**	(16 477)
		442 612	432 594

Obsolete inventory amounting to US$4.4 million (FY14: US$3.3 million) was written off during the year.

During the year, inventories of US$4.6 billion (FY14: US$4.1 billion) were recognised as part of cost of sales. A total of US$13.8 million (FY14: US$15.1 million) relate to inventories which are encumbered.

Westcon has certain return arrangements with its major vendors to reduce the risk of technological obsolescence.

One of Westcon's European subsidiaries has an inventory purchase financing agreement with two financing companies for a specific vendor's purchases for a maximum of US$250 million (FY14: US$325 million) which extends payment terms from 30 to 60 days. The agreement may be cancelled at any time with a 60-day notice by either Westcon or the vendor. As at 28 February 2015, US$198.2 million (FY14: US$188.7 million) was outstanding and is included in trade payables.

Westcon's Latin American subsidiaries have an arrangement with a financing company to provide up to an aggregate of US$85 million (FY14: US$85 million) of vendor inventory purchase financing which effectively enables Westcon to obtain extended payment terms of up to 90 days on inventory it purchases from its major vendors for these subsidiaries. Westcon becomes obligated to pay the financing company upon shipment of the product, at which time title passes to Westcon. The financing company may, at any time upon the occurrence of certain events, terminate the financing. The term of the facility is one year with the option to renew. As at 28 February 2015, US$51.5 million (FY14: US$25.3 million) was outstanding and is included in trade payables.

Westcon's Singapore subsidiary has two inventory purchase financing agreements for purchases with two vendors for a maximum of US$30 million (FY14: US$37 million) which extend payment terms from 30 days to 90 days. The agreements may be cancelled at any time with a 60-day notice by either Westcon or the vendors. As at 28 February 2015, US$17.8 million (FY14: US$14.6 million) was outstanding and is included in trade payables.

Some of Westcon's other Asia-Pacific subsidiaries have inventory purchase financing agreements for specific vendors' purchases for a maximum of US$19.2 million (FY14: US$14 million) which extend payment terms from 30 days to 60 days. The agreements may be cancelled at any time with a 60-day notice by either Westcon or the vendors. As at 28 February 2015, US$1.2 million (FY14: US$7.5 million) was outstanding and is included in trade payables.

Westcon's AME subsidiaries have various inventory purchase financing agreements in place for a maximum of US$32.5 million (FY14: US$28 million) which extends payment terms up to a maximum of 90 days. The agreement may be cancelled at any time with a 60-day notice by either Westcon or the vendor. As at 28 February 2015, US$17.8 million (FY14: US$16.9 million) were outstanding under these arrangements and is included in trade payables.

		2015 US$'000	2014 US$'000
14.	**TRADE RECEIVABLES**		
	Trade receivables	**1 548 823**	1 326 502
	Receivables allowance	**(16 003)**	(13 731)
		1 532 820	1 312 771

All trade receivables represent financial assets of the Group, are classified as loans and receivables and are measured at amortised cost. The carrying value of trade receivables balances approximates their fair value.

Trade receivables are assessed and provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience, with particular focus on trade receivables older than 90 days.

Before accepting any new customer, use is made of local external credit agencies where necessary, to assess the potential customer's credit quality and to define credit limits by customer. Limits attributed to customers are reviewed regularly.

There are no customers who individually represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivables balance are trade receivables with a carrying amount of US$446.7 million (FY14: US$361.3 million) which are past due at the reporting date for which the Group has not provided, as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. However, the weighted average write-off rate over recent years across all classes of trade receivables is 0.4% (FY14: 0.2%). The Group is therefore confident that it has provided adequately for any possible bad debt write-offs, as the receivables allowance exceeds this write-off rate.

Analysis of the age of trade receivables that are past due but not impaired:

US$'000	North America	Latin America	Europe	Asia-Pacific	AME	Total
2014						
One month past due	40 344	32 070	75 325	22 397	50 741	220 877
Two months past due	5 371	21 583	12 079	8 581	10 298	57 912
Three months past due	2 964	7 336	4 609	2 770	8 555	26 234
Four months and greater past due	5 431	21 314	7 988	14 480	7 056	56 269
	54 110	82 303	100 001	48 228	76 650	361 292
2015						
One month past due	**57 985**	**56 020**	**79 894**	**17 525**	**26 827**	**238 251**
Two months past due	**18 347**	**30 896**	**11 568**	**6 006**	**21 855**	**88 672**
Three months past due	**12 754**	**16 432**	**6 940**	**2 946**	**5 000**	**44 072**
Four months and greater past due	**6 684**	**34 805**	**9 628**	**5 811**	**18 782**	**75 710**
	95 770	**138 153**	**108 030**	**32 288**	**72 464**	**446 705**

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14. TRADE RECEIVABLES (continued)

Reconciliation of the receivables allowance account:

US$'000	North America	Latin America	Europe	Asia-Pacific	AME	Total
Balance on 1 March 2013	(4 419)	(3 079)	(2 709)	(1 189)	(5 359)	(16 755)
Impairment losses recognised on trade receivables	(1 228)	(1 468)	(3 865)	(776)	(1 308)	(8 645)
Impairment losses reversed	55	–	1 816	41	20	1 932
Disposal of subsidiary	–	–	–	–	2 076	2 076
Bad debt write-offs	2 839	350	1 458	55	1 563	6 265
Exchange gains and losses	283	918	(236)	537	(106)	1 396
Balance at 28 February 2014	**(2 470)**	**(3 279)**	**(3 536)**	**(1 332)**	**(3 114)**	**(13 731)**
Impairment losses recognised on trade receivables	**(1 044)**	**(3 216)**	**(2 204)**	**(636)**	**(2 675)**	**(9 775)**
Impairment losses reversed	**58**	**–**	**1 725**	**190**	**11**	**1 984**
Bad debt write-offs	**2 423**	**963**	**1 841**	**627**	**1 185**	**7 039**
Exchange gains and losses	**(104)**	**(1 123)**	**(513)**	**91**	**129**	**(1 520)**
Balance at 28 February 2015	**(1 137)**	**(6 655)**	**(2 687)**	**(1 060)**	**(4 464)**	**(16 003)**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and geographically diverse. Accordingly, the directors believe that no further receivables allowance is required.

Analysis of impaired trade receivables

Included in the allowance for doubtful debts are individually impaired trade receivables with balances of US$33.6 million (FY14: US$19.5 million). The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of any expected collections.

US$'000	North America	Latin America	Europe	Asia-Pacific	AME	Total
2014						
Gross value of debtors that have been individually impaired	10 483	3 436	6 034	4 734	8 556	33 243
Impairment allowance against these debtors	(2 470)	(3 279)	(3 536)	(1 332)	(3 114)	(13 731)
	8 013	157	2 498	3 402	5 442	19 512
2015						
Gross value of debtors that have been individually impaired	**6 472**	**10 875**	**7 465**	**13 631**	**11 184**	**49 627**
Impairment allowance against these debtors	**(1 137)**	**(6 655)**	**(2 687)**	**(1 060)**	**(4 464)**	**(16 003)**
	5 335	**4 220**	**4 778**	**12 571**	**6 720**	**33 624**

The Group does not hold any collateral against these specific debtors.

	2015 US$'000	2014 US$'000
15. SHARE CAPITAL AND PREMIUM		
Authorised share capital		
400 000 000 (FY14: 400 000 000) ordinary shares of R0.01 each		
Issued share capital	**175**	184
203 614 644 (FY14: 197 142 685) ordinary shares of R0.01 each		
Share premium	**126 711**	122 752
	126 886	122 936

	Number of shares US$'000	Share capital US$'000	Share premium US$'000
Balance at 1 March 2013	192 478 092	218	160 602
Issue of shares for share options	73 100	*	68
Issue of shares for share schemes	619 118	*	3 140
Issue of shares for acquisitions	1 472 375	1	6 739
Issue of shares for placement	2 500 000	2	12 594
Capital distributions	–	–	(31 594)
Effects of foreign currency translation	–	(37)	(28 797)
Balance at 28 February 2014	**197 142 685**	**184**	**122 752**
Issue of shares for share options	**90 850**	*****	**82**
Issue of shares for scrip distribution	**2 018 910**	**2**	**9 827**
Issue of shares for acquisitions	**4 362 199**	**4**	**21 161**
Capital distributions	**–**	*****	**(17 226)**
Effects of foreign currency translation	**–**	**(15)**	**(9 885)**
Balance at 28 February 2015	**203 614 644**	**175**	**126 711**

Share capital and share premium are in the Rand denominated accounts of the holding company and are translated into US$ each year in the Group accounts in accordance with the accounting policy.

During the year ended 28 February 2015, Datatec Limited issued the following shares:

- 90 850 (FY14: 73 100) shares were issued to settle exercises of options under the terms of the Datatec Share Option Scheme which terminated in the year. During the life of the Share Option Scheme, 13 309 969 (FY14: 13 219 119) share options were exercised and shares issued in settlement under the terms of the scheme.
- No shares (FY14: 619 118) were issued in settlement of exercises of SARs, LTIP conditional awards and DBP matching shares under the current share schemes.

**Less than US$1 000*

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15. SHARE CAPITAL AND PREMIUM (continued)

2 018 910 shares were issued as a scrip distribution on 1 December 2014 to shareholders who did not elect to receive the cash dividend alternative and the following shares were issued in respect of acquisition activities in subsidiaries:

Shares for acquisitions	Issue price (ZAR)	Acquired company
1 998 831	R54.74	Verecloud, Inc.
1 631 696	R54.00	inforsacom Holding GmbH
351 055	R54.53	PromonLogicalis Latin America Limited
358 166	R52.43	Intact Integrated Services GmbH
22 451	R52.43	Intact Holdings Limited
4 362 199		

Shares issued in settlement of exercises of SARs, LTIP conditional awards and DBP matching shares under the current share schemes have been issued under the authority of the shareholders' approval for those schemes given at the Annual General Meeting on 14 September 2011.

As at 28 February 2015, the Group held 29 850 (FY14: 203 740) shares as treasury shares that had been acquired by the Datatec Share Incentive Trust 2005. These have been set off against share premium. Share issue expenses for the year amounted to US$28 358 (FY14: US$25 567).

16. LONG-TERM LIABILITIES

	2015 US$'000	2014 US$'000
Liabilities under capitalised finance leases	**4 227**	5 577
Minimum lease payments	**5 327**	6 059
Future finance charges	**(1 100)**	(482)
Secured loans	**16 123**	28 664
Other long-term liabilities – unsecured	**40 923**	–
	61 273	34 241
Less: Current portion included in trade payables (Note 17)	**(39 718)**	(16 882)
Long-term portion	**21 555**	17 359
Repayable between one and two years	**18 300**	15 589
Repayable between two and three years	**2 070**	695
Repayable between three and four years	**675**	367
Repayable between four and five years	**221**	252
Repayable after five years	**289**	456
	21 555	17 359

The long-term liabilities are reflected at amortised cost. Liabilities under capitalised finance lease agreements are repayable in monthly instalments at rates linked to prime interest rates, and relate to assets included under property, plant and equipment in Note 8, with a net book value of US$8.0 million (FY14: US$7.8 million). The final repayment date is October 2019.

Unsecured loans

In 2011, Westcon entered into an US$11.9 million loan related to the purchase of its non-controlling interest holding of 2.60% owned by Routine Capital Corp., whose shareholder is Tom Dolan (Westcon's former Chairman). The loan requires scheduled amortisation, as defined, which requires Westcon to make annual payments of US$2.4 million beginning in October 2011. The loan bears interest of 4.00% per annum and matures in October 2015. In FY15, Westcon repaid the annual principal amount of US$2.4 million and interest of US$0.2 million. At 28 February 2015, US$2.4 million (FY14: US$4.8 million) was outstanding.

In FY15, Westcon entered into a US$1.0 million term loan which requires quarterly payments of principal and interest beginning September 2014. The loan bears interest at 4.80% per annum and matures in September 2017. Westcon repaid the principal and interest amount of US$0.2 million during the year. At 28 February, US$0.8 million was outstanding.

16. LONG-TERM LIABILITIES (continued)

Unsecured loans (continued)

In FY15, Westcon entered into a two-year term loan for US$10 million. The loan requires monthly interest payments, with the capital repayable at the end of the loan. The loan is callable on demand. Interest of US$0.2 million was repaid during the year. At 28 February 2015, US$10 million was outstanding.

In FY15, Logicalis entered into a forfaiting arrangement with Itaú Unibanco S.A. totalling US$22.7 million. The loan is unsecured, bears interest of 1.88% per annum and matures in April 2015. At 28 February 2015, US$22.7 million was outstanding.

During the year, one of Logicalis' European subsidiaries entered into a US$0.75 million (the equivalent of €0.62 million) loan with IBM Global Finance which requires quarterly payments of US$35 000 (the equivalent of €31 000). The loan is unsecured, bears interest of 1.98% per annum and matures in May 2020. At 28 February 2015, US$0.6 million was outstanding.

In FY15, one of Logicalis' subsidiaries entered into a US$5.3 million loan with Cisco Capital which requires quarterly payments of US$0.4 million. The loan is unsecured, bears interest of 2.00% per annum and matures in August 2017. At 28 February 2015, US$4.4 million was outstanding.

Secured

Westcon's Afina subsidiaries in Europe have various loans with financial institutions totalling US$1.0 million. The loans bear interest at rates between 0.70% and 7.00% and mature between January 2019 and May 2024. At 28 February 2015, US$1.1 million (FY14: US$13.3 million) was outstanding.

Comztek (Pty) Ltd has a loan which is repayable every three years and bears interest at 9.60%. During the year, the loan was extended to US$15 million with a new repayment date being September 2016. As at 28 February 2015, US$15 million (FY14: US$10.6 million) was outstanding.

All other long-term liabilities consist of finance leases.

	2015 US$'000	2014 US$'000
17. TRADE AND OTHER PAYABLES		
17.1 Trade and other payables	**1 795 783**	1 490 238
Trade payables	**1 379 120**	1 099 847
Deferred revenue	**75 922**	78 898
Accruals VAT/sales tax	**46 049**	35 972
Accruals and sundry creditors	**289 594**	269 912
Short-term portion of share-based payments	**5 098**	5 609
17.2 Short-term interest-bearing liabilities	**43 468**	27 611
Unsecured short-term funding incurred for Afina purchase	**3 750**	6 250
Unsecured short-term funding incurred for Comztek purchase	**–**	4 479
Current portion of other long-term liabilities (Note 16)	**39 718**	16 882
	1 839 251	1 517 849

The carrying value of liabilities approximates their fair value. Trade accounts payable will be settled in the normal course of business.

Short-term interest-bearing liabilities

Unsecured loans

One of Westcon's European subsidiaries entered into a four year US$10.0 million term loan which requires the subsidiary to make quarterly payments of US$0.6 million. The loan is callable on demand and US$2.7 million was repaid during the year. At 28 February 2015, US$3.8 million (FY14: US$6.3 million) was outstanding.

In FY14, Datatec Limited entered into a US$4.5 million loan for the acquisition of Comztek Holdings (Pty) Ltd, bearing interest at the Johannesburg Interbank Agreed Rate ("JIBAR") plus 2.25% which was repaid on 30 June 2014. At 28 February 2015, there was no amount outstanding (FY14: US$4.5 million).

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18. PROVISIONS

US$'000	Restruc-turing	Legal claims and costs	VAT/ sales tax	Pension obligations	Dilapi-dations/ asset retirement obligations	Other	Total
Balance at 1 March 2013	1 903	180	706	583	5 910	1 715	10 997
Acquisitions	–	–	–	–	369	126	495
Amounts added	3 759	110	1 160	19	3 177	736	8 961
Utilised	(3 176)	(76)	(584)	–	(925)	(414)	(5 175)
Amounts reversed	(320)	(9)	–	(18)	(1 740)	(212)	(2 299)
Translation and other	(24)	88	122	(1)	385	(133)	437
Balance at 28 February 2014	**2 142**	**293**	**1 404**	**583**	**7 176**	**1 818**	**13 416**
Acquisitions	**–**	**–**	**–**	**2 196**	**9**	**–**	**2 205**
Amounts added	**2 028**	**352**	**401**	**96**	**317**	**1 672**	**4 866**
Utilised	**(1 353)**	**(8)**	**(167)**	**–**	**(79)**	**(1 330)**	**(2 937)**
Amounts reversed	**(697)**	**(15)**	**(194)**	**(221)**	**(939)**	**(965)**	**(3 031)**
Translation and other	**(10)**	**(197)**	**71**	**(162)**	**(330)**	**88**	**(540)**
Balance at 28 February 2015	**2 110**	**425**	**1 515**	**2 492**	**6 154**	**1 283**	**13 979**

Restructuring provisions include expected costs for certain restructuring activities of the Group where the details have already been announced to affected parties. Legal claims and costs are provisions for anticipated settlements, including costs, for various legal matters that the Group is defending. VAT/sales tax provisions relate to provisions for potential taxes in foreign jurisdictions. Dilapidations and asset retirement obligations relate to provisions where the Group is expected to restore certain leased property and assets to its original condition. Other provisions include asset vendor credits, onerous contracts and waste reserves.

	2015 US$'000	2014 US$'000
19. AMOUNTS OWING TO VENDORS		
Long-term portion	**1 842**	2 447
Short-term portion	**2 750**	7 497
	4 592	9 944

Amounts owing to vendors represent purchase considerations owing in respect of acquisitions as well as liabilities recognised for minority put options existing in certain business acquisition agreements. The purchase considerations are to be settled with the vendors in cash or shares on achievement of agreed performance criteria. The amounts owing are interest free.

On 12 March 2012, Westcon acquired PT Netpoleon, an Indonesian value-added distributor of IT security, networking and convergence solutions. The consideration payable comprised an initial cash consideration of US$2.3 million, Datatec shares to the value of US$1 million and deferred cash consideration up to a maximum of US$1.8 million. Based on management's estimations and preliminary calculations, it is envisaged that the entire contingent consideration will become payable.

19. AMOUNTS OWING TO VENDORS (continued)

On 30 August 2014, Westcon acquired the assets of Verecloud, Inc., the developer of an advanced channel distribution platform for cloud and services solutions, for a total consideration of US$12 million. The acquisition consideration will be settled through the issue of Datatec shares in three tranches. The first tranche, to settle the initial consideration of US$10.3 million, was settled by the allotment of shares on 12 September 2014. The second tranche (US$1.0 million) is dependent on certain development/SAP integration goals being achieved and is payable one year after the transaction date. The third tranche of US$0.7 million is payable two years after completion, and is contingent upon two key employees still being employed by Westcon at this date. This portion of the earnout will be accounted for in staff costs.

On 29 November 2012, Datatec acquired Comztek Holdings (Pty) Ltd ("Comztek") for a consideration of US$8.7 million. The acquisition became effective on 31 May 2013. At the same time, members of the Comztek management team (the "Management Shareholders") entered into a Put and Call Option Agreement whereby Management Shareholders granted call options to Westcon Emerging Markets Group (Pty) Ltd ("WEMG") to acquire all of their Westcon SA (Pty) Ltd shares and WEMG granted put options to each of the Management Shareholders to require WEMG to purchase all of their Westcon SA shares. The call option granted WEMG the right to purchase all the shares held by the Management Shareholders at a defined strike price. The option period is 29 November 2012 to 31 May 2015.

IAS 32 *Financial Instruments: Presentation* requires that these liabilities are recognised initially in equity and then reflected at their fair value at each reporting date, with subsequent changes in fair value being reported in the statement of comprehensive income. The amount recorded in the statement of comprehensive income in FY15 is US$0.3 million (FY14: US$2.4 million credit).

The amount included in the closing balance in respect of the fair value for put option liabilities is US$1.8 million (FY14: US$1.8 million).

Amounts owing to vendors are classified as financial liabilities with fair value through profit or loss. They are classified as Level 2 financial instruments, whose fair value measurements are derived from inputs that are observable for the liability, either directly (ie as prices) or indirectly (ie derived from prices).

20. BANK OVERDRAFTS

	2015 US$'000	2014 US$'000
Total bank overdrafts at the end of the year	**388 231**	420 438

Group and other holdings

Datatec Limited has general short-term banking facilities amounting to R30 million, the equivalent of US$2.6 million (FY14: R30 million or US$2.8 million) with The Standard Bank of South Africa Limited, bearing interest at the South African prime interest rate (9.25% as at 28 February 2015 and 9.00% as at 28 February 2014).

Datatec Limited also has access to an uncommitted lending facility amounting to R30 million the equivalent of US$2.6 million (FY14: R30 million or US$2.8 million) with Investec Bank Limited in South Africa, bearing interest at the South African prime interest rate (9.25% as at 28 February 2015 and 9.00% as at 28 February 2014). As at 28 February 2015, Rnil was drawn (FY14: Rnil).

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20. BANK OVERDRAFTS (continued)

Westcon

Westcon has a US$270 million (FY14: US$270 million) revolving credit facility (the "Revolver") with various US and Canadian lenders which has a five-year term and matures in December 2016. It includes an accordion feature which gives Westcon the right to require the lead bank to increase the facility by up to an additional US$50 million (FY14: US$50 million) without a vote of the syndicate by identifying a willing lender on the Revolver's terms. Advances under this arrangement are available up to 95% in the US and 85% in the Canadian subsidiaries' eligible accounts receivable.

The Revolver allows for the issuance of irrevocable commercial or standby letters of credit of up to US$50 million (FY14: US$50 million). As at 28 February 2015, US$0.1 million (FY14: US$0.6 million) in letters of credit were outstanding, which reduced the amount available under the Revolver.

At Westcon's option, the Revolver bears interest at either the London Interbank Offered Rate ("LIBOR") or an index rate equal to the higher of (i) prime rate, (ii) federal funds rate plus a margin of 0.50% per annum, and (iii) the LIBOR rate for a one-month LIBOR period plus 1.00%. Both the LIBOR and index rate options are subject to an applicable margin based on excess availability under the Revolver. The applicable margin ranges from 1.50% to 2.00% (FY14: 1.50% to 2.00%) and the index rate margin ranges from negative 0.50% to 0.00% (FY14: negative 0.50% to 0.00%).

The Revolver also calls for a commitment fee of 0.2% per annum on the unutilised portion. Borrowings under the Revolver are collateralised by (i) a pledge of 100% of Westcon's US subsidiaries' stock and 66.66% of Westcon's Canadian subsidiary's stock and (ii) a security interest in substantially all of the assets of Westcon's US and Canadian subsidiaries.

The Revolver contains certain covenants including financial covenants establishing a minimum fixed charge ratio and covenants that restrict Westcon's US and Canadian subsidiaries' ability to incur debt, create liens, make acquisitions and investments, sell assets and place limitations on the ability of Westcon US and Canadian subsidiaries to pay dividends to Westcon. At 28 February 2015, the effective interest rate was 2.32% (FY14: 2.42%).

Westcon's Brazilian subsidiary has a revolving credit facility for BRL75 million, the equivalent of US$26.4 million, which matures in April 2016 (FY14: BRL111.8 million or US$48.1 million that matures in April 2016). The facility bears interest based on the financial institution's overnight lending rate, which was 15.10% at 28 February 2015 (FY14: 16.50%).

Westcon's Mexican subsidiary has a US$24.5 million (FY14: US$15 million) revolving credit facility which matures in January 2016. The facility bears interest based on the financial institution's overnight lending rate, which was 6.00% per annum at 28 February 2015 (FY14: 6.00%).

Westcon's subsidiaries in Latin America have various revolving credit facilities totalling US$19.1 million (FY14: US$16.9 million). The facilities bear interest of between 2.20% and 24.00% (FY14: 2.20% and 24.00%) and mature at various dates through to September 2016.

Westcon's European subsidiary also has a US$25 million (FY14: US$25 million) revolving credit facility which is callable on demand. The facility bears interest at the financial institution's money market rate of 1.41% (FY14: 1.26%).

20. BANK OVERDRAFTS (continued)

Westcon (continued)

Westcon's European subsidiary has a syndicated US$325 million (FY14: US$210 million) receivable financing agreement which matures in July 2018. Advances under this arrangement are available for up to 87% of the subsidiary's eligible accounts receivable and bears interest at a rate of 1.55% above the US Dollar, Euro or Sterling base rates, which were 0.25%, 0.15% and 0.50%, respectively, at 28 February 2015 (FY14: 1.88%, 2.00% and 2.25%). The facility contains certain affirmative and negative covenants that restrict the subsidiary's ability to grant guarantees or incur debt with its third parties other than immediate affiliates within Europe, Middle East and Africa, subject to specific thresholds dependent on the nature of the debt, restrict the creation of liens, debentures and mortgages and restrict acquisitions higher than US$7.5 million without HSBC's prior consent. Some of these covenants are in the process of being amended through an amendment letter to be signed before 25 June 2015.

Westcon's Singapore subsidiary has a banking facility whereby advances are generally available for payment against approved vendors' invoices up to a maximum of US$21.3 million (FY14: US$18 million) with a maximum tenor from 150 days to 180 days. The advances bear interest at 2.00% per annum at 28 February 2015 (FY14: 2.20%).

Westcon's Singapore subsidiary also has a financing arrangement which is repayable on demand, whereby advances are generally available for up to 80% of the subsidiary's eligible accounts receivable up to a maximum of US$15 million (FY14: US$15 million). The advances bear interest at 2.01% per annum at 28 February 2015 (FY14: 2.11%).

Westcon's Australian subsidiary has an arrangement with a financial institution to provide up to AU$15 million, the equivalent of US$11.7 million (FY14: AU$15 million or US$13.4 million) of accounts receivable, foreign currency settlement and other financing. The arrangement is repayable on demand. The advances are generally available for up to 85% of the subsidiary's eligible accounts receivable and bear interest at the financial institution's base rate plus 1,80%, which was 5.48% as at 28 February 2015 (FY14: 5.46%). There was no outstanding balance at 28 February 2015 and 28 February 2014.

Westcon's Middle East subsidiary has a financing arrangement which matures in January 2016. Advances under this agreement are generally available for up to 85% of the eligible accounts receivable up to a maximum of US$15 million (FY14: US$15 million). The advances under the accounts receivable arrangement bear interest of LIBOR plus 2.50%.

In July 2011, Westcon entered into a standby credit facility for US$2 million. The facility bears interest at Westcon's option of (i) LIBOR plus 2.00% or (ii) prime rate, and matures in November 2015. The facility was not drawn in 2015.

Westcon South Africa has general short-term banking facilities amounting to R56 million, the equivalent of US$4.8 million (FY14: R56 million or US$5.2 million) with The Standard Bank of South Africa Limited, bearing interest at the South African prime interest rate (9.25% as at 28 February 2015 and 9.00% as at 28 February 2014).

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

20. BANK OVERDRAFTS (continued)

Logicalis

Logicalis operates a treasury management system in the UK, which includes an invoice financing facility of £10 million, the equivalent of US$15 million (FY14: £10 million or US$17 million) and an overdraft facility of £2 million, the equivalent of US$3 million (FY14: £2 million or US$3 million). Cross guarantees are in place between the UK operating companies. The invoice financing facility has a six-month notice period, is secured by trade receivables in the UK and bears interest at the UK base rate plus 1.85%. The overdraft facility is repayable on demand and bears interest at the UK base rate of 0.50% (FY14: 0.50%) plus 2.00%.

Logicalis Spain has factoring arrangements and guarantee facilities with a number of financial institutions totalling €30.6 million, the equivalent of US$34.2 million (FY14: €30.6 million or US$41.9 million). There are no covenants associated with these facilities; however, the factoring arrangements are restricted as certain financial institutions only allow factoring to be used for specific customers' invoices.

In Germany, Inforsacom has a €10 million factoring facility, the equivalent of US$11.2 million. Logicalis GmbH has a €0.6 million overdraft facility, the equivalent of US$0.7 million (FY14: €0.6 million or US$0.8 million) secured by a Logicalis Group Limited guarantee. It has no covenant restrictions and bears interest at the financial institutions' overnight lending rate. At 28 February 2015, the effective interest rate was 3.75% (FY14: 3.75%).

In the Netherlands, Logicalis SMC has a €0.4 million overdraft facility, the equivalent of US$0.4 million (FY14: €0.4 million or US$0.5 million) which bears interest at the financial institution's overnight lending rate. At 28 February 2015, the effective interest rate was 6.50% (FY14: 6.20%).

Logicalis, Inc. has a three-year US$50 million revolving credit facility in the USA which matures in September 2019. The facility is subject to a fixed charge coverage covenant and is secured by the Logicalis, Inc. accounts receivable book. It bears interest at a rate of the applicable margin plus the greater of the prime rate, the federal funds effective rate plus 1.00% and the daily adjusting LIBOR plus 1.00%. The applicable margin is dependent on the previous quarter's average facility availability and ranges between negative 45 and negative 70 basis points. At 28 February 2015, the US prime rate was 3.25% (FY14: 3.25%), the federal funds rate was 0.00% to 0.12% (FY14: 0.00% to 0.25%) and one-month US$ LIBOR was 0.17% (FY14: 0.16%).

Logicalis' Brazilian subsidiaries have financing arrangements with a number of financial institutions which provide facilities for working capital loans and trade imports. These facilities are secured by short-term promissory notes, typically of 150 or 180-day duration, and have no covenants associated with them. At 28 February 2015, Brazil had two BRL10 million loans, the equivalent of US$7.0 million (FY14: two BRL10 million loans or US$8.6 million) bearing interest of between 116% and 125% of the Brazilian CDI of 12.09% (FY14: 10.59%). A US$25 million offshore loan facility is also in place bearing interest at the rate of the applicable US$ LIBOR plus 2.35%.

Logicalis' other Latin American subsidiaries also have arrangements with various financial institutions for a range of facilities for operations in six countries, totalling approximately US$29.5 million (FY14: US$36.2 million). They have no specific covenants attached.

Logicalis Singapore Pte. Limited has a SG$7.5 million loan facility, the equivalent of US$5.5 million (FY14: SG$5 million or US$3.9 million) which has no set expiry date and is reviewed on a quarterly basis. Each drawdown has a specific maturity date. The facility is subject to a minimum net worth covenant and a minimum EBITDA-to-interest expense ratio covenant and bears interest at a rate equivalent to 2.50% above the cost of funds. At 28 February 2015, the effective interest rate was 4.80% (FY14: 4.42%).

20. BANK OVERDRAFTS (continued)

Logicalis (continued)

Logicalis Australia Pty. Limited has an AU$2 million overdraft facility, the equivalent of US$1.6 million (FY14: AU$2 million or US$1.8 million). This facility has no covenant restrictions, is secured by a letter of comfort provided by Logicalis Group Limited and bears interest at the financial institution's overnight lending rate. At 28 February 2015, the effective interest rate was 9.15% (FY14: 9.15%).

Logicalis Malaysia Sdn.Bhd. has a MYR3.0 million facility, the equivalent of US$0.8 million (FY14: MYR3.0 million or US$0.9 million). This facility can be used for bank guarantees, import financing or as a revolving credit facility. The facility also has a net debt to tangible net worth covenant, and is secured by a Logicalis Group Limited guarantee.

Analysys Mason

Analysys Mason Limited has a £1.5 million overdraft facility, the equivalent of US$2.3 million (FY14: £1.5 million or US$2.5 million), which is renegotiated annually and bears interest at a rate of 2.00% over the Bank of England base rate.

The overdraft is secured by a debenture comprising fixed and floating charges over all assets and undertakings of Analysys Mason Limited and Analysys Limited.

There is a composite guarantee between HSBC Bank plc, Analysys Mason Limited, Analysys Limited, Analysys Mason Limited (Ireland), Analysys Mason FZ LLC, Analysys Mason Pte. Limited and Analysys Mason (Mauritius) Limited, as well as a guarantee given by Datatec plc, limited to £5 million (US$7.7 million) which covers Analysys Mason Limited, Mason Advisory Limited, Intact Holdings Limited and Intact Integrated Services Limited.

Mason Advisory

Mason Advisory Limited has a £0.5 million overdraft facility, the equivalent of US$0.7 million (FY14: £nil) which is renegotiated annually and bears interest at a rate of 2.00% over the Bank of England base rate.

The overdraft is secured by a debenture comprising fixed and floating charges over all assets and undertakings of Mason Advisory Limited.

There is a guarantee given by Datatec plc to HSBC Limited for £5.0 million (US$7.7 million) which covers Analysys Mason Limited, Mason Advisory Limited, Intact Holdings Limited and Intact Integrated Services Limited.

The Via Group

The Via Group has a US$1.0 million line of credit with HSBC Limited arranged on 1 April 2014, which bears interest at a rate of the financial institution's prime rate plus 0.50% and is payable on demand. A guarantee is provided by Datatec Limited to HSBC Limited for US$1.0 million to secure this facility.

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	2015 US$'000	2014 US$'000
21. COMMITMENTS		
21.1 Capital commitments		
Capital expenditure authorised and contracted for	28 811	19 216
Capital expenditure authorised but not yet contracted for	5 098	1 206
Total capital commitments	33 909	20 422
This expenditure will be incurred in the ensuing year and will be financed from existing cash resources and available borrowing facilities.		
21.2 Operating lease commitments		
Due within one year:		
Property	26 883	27 360
Office furniture, equipment and motor vehicles	3 657	3 791
Computer equipment	3 808	1 168
Total operating lease commitment due within one year	34 348	32 319
Due between one and two years:		
Property	23 990	21 334
Office furniture, equipment and motor vehicles	2 278	2 553
Computer equipment	3 269	769
Total operating lease commitments due between one and two years	29 537	24 656
Due between two and three years:		
Property	20 080	17 019
Office furniture, equipment and motor vehicles	1 192	903
Computer equipment	1 668	573
Total operating lease commitments due between two and three years	22 940	18 495
Due between three and four years:		
Property	15 652	13 280
Office furniture, equipment and motor vehicles	303	264
Computer equipment	70	164
Total operating lease commitments due between three and four years	16 025	13 708
Due between four and five years:		
Property	12 858	10 125
Office furniture, equipment and motor vehicles	28	86
Computer equipment	31	6
Total operating lease commitments due between four and five years	12 917	10 217
Due after five years:		
Property	37 491	30 571
Office furniture, equipment and motor vehicles	–	–
Computer equipment	–	–
Total operating lease commitments due after five years	37 491	30 571
Total non-cancellable operating lease commitments	153 258	129 966

The fair value of the operating lease commitments is approximately equal to their carrying value.

22. CONTINENT LIABILITIES, GUARANTEES AND LITIGATION

Datatec and its subsidiaries have issued, in the ordinary course of business, guarantees and letters of comfort to third parties in respect of finance and trading facilities, performance commitments to customers and lease commitments. In addition, the vendor inventory purchase financing referred to in Note 13 was generally guaranteed by Westcon.

In connection with Westcon's investment in the Turkish joint venture, Neteks, Westcon has guaranteed 50%, up to a maximum of US$15.0 million, related to the joint venture's finance facility with a bank. The guarantee would require Westcon to pay 50% of the outstanding balance in the event of default by the joint venture. The maximum liability under this guarantee at 28 February 2015 was US$8.2 million (FY14: US$2.1 million).

Logicalis has a contingent liability in respect of a possible tax liability at its PromonLogicalis subsidiary in Brazil. In April 2011, a Brazilian state tax authority claimed that PromonLogicalis should have paid a higher rate of state tax on its equipment sales up to October 2010 than actually paid. PromonLogicalis management, supported by a legal opinion, strongly disagrees with the state tax authority's assessment and have formally appealed against it. Datatec management supports PromonLogicalis management's view and believes it unlikely that PromonLogicalis will have to pay any additional tax.

The Group has certain contingent liabilities resulting from litigation and claims including breach of warranties where operations have been acquired or disposed of, generally involving commercial and employment matters, which are incidental to the ordinary conduct of its business. Management believes, after taking legal advice where appropriate on the probable outcome of these contingencies, that none of these contingencies will materially affect the financial position or the results of operations of the Group.

23. RELATED-PARTY TRANSACTIONS

Sales and purchases between Group companies are concluded at arm's length in the ordinary course of business. For the year ended 28 February 2015, the inter-group sales of goods and provision of services amounted to US$52.6 million (FY14: US$46.1 million) which are eliminated on consolidation.

	2015 US$'000	2014 US$'000
Key management personnel compensation:		
Short-term employee benefits	**9 942**	8 662
Post-employment benefits	**396**	350
Share-based payments	**1 209**	2 703

Key management personnel compensation comprises the compensation of senior executive management of the Group's divisions. The remuneration of Datatec's executive directors is included in Note 3 and in the tables on the following pages. There were no other prescribed officers of the Company.

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

23. RELATED-PARTY TRANSACTIONS (continued)

Directors' emoluments

The following tables set out the remuneration of individual directors who held office during the financial years ended 28 February 2015 and 28 February 2014.

US$'000	Basic salary	Bonus	Fees	Pension	Other benefits	Total
2015						
Executive directors						
JP Montanana	1 193	1 823	–	179	38	3 233
PJ Myburgh	416	362	–	47	9	834
RP Evans	357	331	–	54	11	753
Total executive directors	1 966	2 516	–	280	58	4 820
Non-executive directors						
SJ Davidson	–	–	190	–	–	190
O Ighodaro	–	–	80	–	–	80
JF McCartney – Datatec fees	–	–	80	–	–	80
JF McCartney – Westcon fees	–	–	54	–	–	54
LW Nkuhlu	–	–	92	–	–	92
CS Seabrooke	–	–	110	–	–	110
NJ Temple	–	–	85	–	–	85
Total non-executive directors	–	–	691	–	–	691
Total directors' emoluments	1 966	2 516	691	280	58	5 511
2014						
Executive directors						
JP Montanana	1 193	373	–	179	34	1 779
RP Evans	349	58	–	52	8	467
Total executive directors	1 542	431	–	231	42	2 246
Non-executive directors						
SJ Davidson	–	–	190	–	–	190
O Ighodaro	–	–	80	–	–	80
JF McCartney – Datatec fees	–	–	80	–	–	80
JF McCartney – Westcon fees	–	–	65	–	–	65
LW Nkuhlu	–	–	92	–	–	92
CS Seabrooke	–	–	110	–	–	110
NJ Temple	–	–	85	–	–	85
Total non-executive directors	–	–	702	–	–	702
Total directors' emoluments	1 542	431	702	231	42	2 948

Of the emoluments shown above, US$947 000 (FY14: US$496 000) have been paid by Datatec Limited and US$4 564 000 (FY14: US$2 452 000) have been paid by subsidiaries of Datatec Limited.

23. RELATED-PARTY TRANSACTIONS (continued)

Directors' emoluments (continued)

Directors holding office at 28 February 2015 held the following share appreciation rights under the rules of the SAR Scheme:

	Grant date	Grant price (ZAR)	SARs held at 28 February 2014	Granted during the year	Exercised during the year	Lapsed during the year	SARs held at 28 February 2015
JP Montanana	14/05/2010	34.27	198 482	–	(198 482)	–	–
	12/05/2011	36.61	170 876	–	–	–	170 876
	17/05/2012	44.55	333 433	–	–	–	333 433
	16/05/2013	50.25	330 689	–	–	–	330 689
	15/05/2014	50.55	–	371 519	–	–	371 519
Sub-total			1 033 480	371 519	(198 482)	–	1 206 517
RP Evans	14/05/2010	34.27	34 869	–	–	–	34 869
	12/05/2011	36.61	34 836	–	–	–	34 836
	17/05/2012	44.55	97 876	–	–	–	97 876
	16/05/2013	50.25	92 850	–	–	–	92 850
	15/05/2014	50.55	–	115 096	–	–	115 096
Sub-total			260 431	115 096	–	–	375 527
PJ Myburgh	15/05/2014	50.55	–	121 068	–	–	121 068
Sub-total			–	121 068	–	–	121 068
Total			1 293 911	607 683	(198 482)	–	1 703 112

During the financial year ended 28 February 2015, Mr Montanana exercised SARs on 20 November 2014 and 76 539 Datatec shares valued at US$385 687 on that date were transferred to him from the Datatec Employee Share Incentive Trust in settlement. No SARs were exercised by directors during the financial year ended 28 February 2014.

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

23. RELATED-PARTY TRANSACTIONS (continued)

Directors' emoluments (continued)

Directors holding office at 28 February 2015 held the following conditional awards under the LTIP:

	Grant date	Awards held at 28 February 2014	Granted during the year	Vested and settled during the year	Lapsed/ forfeited during the year	Awards held at 28 February 2015
JP Montanana	12/05/2011	170 876	–	–	(170 876)	–
	17/05/2012	333 433	–	–	–	333 433
	16/05/2013	330 689	–	–	–	330 689
	15/05/2014	–	371 519	–	–	371 519
Sub-total		834 998	371 519	–	(170 876)	1 035 641
RP Evans	12/05/2011	26 127	–	–	(26 127)	–
	17/05/2012	73 407	–	–	–	73 407
	16/05/2013	69 638	–	–	–	69 638
	15/05/2014	–	86 322	–	–	86 322
Sub-total		169 172	86 322	–	(26 127)	229 367
PJ Myburgh	15/05/2014	–	90 801	–	–	90 801
Sub-total		–	90 801	–	–	90 801
Total		1 004 170	548 642	–	(197 003)	1 355 809

During the financial year ended 28 February 2015, the TSR performance condition for the vesting of the 2011 conditional awards under the LTIP was not met and accordingly the awards did not vest and lapsed. During the financial year ended 28 February 2014, shares were transferred to the Executive Directors on 12 June 2013 in settlement of the 2010 grant of conditional shares under the LTIP which vested. The value of the shares transferred to Mr Montanana on that date was US$1 112 862 and the value of the shares transferred to Mr Evans on that date was US$146 630.

23. RELATED-PARTY TRANSACTIONS (continued)

Directors' emoluments (continued)

Directors holding office at 28 February 2015 held the following Datatec shares acquired and pledged under the terms of the DBP:

	Date of purchase of pledged shares	Weighted average purchase price (ZAR)	Pledged shares held at 28 February 2014	Pledged shares purchased during the year	Matched during the year	Pledged shares held at 28 February 2015
JP Montanana	16 – 22/05/2011	37.52	50 570	–	(50 570)	–
	17 – 21/05/2012	45.30	150 000	–	–	150 000
	12 – 13/06/2013	57.39	50 000	–	–	50 000
	4/06/2014	52.67	–	50 000	–	50 000
Sub-total			250 570	50 000	(50 570)	250 000
RP Evans	18/05/2012	45.00	5 000	–	–	5 000
	12/06/2013	57.28*	4 600	–	–	4 600
	4 – 5/06/2014	52.74	–	5 000	–	5 000
Sub-total			9 600	5 000	–	14 600
PJ Myburgh	21/05/2014	51.00	–	48 500	–	48 500
Sub-total			–	48 500	–	48 500
Total			260 170	103 500	(50 570)	313 100

The pledged shares shown above are included in the directors' share interests shown on page 79 of the Integrated Report.

During the financial year ended 28 February 2015, shares were transferred to Mr Montanana on 22 May 2014 in settlement of the matching shares under the DBP which vested. The value of the shares transferred to Mr Montanana on that date was US$247 661 (FY14: US$417 319).

Mr McCartney holds the following share appreciation rights in Westcon Group, Inc. which he was awarded as a non-executive director of Westcon Group in line with American practice for directors' fees and awards:

	Grant date	Grant price (US$)	SARs held at 28 February 2014	Granted during the year	Exercised during the year	SARs held at 28 February 2015
JF McCartney	1/07/2009	32.40	277	–	(277)	–
	1/07/2010	62.00	1 667	–	–	1 667
	1/07/2011	68.00	2 500	–	–	2 500
	1/07/2012	80.60	2 500	–	–	2 500
	1/07/2013	79.50	2 500	–	–	2 500
	1/07/2014	64.00	–	2 000	–	2 000
Total			9 444	2 000	(277)	11 167

These awards have been ratified by the Datatec Remuneration Committee. The proceeds of Mr McCartney's exercise of Westcon SARs during FY15 was US$8 767 (FY14: US$43 970).

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

24. FINANCIAL INSTRUMENTS

24.1 Financial risk management objectives

The Group's senior management is responsible for monitoring and managing the financial risks relating to the operations of the Group. This is achieved through the use of internal risk analyses which analyse exposures by likelihood and magnitude of risks. These risks include market risk (including currency and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's internal policies applicable at subsidiary level. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

When appropriate, management reports regularly to the Group's Audit, Risk and Compliance Committee.

The Group's financial instruments consist mainly of cash and cash equivalents, accounts receivable, accounts payable, borrowings and derivative instruments.

24.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy with respect to the debt and equity balance remains unchanged from FY14. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 16 and 20, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital (see Note 15), reserves and retained earnings.

Gearing ratio

The Group's capital structure is reviewed on at least a semi-annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year-end was as follows:

	2015 US$'000	2014 US$'000
Long-term liabilities	(21 555)	(17 359)
Short-term interest-bearing liabilities	(43 468)	(27 611)
Net cash and cash equivalents	(22 101)	(41 770)
Net debt	(87 124)	(86 740)
Total equity attributable to the parent	870 850	871 617
Gearing ratio: debt-to-equity ratio	10%	10%

24.3 Categories of financial instruments

	2015 US$'000	2014 US$'000
Financial assets		
Financial assets held-for-trading	7 329	208
Loans and receivables (including cash and cash equivalents)	2 020 047	1 799 760
Financial liabilities		
Financial liabilities held-for-trading	(1 043)	(2 876)
Liabilities at amortised cost	(1 937 764)	(1 648 464)
Other financial liabilities designated through profit or loss ("FVTPL")	(4 592)	(9 944)

At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables designated at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such loans and receivables.

24. FINANCIAL INSTRUMENTS (continued)

24.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements (see Note 24.3), which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. Further information on the concentration of credit risk is detailed in the following table:

US$'000	North America	Latin America	Europe	Asia-Pacific	AME	Total
2015						
Gross trade accounts receivable	398 851	339 273	536 701	104 391	169 607	1 548 823
Less: Trade receivables allowances for bad debts	(1 137)	(6 655)	(2 687)	(1 060)	(4 464)	(16 003)
Loans granted to third parties	–	2 642	190	–	–	2 832
Other receivables	17 802	54 019	28 788	11 331	6 325	118 265
Derivative financial assets (Level 1)	–	3 521	3 716	92	–	7 329
Cash and cash equivalents at financial institutions	61 660	74 503	89 665	62 842	77 460	366 130
Maximum on-balance sheet exposure	477 176	467 303	656 373	177 596	248 928	2 027 376
Financial guarantees	–	–	8 154	–	–	8 154
2014						
Gross trade accounts receivable	269 730	302 900	489 232	121 116	143 524	1 326 502
Less: Trade receivables allowances for bad debts	(2 470)	(3 279)	(3 536)	(1 332)	(3 114)	(13 731)
Loans granted to third parties	–	1 042	382	–	197	1 621
Other receivables	17 908	43 548	27 957	5 920	11 367	106 700
Derivative financial assets (Level 1)	–	–	208	–	–	208
Cash and cash equivalents at financial institutions	60 962	85 185	93 925	78 380	60 216	378 668
Maximum on-balance sheet exposure	346 130	429 396	608 168	204 084	212 190	1 799 968
Financial guarantees	–	(12)	1 586	(24)	(95)	1 455

The Group does not consider there to be any significant credit risk, which has not been adequately provided for at the reporting date.

Furthermore, there has been no material change to the Group's exposure to credit risks or the manner in which it manages and measures the risk.

Derivative financial assets relate to forward exchange contracts and are classified as Level 1 financial instruments.

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

24. FINANCIAL INSTRUMENTS (continued)

24.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The Group is dependent on its bank overdrafts and trade finance facilities to operate. These facilities generally consist of either a fixed term or fixed period but are repayable on demand, are secured against the assets of the company to which the facility is made available and contain certain covenants including financial covenants such as minimum liquidity, maximum leverage and pre-tax earnings coverage. In certain circumstances, if these covenants are violated and a waiver is not obtained for such violation, this may, among other things, mean that the facility may be repayable on demand. One of Westcon's facilities contains certain affirmative and negative covenants that restrict the subsidiary's ability to grant guarantees or incur debt with its third parties other than immediate affiliates within Europe, Middle East and Africa, subject to specific thresholds dependent on the nature of the debt, restrict the creation of liens, debentures and mortgages and restrict acquisitions higher than US$7.5 million without HSBC's prior consent. Some of these covenants are in the process of being amended through an amendment letter to be signed before 25 June 2015. There have been no other breaches of covenants during the current year nor any that exist at year-end. Included in Note 20 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

US$'000	0 – 1 year	1 – 2 years	2 – 5 years	After 5 years	Total
2015					
Trade payables	**(1 379 120)**	**–**	**–**	**–**	**(1 379 120)**
Fixed rate liabilities	**(38 389)**	**(17 642)**	**(2 089)**	**–**	**(58 120)**
Variable rate liabilities	**(391 781)**	**(1 924)**	**(877)**	**(289)**	**(394 871)**
Derivative financial liabilities (Level 1)	**(1 043)**	**–**	**–**	**–**	**(1 043)**
Financial guarantees/ commitments	**(450)**	**(46)**	**–**	**–**	**(496)**
Other	**(104 227)**	**(5 522)**	**–**	**–**	**(109 749)**
	(1 915 010)	**(25 134)**	**(2 966)**	**(289)**	**(1 943 399)**
2014					
Trade payables	(1 099 847)	–	–	–	(1 099 847)
Fixed rate liabilities	(16 419)	(3 976)	(298)	–	(20 693)
Variable rate liabilities	(421 346)	(125)	(210)	–	(421 681)
Derivative financial liabilities (Level 1)	(2 876)	–	–	–	(2 876)
Financial guarantees/ commitments	(303)	(293)	(56)	–	(652)
Other	(115 535)	–	–	–	(115 535)
	(1 656 326)	(4 394)	(564)	–	(1 661 284)

The Group continues to actively monitor its exposure to liquidity risks and the manner in which it manages and measures the risk, particularly the inherent counterparty risk which may arise through the Group's dealings with financial institutions.

24. FINANCIAL INSTRUMENTS (continued)

24.6 Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note 24.7) and interest rates (see Note 24.8). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including:

- forward foreign exchange contracts ("FECs") to hedge the exchange rate risk arising on transactions denominated in foreign currency; and
- interest rate swaps to mitigate the risk of rising interest rates.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

24.7 Foreign exchange risk management

The Group operates in the global business environment and undertakes many transactions denominated in foreign currencies. The Group is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise FECs. FECs require a future purchase or sale of foreign currency at a specified price. The Group does not trade in FECs for speculative purposes.

Fluctuations in exchange rates also affect the translation of the profits of subsidiaries whose reporting currency is not the US Dollar. The most significant other currencies in which the Group trades are the Pound Sterling, the Euro, the Brazilian Real, the Singapore Dollar and the South African Rand.

24.7.1 Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% change in the currencies listed below, being the Group's significant currency exposures, against the various functional currencies of the Group's subsidiaries. The sensitivity rate that represents management's assessment of the possible change in foreign exchange rates is 10%. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in the listed currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A negative number below indicates an increase in profit and other equity where the currency strengthens 10% against the functional currency. For a 10% weakening of the currency against the functional currency, there would be an equal and opposite impact on the profit and other equity. The table below includes the effect of hedging.

(Gain)/loss	US$ 2015 US$'000	GBP 2015 US$'000	EUR 2015 US$'000	BRL 2015 US$'000
Profit before tax	2 366	(1 622)	(2)	3 410
Other equity	3 259	–	–	–

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24. FINANCIAL INSTRUMENTS (continued)

24.7 Foreign exchange risk management (continued)

24.7.2 Forward foreign exchange contracts

It is the policy of the Group to enter into FECs to cover specific foreign currency payments and receipts based on the known exposure generated. The Group also enters into FECs to manage the risk associated with anticipated sales and purchase transactions, with FECs ranging up to approximately six months and with cover up to 100% of the anticipated exposure generated. Obligations under open FEC contracts are detailed in Notes 24.4 and 24.5, as derivative financial assets and derivative financial liabilities, respectively.

24.8 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates and defined risk appetite. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. (See Note 24.5).

Interest rate sensitivity analyses

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analyses are prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. The applicable increase or decrease that represents management's assessment of the reasonably possible change in interest rates, is dependent on the location of the borrowings. Globally, if interest rates had been between 50 and 200 basis points higher and all other variables were held constant, the Group's:

- profit for the year ended 28 February 2015 would increase by a net amount of US$8.3 million (FY14: US$6.4 million decrease); and
- the impact on other equity for the year ended 28 February 2015 would be immaterial (FY14: US$0.4 million decrease).

		2015 US$'000	2014 US$'000
25.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	**140 162**	101 796
	Adjustment for:		
	Unrealised foreign exchange (gains)/losses	**(1 012)**	3 443
	Share-based payments	**10 084**	5 547
	Share of equity-accounted investments	**(450)**	(441)
	Depreciation and amortisation	**48 635**	47 735
	Loss on disposal of property, plant and equipment	**36**	66
	Loss on disposal of investments and subsidiary	**137**	1 778
	Net movement in provisions	**563**	2 419
	Net movements on trade receivables allowances for bad debt	**7 791**	6 714
	Acquisition-related fair value adjustments	**317**	(2 400)
	Impairment of intangible assets	**–**	5 473
	Cash payments to settle share-based payment obligations	**(5 330)**	(9 664)
	Interest income	**(4 324)**	(3 580)
	Finance costs	**21 930**	25 168
	Other non-cash items	**(3 193)**	(617)
	Operating profit before working capital changes	**215 346**	183 437
	Working capital changes:		
	Increase in inventories	**(32 038)**	(82 917)
	Increase in receivables	**(324 540)**	(150 710)
	Increase in payables	**327 431**	82 417
		186 199	32 227
26.	**TAXATION PAID**		
	Net taxation liability	**(11)**	(2 783)
	Subsidiaries acquired	**(229)**	(516)
	Subsidiaries disposed	**–**	(2 558)
	Charge to profit and loss (excluding deferred tax)	**(53 081)**	(35 797)
	Charge to other comprehensive income	**(1 810)**	(1 988)
	Other movements and translation differences	**3 352**	(1 442)
	Net taxation (asset)/liability	**(1 414)**	11
		(53 193)	(45 073)
	Net taxation		
	Current tax assets	**15 626**	14 197
	Current tax liability	**(14 212)**	(14 208)
		1 414	(11)

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

		2015 US$'000	2014 US$'000
27.	**ACQUISITIONS OF SUBSIDIARY COMPANIES**		
	The fair value of assets acquired and the liabilities assumed on the acquisition of subsidiary companies (Note 33) is:		
	Property, plant and equipment and software	677	2 786
	Capitalised software development expenditure	–	177
	Trade and other receivables	38 447	59 365
	Inventories	2 373	8 319
	Cash and cash equivalents	9 060	22 164
	Trade and other payables and provisions	(50 044)	(64 274)
	Net taxation liability	(229)	(516)
	Other non-current liabilities	(2 196)	(10 672)
	Net deferred tax	(2 826)	2 153
	Net fair value of tangible (liabilities)/assets acquired	(4 738)	19 502
	Goodwill arising on acquisitions	24 378	12 882
	Intangible assets	10 418	10 925
	Non-controlling interest acquired	(77)	(676)
	Total fair value of acquisitions	29 981	42 633
	Net cash acquired	(9 060)	(22 164)
	Settled in shares or deferred	(18 942)	(3 925)
	Net cash outflows for acquisitions	1 979	16 544
28.	**ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT**		
	Maintenance of operations:		
	Office furniture, equipment and motor vehicles	2 596	2 090
	Computer equipment	11 001	10 265
	Leasehold improvements	2 432	6 492
	Expansion of operations:		
	Office furniture, equipment and motor vehicles	1 255	1 270
	Computer equipment	10 267	8 806
	Leasehold improvements	7 763	3 830
		35 314	32 753
29.	**TRANSLATION DIFFERENCE ON OPENING CASH POSITION**		
	The translation difference on the opening cash position is calculated on opening cash balances of companies that hold cash in currencies other than the US Dollar and not on the net cash and cash equivalents included on the statement of financial position at the beginning of the year, which is inclusive of cash held in US Dollars.	(8 229)	(5 167)

		2015 US$'000	2014 US$'000
30.	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**		
	Cash resources	**366 130**	378 668
	Bank overdrafts	**(388 231)**	(420 438)
		(22 101)	(41 770)

Significant non-cash transactions

- The Company issued a scrip distribution with a cash alternative during the year which resulted in 2 018 910 new ordinary shares being issued (refer to Note 15).
- The Company issued shares to fund a portion of the consideration for the acquisition of Verecloud, Inc. and inforsacom Holding GmbH (refer to Note 15 and Note 33).
- The Company issued shares to acquire the minority interests of Intact Integrated Services GmbH and Intact Holdings Limited (refer to Note 15 and Note 33).
- The Company issued shares to increase its ownership in PromonLogicalis Latin America Limited which was funded by an inter-company loan (refer to Note 15 and Note 33).

		2015 US$'000	2014 US$'000
31.	**NET CASH INFLOW ON DISPOSAL OF INVESTMENTS AND SUBSIDIARY**		
	Subsidiary:		
	Consideration received in cash and cash equivalents	**–**	84
	Cash and cash equivalent balances disposed of	**–**	(947)
	Bank overdraft disposed of	**–**	881
		–	18
	Investments:		
	Consideration received in cash and cash equivalents	**1 024**	–
		1 024	18

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

32. SEGMENTAL REPORT

For management's internal purposes the Group is currently organised into four operating divisions which are the basis on which the Group reports its primary segmental information.

Principal activities are as follows:

- Westcon – Distribution of networking, security, and unified communications products and data centre solutions
- Logicalis – ICT infrastructure solutions and services
- Consulting Services – strategic and technical consulting
- Corporate – Group head office companies including Datatec Financial Services, a new capital/leasing business under development and Group consolidation adjustments.

Condensed statement of comprehensive income	Westcon 2015 US$'000	Westcon 2014 US$'000
Revenue	**4 854 507**	4 065 112
North America	**1 670 747**	1 179 697
Latin America	**560 094**	470 439
Europe	**1 597 137**	1 437 611
Asia-Pacific	**480 394**	485 325
AME*	**597 679**	538 185
Inter-segmental	**(51 544)**	(46 145)
EBITDA	**125 141**	91 301
North America	**60 895**	32 648
Latin America	**39 560**	27 658
Europe	**50 453**	52 395
Asia-Pacific	**15 887**	15 571
AME*	**17 574**	14 817
Datatec Group and divisional central costs	**(59 228)**	(51 788)
Depreciation and amortisation	**(24 934)**	(23 854)
Intangible impairment	**–**	(5 473)
Operating profit/(loss)	**100 207**	61 974
Interest income	**543**	2 068
Finance costs	**(17 547)**	(17 784)
Share of equity-accounted investment earnings	**450**	312
Fair value movements on put option liabilities	**(317)**	2 421
Fair value adjustments on deferred purchase consideration	**–**	(21)
Other income	**–**	–
Profit/(loss) on disposal of investments	**–**	402
Profit/(loss) before taxation	**83 336**	49 372
Taxation	**(25 714)**	(13 956)
Profit/(loss) after taxation	**57 622**	35 416

There are no central costs in Consulting Services as these costs are carried by the Group.

The results of Intact have been included in Westcon in FY15 and in Consulting Services in FY14.

** Includes India in FY14 up to 31 August 2013.*

Logicalis 2015 US$'000	Logicalis 2014 US$'000	Consulting Services 2015 US$'000	Consulting Services 2014 US$'000	Corporate 2015 US$'000	Corporate 2014 US$'000	Total 2015 US$'000	Total 2014 US$'000
1 533 777	1 550 322	55 242	72 620	10	–	6 443 536	5 688 054
385 461	384 849	11 667	13 025	(3 517)	(5 091)	2 064 358	1 572 480
555 691	550 914	4 498	2 600	(4 941)	(4 608)	1 115 342	1 019 345
476 853	480 353	25 604	41 207	(37 481)	(28 625)	2 062 113	1 930 546
117 117	135 645	8 282	8 547	(8 512)	(12 567)	597 281	616 950
–	–	7 217	10 548	(454)	–	604 442	548 733
(1 345)	(1 439)	(2 026)	(3 307)	54 915	50 891	–	–
97 039	90 318	3 158	2 094	(18 945)	(8 448)	206 393	175 265
18 271	19 497	430	(641)	(449)	–	79 147	51 504
58 994	46 686	402	211	–	–	98 956	74 555
23 958	23 123	1 006	1 776	(247)	–	75 170	77 294
5 187	9 767	765	(110)	(180)	–	21 659	25 228
–	–	555	858	(22)	(1)	18 107	15 674
(9 371)	(8 755)	–	–	(18 047)	(8 447)	(86 646)	(68 990)
(22 874)	(22 795)	(796)	(1 053)	(31)	(33)	(48 635)	(47 735)
–	–	–	–	–	–	–	(5 473)
74 165	67 523	2 362	1 041	(18 976)	(8 481)	157 758	122 057
3 351	1 194	9	2	421	316	4 324	3 580
(4 287)	(6 969)	(32)	(149)	(64)	(266)	(21 930)	(25 168)
–	–	–	–	–	129	450	441
–	–	–	–	–	–	(317)	2 421
–	–	–	–	–	–	–	(21)
–	–	–	–	14	264	14	264
–	–	–	–	(137)	(2 180)	(137)	(1 778)
73 229	61 748	2 339	894	(18 742)	(10 218)	140 162	101 796
(24 023)	(21 437)	(1 381)	(1 140)	(416)	(963)	(51 534)	(37 496)
49 206	40 311	958	(246)	(19 158)	(11 181)	88 628	64 300

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32. SEGMENTAL REPORT (continued)

	Westcon	
Condensed statement of financial position	**2015 US$'000**	2014 US$'000
Total assets	**2 289 764**	2 036 245
North America	**648 688**	533 348
Latin America	**334 034**	290 829
Europe	**875 598**	769 260
Asia-Pacific	**202 016**	226 728
AME*	**229 428**	216 080
Net cash resources	**(131 884)**	(159 420)
North America	**(10 124)**	(33 136)
Latin America	**(3 265)**	(46 298)
Europe	**(207 392)**	(170 587)
Asia-Pacific	**39 777**	48 162
AME*	**49 120**	42 439
Inventories	**394 235**	375 892
North America	**108 529**	75 692
Latin America	**67 544**	69 194
Europe	**119 934**	133 317
Asia-Pacific	**43 949**	50 905
AME*	**54 279**	46 784
Trade receivables	**1 198 087**	988 004
North America	**323 322**	194 618
Latin America	**187 195**	173 088
Europe	**437 994**	384 680
Asia-Pacific	**86 345**	98 373
AME*	**163 231**	137 245
Total liabilities	**(1 690 252)**	(1 443 233)
North America	**(455 829)**	(325 421)
Latin America	**(262 735)**	(223 141)
Europe	**(684 943)**	(593 357)
Asia-Pacific	**(136 732)**	(159 261)
AME*	**(150 013)**	(142 053)
Trade and other payables	**(1 271 649)**	(995 740)
North America	**(400 577)**	(200 318)
Latin America	**(183 655)**	(153 531)
Europe	**(448 798)**	(376 593)
Asia-Pacific	**(117 914)**	(135 984)
AME*	**(120 705)**	(129 314)
Number of employees at the end of the year	**3 958**	3 500

** Includes India in FY14 up to 31 August 2013.*

	Logicalis		Consulting Services		Corporate		Total	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000	**2015 US$'000**	2014 US$'000	**2015 US$'000**	2014 US$'000
	920 295	886 131	**39 694**	53 258	**24 829**	16 390	**3 274 582**	2 992 024
	197 623	196 879	**3 038**	5 238	**5 494**	284	**854 843**	735 749
	325 510	308 354	**531**	573	**–**	–	**660 075**	599 756
	331 589	306 565	**30 399**	39 383	**(1 410)**	6 847	**1 236 176**	1 122 055
	65 573	74 333	**2 596**	3 572	**2**	–	**270 187**	304 633
	–	–	**3 130**	4 492	**20 743**	9 259	**253 301**	229 831
	82 428	104 769	**7 947**	1 586	**19 408**	11 295	**(22 101)**	(41 770)
	(3 327)	(15 417)	**1 167**	535	**3 641**	6	**(8 643)**	(48 012)
	26 336	52 284	**–**	4	**–**	–	**23 071**	5 990
	49 495	53 460	**4 999**	446	**2 132**	4 999	**(150 766)**	(111 682)
	9 924	14 442	**389**	233	**2**	–	**50 092**	62 837
	–	–	**1 392**	368	**13 633**	6 290	**64 145**	49 097
	44 974	52 743	**3 403**	3 959	**–**	–	**442 612**	432 594
	4 008	4 396	**529**	294	**–**	–	**113 066**	80 382
	22 903	33 020	**148**	(26)	**–**	–	**90 595**	102 188
	7 995	4 678	**1 884**	1 654	**–**	–	**129 813**	139 649
	10 068	10 649	**621**	1 294	**–**	–	**54 638**	62 848
	–	–	**221**	743	**–**	–	**54 500**	47 527
	328 371	309 274	**6 362**	15 493	**–**	–	**1 532 820**	1 312 771
	73 722	70 472	**601**	2 168	**–**	–	**397 645**	267 258
	145 040	125 939	**383**	595	**–**	–	**332 618**	299 622
	93 776	92 996	**2 679**	7 905	**–**	–	**534 449**	485 581
	15 833	19 867	**1 411**	1 807	**–**	–	**103 589**	120 047
	–	–	**1 288**	3 018	**–**	–	**164 519**	140 263
	(641 932)	(585 037)	**(12 702)**	(22 167)	**(17 247)**	(17 102)	**(2 362 133)**	(2 067 539)
	(137 416)	(135 554)	**(2 114)**	(1 787)	**(4 460)**	(2)	**(599 819)**	(462 764)
	(234 761)	(199 837)	**(54)**	–	**–**	–	**(497 550)**	(422 978)
	(233 492)	(210 515)	**(9 492)**	(18 823)	**(7 901)**	(7 530)	**(935 828)**	(830 225)
	(36 263)	(39 131)	**(227)**	(677)	**(37)**	–	**(173 259)**	(199 069)
	–	–	**(815)**	(880)	**(4 849)**	(9 570)	**(155 677)**	(152 503)
	(544 797)	(493 892)	**(9 891)**	(15 396)	**(12 914)**	(12 821)	**(1 839 251)**	(1 517 849)
	(103 821)	(93 840)	**(2 069)**	(1 752)	**(4 404)**	(2)	**(510 871)**	(295 912)
	(209 918)	(180 496)	**(54)**	(5)	**–**	–	**(393 627)**	(334 032)
	(199 234)	(184 561)	**(6 726)**	(12 084)	**(7 718)**	(7 234)	**(662 476)**	(580 472)
	(31 824)	(34 995)	**(227)**	(677)	**(37)**	–	**(150 002)**	(171 656)
	–	–	**(815)**	(878)	**(755)**	(5 585)	**(122 275)**	(135 777)
	4 013	3 732	**258**	385	**19**	10	**8 248**	7 627

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33. ACQUISITIONS OF SUBSIDIARIES/BUSINESS

Subsidiaries/business acquired	Principal activity	Proportion of shares/business acquired
ITUMA GmbH ("Ituma")	IT solutions	51%
inforsacom Holding GmbH ("Inforsacom")	IT solutions	100%
Verecloud, Inc. ("Verecloud")	Distribution	Asset purchase

	Ituma Fair value on acquisition US$'000	Verecloud Fair value on acquisition US$'000	Inforsacom Fair value on acquisition US$'000	Total Fair value on acquisition US$'000
Current assets	176	–	49 705	49 881
Cash and cash equivalents	106	–	8 954	9 060
Current tax assets	1	–	–	1
Trade receivables and other receivables	69	–	38 378	38 447
Inventories	–	–	2 373	2 373
Non-current assets	1 927	1 000	8 168	11 095
Plant and equipment	30	–	571	601
Software	9	–	67	76
Intangible assets	1 888	1 000	7 530	10 418
Current liabilities	(58)	–	(50 216)	(50 274)
Trade and other payables	(58)	–	(49 976)	(50 034)
Taxation liabilities	–	–	(230)	(230)
Provisions	–	–	(10)	(10)
Non-current liabilities	(567)	–	(4 455)	(5 022)
Deferred tax liabilities	(567)	–	(2 259)	(2 826)
Other non-current liabilities	–	–	(2 196)	(2 196)
	1 478	1 000	3 202	5 680
Goodwill on acquisition	–	10 280	14 098	24 378
Minority interest recognised	(77)	–	–	(77)
Fair value of acquisition	1 401	11 280	17 300	29 981

The above acquisitions represent the subsidiaries and businesses acquired during the year.

The revenue and EBITDA included from these acquisitions in FY15 was US$21.9 million and US$0.6 million respectively; loss after tax included from these acquisitions was US$0.3 million. Had the acquisition date been 1 March 2014, the revenue would have been approximately US$138.8 million. It is not practical to establish EBITDA and profit after tax that would have been contributed to the Group if they had been included for the entire year.

The initial at acquisition accounting for all the acquisitions has been finalised at the date of the finalisation of these consolidated financial statements.

All identifiable intangible assets have been recognised and accounted for at fair value.

33. ACQUISITIONS OF SUBSIDIARIES/BUSINESS (continued)

33.1 The following acquisitions were concluded during the financial year ended 28 February 2015:

Westcon Group

On 30 August 2014, Westcon acquired the assets of US based Verecloud, Inc., the developer of an advanced distribution platform for cloud and services solutions for US$12.0 million. Included in amounts owing to vendors is US$1.0 million of deferred purchase consideration and US$0.7 million earnout that will be accounted for in staff costs (refer to Note 19). The platform will be incorporated into Westcon's Cloud Solution Practice and form the foundation which is designed to help resellers drive significant revenue from cloud-enabled services. The goodwill on this acquisition is expected to be deductible for US tax purposes.

Logicalis Group

On 2 January 2015, Logicalis acquired a 100% shareholding in inforsacom Holding GmbH ("Inforsacom"), a German IT services and solutions provider for a total consideration of US$17.3 million. Inforsacom is a provider of database, storage and infrastructure solutions and services with operations across the major economic centres of Germany. The acquisition will significantly enhance Logicalis' scale and capabilities in the German IT market. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

On 1 September 2014, Logicalis acquired a 51% shareholding in ITUMA GmbH, a speciality software developer based in Germany for US$1.4 million in cash. Ituma is focused on Wi-Fi-enabled services such as in-location navigation, product and service offerings access, product promotions and analytics.

33.2 Changes in ownership interest that did not result in a change of control

Logicalis increased its shareholding in PromonLogicalis Latin America Limited from 60% to 65%.

Westcon acquired the remaining minority interests of 1.3% in Intact Holdings Limited ("Intact") and 25% of Intact Integrated Services GmbH.

During an internal restructuring of the African business of Westcon, 7.65% of Westcon Africa (UK) Limited was acquired by the minority shareholders of Westcon SA (Pty) Ltd.

NOTES TO THE GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 28 February 2015

		2015 US$'000	2014 US$'000
34.	**DISPOSAL OF SUBSIDIARY COMPANIES**		
	In FY14, Westcon completed the sale of its 54% holding in Inflow Technologies Private Limited following Datatec's decision to exit the distribution market in India.		
34.1	**Consideration received**		
	Cash and cash equivalents	–	84
34.2	**Analysis of assets and liabilities over which control was lost**		
	Non-current assets		
	Property, plant and equipment	–	644
	Other receivables	–	228
	Deferred tax asset	–	292
	Current assets		
	Inventories	–	2 232
	Accounts receivable	–	7 608
	Other receivables and prepayments	–	1 898
	Current tax asset	–	2 558
	Cash balances	–	947
	Non-current liabilities		
	Long-term liabilities	–	(2 674)
	Deferred tax liabilities	–	(30)
	Current liabilities		
	Trade and other payables	–	(12 529)
	Bank overdraft	–	(881)
	Net assets disposed of	–	293
34.3	**Loss on disposal of subsidiary**		
	Consideration received	–	84
	Net assets disposed of	–	(293)
	Goodwill	–	(3 743)
	Gain previously recognised in other comprehensive income, reclassified to profit and loss on loss of control	–	566
	Non-controlling interests	–	1 608
	Loss on disposal of subsidiary	–	(1 778)

35. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

	Country of incorporation	Ownership rights and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
PromonLogicalis Latin America Limited	UK	35%	40%	14 295	8 378	31 300	42 845

Summarised information in respect of the above subsidiary is shown below as at 28 February. The summarised financial information below represents amounts before inter-group eliminations.

	2015 US$'000	2014 US$'000
Non-current assets	42 416	43 994
Current assets	283 173	264 396
Non-current liabilities	9 051	5 788
Current liabilities	227 110	195 489
Equity attributable to equity holders of the parent	58 128	64 268
Non-controlling interest	31 300	42 845
Revenue	555 691	550 914
Operating profit before finance costs, depreciation and amortisation ("EBITDA")	59 048	46 686
Profit for the year	36 513	20 945
Profit for the year attributable to the owners of the parent	22 218	12 567
Profit for the year attributable to non-controlling interests	14 295	8 378
Total comprehensive income	14 597	4 361
Total comprehensive income attributable to the owners of the parent	8 688	2 617
Total comprehensive income attributable to non-controlling interests	5 909	1 744
Dividends paid to non-controlling interests	26 066	1 720
Net cash (outflow)/inflow	(20 833)	34 440
Net cash (outflow)/inflow from operating activities	(9 148)	39 578
Net cash outflow from investing activities	(7 961)	(5 138)
Net cash outflow from financing activities	(3 724)	–

There are no other material non-controlling interests within the Group.

36. SUBSEQUENT EVENTS

There are no material subsequent events to report. On 6 May 2015, Logicalis acquired Trovus, a small UK business intelligence consultancy, which provides business insight solutions, professional services and managed services to large enterprise clients.

ANNEXURE 1 SUBSIDIARY COMPANIES

for the year ended 28 February 2015

Subsidiary companies	Nature of business	Country of incorporation	Effective holding (% held) 2015	2014
INCORPORATED IN AFRICA				
Analysys Mason (Pty) Ltd	C	South Africa	**100.0**	100.0
Analysys Mason Limited (Mauritius)	C	Mauritius	**95.5**	94.4
Afinasys, SARL	D	Morocco	**100.0**	100.0
Comztek (Pty) Ltd	D	South Africa	**50.04**	100.0
Comztek Holdings (Pty) Ltd	D	South Africa	**50.04**	100.0
Comztek Mauritius Limited	D	Mauritius	**50.04**	100.0
Comztek Services Kenya Limited	D	Kenya	**49.99**	99.9
Netshield (Pty) Ltd	D	South Africa	**51.0**	25.5
Sentronics Security Distributors (Pty) Ltd	D	South Africa	**50.04**	42.5
Westcon Africa Angola Limited	D	Angola	**92.4**	100.0
Westcon Africa (Cameroon) Limited	D	Cameroon	**92.4**	100.0
Westcon Africa (Kenya) Limited	D	Kenya	**92.4**	100.0
Westcon Africa (Mauritius) Limited	D	Mauritius	**92.4**	100.0
Westcon Africa (SADC) (Pty) Ltd	D	South Africa	**100.0**	100.0
Westcon Africa (Tanzania) Limited	D	Tanzania	**92.4**	100.0
Westcon Africa Distribution (Nigeria) Limited	D	Nigeria	**92.4**	100.0
Westcon Africa Zambia Limited (formerly Comztek Africa Zambia Limited)	D	Zambia	**69.3**	75.0
Westcon Comztek (Pty) Ltd	D	South Africa	**50.04**	100.0
Westcon Emerging Markets Group (Pty) Ltd	D	South Africa	**100.0**	100.0
Westcon Namibia Distribution (Pty) Limited (formerly Comztek Namibia (Pty) Ltd)	D	Namibia	**50.04**	100.0
Westcon SA (Pty) Ltd	D	South Africa	**50.04**	50.04
INCORPORATED IN UK AND EUROPE				
Analysys Limited	C	United Kingdom	**95.5**	94.4
Analysys Mason Group Limited	C	United Kingdom	**95.5**	94.4
Analysys Mason Limited	C	United Kingdom	**95.5**	94.4
Analysys Mason Limited (Ireland)	C	Ireland	**95.5**	94.4
Intact Integrated Services Limited	C	United Kingdom	**100.0**	98.7
Mason Advisory Limited	C	United Kingdom	**50.7**	N/A
Westcon Group Germany GmbH (formerly Intact Integrated Services GmbH)	C	Germany	**100.0**	74.0
Afina Sistemas Informaticos, S.L.	D	Spain	**100.0**	100.0

Subsidiary companies	Nature of business	Country of incorporation	Effective holding (% held) 2015	2014
INCORPORATED IN UK AND EUROPE (continued)				
Data Copy Systems, S.L.	D	Spain	**100.0**	85.5
Inaudema, S.L.	D	Spain	**100.0**	100.0
Neteks Bilgisayar ve Dis Ticaret Limited Sti	D	Turkey	**50.0**	50.0
Neteks İletişim Ürünleri Dağitim Anonim Şirketi (50% JV) ("Neteks")	D	Turkey	**50.0**	50.0
NOXS UK Limited	D	United Kingdom	**92.4**	100.0
NTIC – Novas Tecnologias de Informação Comunicação Unipessoal, LDA	D	Portugal	**100.0**	100.0
Westcon Africa (UK) Limited	D	United Kingdom	**92.4**	100.0
Westcon Emerging Markets Limited	D	United Kingdom	**100.0**	100.0
Westcon European Holdings Limited	D	United Kingdom	**100.0**	100.0
Westcon Group Austria GmbH (formerly Triple AcceSSS IT Distributions & Dienstleistungs GmbH (Austria))	D	Austria	**100.0**	100.0
Westcon Group European Holdings, Limited	D	United Kingdom	**100.0**	100.0
Westcon Group European Operations Limited	D	United Kingdom	**100.0**	100.0
WGEO Switzerland GmbH	D	Switzerland	**100.0**	100.0
Datatec Finance Company Limited	F	Channel Islands	**100.0**	N/A
Datatec Financial Services Holdings Limited	F	United Kingdom	**100.0**	N/A
Datatec Financial Services Limited	F	United Kingdom	**100.0**	N/A
Datatec Group Finance Limited	F	United Kingdom	**100.0**	N/A
Logicalis Technology Limited (formerly Appliance Technology Limited)	I	Ireland	**100.0**	100.0
inforsacom Holding GmbH	I	Germany	**100.0**	N/A
inforsacom Informationssysteme GmbH	I	Germany	**100.0**	N/A
ITUMA GmbH	I	Germany	**51.0**	N/A
Logicalis BV	I	Netherlands	**100.0**	100.0
Logicalis Channel Islands Limited	I	Channel Islands	**100.0**	100.0
Logicalis Deutschland GmbH	I	Germany	**100.0**	100.0
Logicalis GmbH	I	Germany	**100.0**	100.0
Logicalis Group Limited	I	United Kingdom	**100.0**	100.0
Logicalis Group Services Limited	I	United Kingdom	**100.0**	100.0
Logicalis Guernsey Limited	I	Channel Islands	**100.0**	100.0
Logicalis Ireland Limited	I	Ireland	**100.0**	100.0
Logicalis Jersey Limited	I	Channel Islands	**100.0**	100.0

ANNEXURE 1 SUBSIDIARY COMPANIES CONTINUED

for the year ended 28 February 2015

Subsidiary companies	Nature of business	Country of incorporation	Effective holding (% held) 2015	2014
INCORPORATED IN UK AND EUROPE (continued)				
Logicalis Networks GmbH	I	Germany	**100.0**	100.0
Logicalis SMC BV	I	Netherlands	**100.0**	100.0
Logicalis SMC Group BV	I	Netherlands	**100.0**	100.0
Logicalis Solutions Limited	I	Ireland	**100.0**	100.0
Logicalis Spain, S.L.	I	Spain	**100.0**	100.0
Logicalis Technical Services Limited	I	Ireland	**100.0**	100.0
Logicalis UK Limited	I	United Kingdom	**100.0**	100.0
PromonLogicalis Latin America Limited	I	United Kingdom	**65.0**	60.0
Datatec plc	O	United Kingdom	**100.0**	100.0
Westcon Emerging Markets (Cyprus) Limited	O	Cyprus	**92.4**	100.0
INCORPORATED IN US AND CANADA				
The Via Group, Inc.	C	USA	**61.3**	61.3
Afina Systems, Inc.	D	USA	**100.0**	100.0
Pegasus Telecom LLC	D	USA	**100.0**	N/A
Westcon CALA, Inc.	D	USA	**100.0**	100.0
Westcon Canada Systems, Inc.	D	Canada	**100.0**	100.0
Westcon Group North America, Inc.	D	USA	**100.0**	100.0
Westcon Group, Inc.	D	USA	**100.0**	100.0
Datatec Financial Services, Inc.	F	USA	**100.0**	N/A
Logicalis Financial Services, Inc.	F	USA	**100.0**	N/A
Westcon Financial Services, Inc.	F	USA	**100.0**	N/A
Logicalis South America, Inc.	I	USA	**65.0**	60.0
Logicalis US Holdings, Inc.	I	USA	**100.0**	100.0
Logicalis, Inc.	I	USA	**100.0**	100.0
PLLAL International LLC	I	USA	**65.0**	60.0
INCORPORATED IN LATIN AMERICA				
Analysys Mason do Brasil Limitada	C	Brazil	**94.5**	93.5
Afina Peru, S.A.C.	D	Peru	**100.0**	100.0

Subsidiary companies	Nature of business	Country of incorporation	Effective holding (% held) 2015	2014
INCORPORATED IN LATIN AMERICA (continued)				
Afina Sistemas Informaticos Limitada	D	Chile	**100.0**	100.0
Afina Sistemas, Sociedade Limitada	D	Brazil	**100.0**	100.0
Afina Venezuela, C.A.	D	Venezuela	**100.0**	100.0
Afina, S.R.L.	D	Argentina	**100.0**	100.0
Afinasis Limitada	D	Colombia	**100.0**	100.0
Afinasis, S.A. de C.V.	D	Mexico	**100.0**	100.0
Comstor Colombia S.A.S.	D	Colombia	**100.0**	100.0
GLS Software S.de R.L.	D	Panama	**100.0**	100.0
Westcon Brasil, Limitada	D	Brazil	**100.0**	100.0
Westcon Mexico S.A. de C.V.	D	Mexico	**100.0**	100.0
Logicalis Andina Bolivia LAB. Limitada	I	Bolivia	**65.0**	60.0
Logicalis Andina S.A.C.	I	Peru	**65.0**	60.0
Logicalis Argentina S.A.	I	Argentina	**65.0**	60.0
Logicalis Chile S.A.	I	Chile	**65.0**	60.0
Logicalis Colombia S.A.S.	I	Colombia	**65.0**	60.0
Logicalis Ecuador S.A.	I	Ecuador	**65.0**	60.0
Logicalis Inc. S.A.	I	Uruguay	**65.0**	60.0
Logicalis Mexico, S. de R.L. de C.V.	I	Mexico	**65.0**	60.0
Logicalis Paraguay S.A.	I	Paraguay	**65.0**	60.0
Logicalis Uruguay S.A.	I	Uruguay	**65.0**	60.0
PromonLogicalis Tecnologia e Participações Limitada	I	Brazil	**65.0**	60.0
PTLS Serviços de Technologia e Assessoria Técnica Limitada	I	Brazil	**65.0**	60.0
INCORPORATED IN AUSTRALIA AND NEW ZEALAND				
Westcon Group NZ Limited	D	New Zealand	**100.0**	100.0
Westcon Group Pty. Limited	D	Australia	**100.0**	100.0
Logicalis Australia Pty. Limited	I	Australia	**100.0**	100.0
Datatec Financial Services Pty. Limited	F	Australia	**100.0**	N/A

ANNEXURE 1 SUBSIDIARY COMPANIES CONTINUED

for the year ended 28 February 2015

Subsidiary companies	Nature of business	Country of incorporation	Effective holding (% held) 2015	2014
INCORPORATED IN BRITISH VIRGIN ISLANDS				
Comstor Middle East Limited	D	British Virgin Islands	**100.0**	100.0
Westcon Middle East Limited	D	British Virgin Islands	**100.0**	100.0
NetStar Group Holding Limited	I	British Virgin Islands	**100.0**	100.0
Datatec International Holdings Limited	O	British Virgin Islands	**100.0**	100.0
INCORPORATED IN ASIA				
Analysys Mason FZ LLC	C	United Arab Emirates	**95.5**	94.4
Analysys Mason India Pvt. Limited	C	India	**95.5**	94.4
Analysys Mason Pte. Limited	C	Singapore	**95.5**	94.4
Comstor Malaysia Sdn. Bhd.	D	Malaysia	**100.0**	100.0
Neteks International FZE	D	United Arab Emirates	**50.0**	50.0
PT Westcon Group	D	Indonesia	**100.0**	100.0
PT Westcon Solutions	D	Indonesia	**100.0**	100.0
Westcon Africa FZCo	D	United Arab Emirates	**92.4**	100.0
Westcon Group (Vietnam) Limited	D	Vietnam	**100.0**	100.0
Westcon Group Pte. Limited	D	Singapore	**100.0**	100.0
Westcon Group (Thailand) Co. Limited	D	Thailand	**100.0**	100.0
Westcon Solutions (HK) Limited	D	Hong Kong	**100.0**	100.0
Westcon Solutions (Malaysia) Sdn. Bhd.	D	Malaysia	**100.0**	100.0
Westcon Solutions China WFOE	D	China	**100.0**	100.0
Westcon Solutions IMH Pte. Limited	D	Singapore	**100.0**	100.0
Westcon Solutions Philippines Pte. Limited	D	Philippines	**100.0**	N/A
Westcon Solutions Pte. Limited	D	Singapore	**100.0**	100.0
Logicalis Asia Pacific MSC Sdn. Bhd.	I	Malaysia	**100.0**	100.0
Logicalis Hong Kong Limited	I	Hong Kong	**100.0**	100.0
Logicalis Malaysia Sdn. Bhd.	I	Malaysia	**100.0**	100.0
Logicalis Pte. Limited (Xiamen)	I	China	**100.0**	100.0
Logicalis Shanghai Limited	I	China	**100.0**	100.0
Logicalis Singapore Pte. Limited	I	Singapore	**100.0**	100.0
PT Logicalis Metrodata Indonesia	I	Indonesia	**51.0**	51.0

C – *Consulting Services*
D – *Distribution*
F – *Financial Services*
I – *Integration*
O – *Other*

NOTICE OF ANNUAL GENERAL MEETING

DATATEC LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1994/005004/06
Share code: DTC
ISIN: ZAE000017745
("Datatec" or "the Company")

Notice is hereby given that the Annual General Meeting of shareholders of Datatec will be held at the DaVinci Hotel & Suites, Nelson Mandela Square, corner Maude and 5th Street, Sandown, Sandton 2196, Republic of South Africa at 12:00 on Thursday, 10 September 2015 for the purpose of considering the following business to be transacted and voting on the resolutions with or without modification:

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

"To present Datatec's audited annual financial statements for the year ended 28 February 2015, including the directors' report, the Audit, Risk and Compliance Committee report, and Group consolidated annual financial statements for the year ended 28 February 2015 all of which are contained from pages 96 to 168 of the Integrated Report."

2. RE-ELECTION OF DIRECTOR

Ordinary Resolution Number 1

"Resolved that Ms O Ighodaro who retires in terms of the Company's Memorandum of Incorporation and who offers herself for re-election, be and is hereby re-elected as a director of the Company."

Please refer to page 13 of the annual report for Ms Ighodaro's brief *curriculum vitae*. On behalf of the Board, the Chairman confirms that on the basis of the annual evaluation of the Board and of the performance of individual directors the performance and commitment of Ms Ighodaro throughout her period of office was highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

3. RE-ELECTION OF DIRECTOR

Ordinary Resolution Number 2

"Resolved that Prof LW Nkuhlu who retires in terms of the Memorandum of Incorporation and who offers himself for re-election, be and is hereby re-elected as a director of the Company."

Please refer to page 13 of the annual report for Prof Nkuhlu's brief *curriculum vitae*. On behalf of the Board, the Chairman confirms that on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of Prof Nkuhlu throughout his period of office was highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

4. REAPPOINTMENT OF INDEPENDENT AUDITORS

Ordinary Resolution Number 3

"Resolved that Deloitte & Touche as auditors of the Company and Mr Mark Holme as the designated auditor, as recommended by the current Audit, Risk and Compliance Committee of the Company, be and are hereby reappointed until the conclusion of the next Annual General Meeting."

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

5. ELECTION OF AUDIT, RISK AND COMPLIANCE COMMITTEE MEMBERS

Ordinary Resolution Number 4

"Resolved that the Audit, Risk and Compliance Committee be elected to serve from this Annual General Meeting to the 2016 Annual General Meeting by separate election to the committee of the following independent non-executive directors:

4.1 – Mr CS Seabrooke;
4.2 – Prof LW Nkuhlu;
4.3 – Ms O Ighodaro;
4.4 – Mr SJ Davidson."

Please refer to pages 12 and 13 of the annual report for Mr Seabrooke's, Prof Nkuhlu's, Ms Ighodaro's and Mr Davidson's brief *curricula vitae*. On behalf of the Board, the senior non-executive director confirms that each candidate for election to the Audit, Risk and Compliance Committee has the relevant knowledge and experience to discharge their role effectively and that the performance of each candidate in the service of the Audit, Risk and Compliance Committee to the date of this notice has been highly satisfactory.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

6. NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY

Ordinary Resolution Number 5

"Resolved that the remuneration policy of the Company for FY15 as reflected on page 68 of the Integrated Report be and is hereby endorsed through a non-binding advisory vote as recommended by King III."

In terms of King III, an advisory vote should be obtained from shareholders on the Company's annual remuneration policy. The vote allows shareholders to express their views on the remuneration policies adopted and the implementation thereof, but will not be binding on the Company.

7. APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

Special Resolution Number 1

"Resolved that the Board and committee fees for non-executive directors for the financial year ending 28 February 2016, which fees will be increased by 4% from the previous year, as recommended by the Remuneration Committee and set out in the note below, be and are hereby authorised, in accordance with the provisions of the Companies Act 71 of 2008 ("Companies Act"), and that the Company may continue to pay directors' fees at the annual rates specified in the note below for the period from 28 February 2015 until the Company's 2016 Annual General Meeting.

Directors' fees for the financial year ending 28 February 2016:

- Chairman of the Board: US$197 600 total fee inclusive of all committee and subsidiary board work;
- Senior non-executive director's fee: US$72 800;
- Non-executive director's fee: US$62 400;
- Chairman of the Audit, Risk and Compliance Committee: US$31 200;
- Member of the Audit, Risk and Compliance Committee: US$15 600;
- Chairman of the Social and Ethics Committee: US$10 400;
- Chairman of the Remuneration Committee: US$15 600;
- Member of the Remuneration Committee: US$7 800;
- Member of the Nomination Committee: US$5 200;
- Trustee of Datatec trusts: US$7 280."

Reason for Special Resolution Number 1:

The Companies Act requires shareholder approval of directors' fees prior to payment of such fees.

In terms of the Companies Act, at least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at this Annual General Meeting must be cast in favour of this resolution for it to be adopted.

8. AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO ANY GROUP COMPANY

Special Resolution Number 2

"Resolved that, to the extent required by sections 44 and/or 45 of the Companies Act, the Board may, subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and the requirements of any recognised stock exchange on which the shares in the capital of the Company may from time to time be listed, authorise the Company to provide direct or indirect financial assistance to any related or inter-related (as defined in the Companies Act) company or corporation of the Company, on terms and conditions which the directors may determine, commencing on the date of passing of this resolution and ending at the next Annual General Meeting."

Reason for Special Resolution Number 2:

In terms of the Companies Act, the Board may authorise the Company to provide any financial assistance in terms of sections 44 and/or 45 of the Companies Act to related or inter-related company or corporation of the Company, subject to certain requirements set out in the Companies Act, including the Company meeting the solvency and liquidity test. This general authority would greatly assist the Company *inter alia* with making inter-company loans to Group companies as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general shareholder authority would avoid the need to refer each instance to members for approval which might impede the negotiations and adds time and expense. If approved, this general authority will expire at the next Annual General Meeting which would apply cumulatively over that period.

Notification

Written notice in terms of section 45(5) of the Companies Act of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing its employees:

- within 10 business days after the Board adopts the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds one-tenth of 1% of the Company's net worth at the time of the resolution; or
- within 30 business days after the end of the financial year, in any other case.

In terms of the Companies Act, at least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the Annual General Meeting must be cast in favour of this resolution for it to be adopted. The Board will pass a similar financial assistance resolution on or after the date of this Annual General Meeting.

9. GENERAL AUTHORITY TO REPURCHASE SHARES

Special Resolution Number 3

"Resolved that the Board of Directors of the Company be authorised by way of a general authority given as a renewable mandate, to facilitate the acquisition by the Company or a subsidiary of the Company of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the Memorandum of Incorporation, the provisions of the Companies Act and the JSE Listings Requirements, when applicable and provided that:

- a press release giving such details as may be required in terms of the JSE Listings Requirements be published when the Company or its subsidiaries have cumulatively repurchased 3% (three percent) of the initial number of the shares of the Company in issue as at the time the general authority was granted and for each 3% in aggregate of the initial number of shares acquired thereafter;
- the authorisation granted above shall remain in force from the date of passing of this special resolution for a period of 15 (fifteen) months or until the next Annual General Meeting, whichever period is shorter;
- at any point in time, the Company will only appoint one agent to effect any repurchase(s) on its behalf;
- the Company or its subsidiary shall not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed to the JSE as required prior to the commencement of the prohibited period;
- the repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- the repurchase by the Company of its own securities above may not exceed 10% (ten percent) of the Company's issued ordinary share capital in the aggregate in any one financial year, as at the beginning of the financial year, or in the case of acquisition by any of the Company's subsidiaries, 10% (ten percent) of such issued ordinary share capital in the aggregate if such shares are to be held as treasury shares;
- any such repurchases are subject to exchange control approval at that point in time;

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

- in determining the price at which the Company's ordinary shares are acquired by the Company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the Company or a subsidiary of the Company; and
- a resolution has been passed by the Board of Directors confirming that the Board has authorised the general repurchase, that the Company has passed the solvency and liquidity test as required by the Companies Act and since the test was done there have been no material changes to the financial position of the Company and the Group."

At least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the Annual General Meeting must be cast in favour of this resolution in terms of the JSE Listings Requirements in order for it to be adopted.

Additional disclosure
For purposes of considering Special Resolution Number 3 and in terms of the JSE Listings Requirements, the information below has been included in the Integrated Report, in which this notice of Annual General Meeting is included, at the places indicated:
- Major shareholders (refer page 177 of this report);
- Share capital of the Company (refer page 97 of this report).

The Company will not commence a general repurchase of shares as contemplated above unless the following can be met:
- the Company and the Group will be able to repay its debts in the ordinary course of business for a period of 12 (twelve) months following the date of the general repurchase;
- the Company and the Group's assets will be in excess of the liabilities of the Company and the Group for a period of 12 (twelve) months after the date of the general repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the general repurchase; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months following the date of the repurchase.

Directors' responsibility statement
The directors, whose names are given on page 12 and 13 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 3 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

Material changes
There have been no material changes in the affairs or financial position of the Company and/or the Group since the date of signature of the audit report up to the date of this notice.

Reason
The reason for Special Resolution Number 3 is to authorise the Company and/or its subsidiary company by way of a general authority to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above.

Statement of Board's intention
The directors of the Company have no specific intention to effect the provisions of Special Resolution Number 3 but will however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of Special Resolution Number 3.

10. AUTHORITY TO SIGN ALL DOCUMENTS REQUIRED

Ordinary Resolution Number 6

"Resolved that subject to the passing of terms of the Ordinary Resolutions 1 to 5 and Special Resolutions 1 to 3, any director of the Company or the Company Secretary shall be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such Ordinary Resolutions 1 to 5 and Special Resolutions 1 to 3 passed at the Annual General Meeting."

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

11. THE SOCIAL AND ETHICS COMMITTEE REPORT

Please refer to page 54 and 55 of the Integrated Report for the Social and Ethics Committee Report.

12. TO TRANSACT SUCH OTHER BUSINESS AS MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to receive notice of the Annual General Meeting is Friday, 10 July 2015.

VOTING AND PROXIES

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to attend and vote at the Annual General Meeting is Friday, 4 September 2015. Accordingly, the last day to trade for the purposes of being entitled to attend and vote at the Annual General Meeting is Friday, 28 August 2015.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the Annual General Meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder of the Company. Forms of proxy must be forwarded to reach the registered office of the Company or the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001, or posted to the transfer secretaries at PO Box 61051, Marshalltown 2107, South Africa so as to be received by them by no later than 12:00 on Monday, 8 September 2015. Any forms of proxy not lodged by this time must be handed to the chairperson of the Annual General Meeting.

Shareholders holding shares on the Jersey Branch register should forward the form of proxy sent with this notice to Computershare Investor Services (Jersey) Limited in accordance with the instructions on the form of proxy.

Forms of proxy must only be completed by shareholders who have dematerialised their shares with "own name" registration or who have not dematerialised their shares.

Every member present in person or by proxy and entitled to vote at the Annual General Meeting of the Company shall, on a show of hands, have one vote only irrespective of the number of shares such member holds. In the event of a poll, every member shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such member bears to the aggregate amount of the nominal value of all the shares issued by the Company.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, who are unable to attend the Annual General Meeting but wish to be represented thereat, should contact their Central Securities Depository Participant ("CSDP") or broker (as the case may be) in the manner and time stipulated in their agreement entered into by such shareholder and the CSDP or broker (as the case may be) to furnish the CSDP or broker (as the case may be) with their voting instructions and in the event that such shareholders wish to attend the Annual General Meeting, to obtain the necessary authority to do so. Such shareholders who wish to attend the Annual General Meeting in person must obtain the necessary letter of representation from their CSDP or broker.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Shareholders holding depository interests in shares on the Jersey Branch register should forward the form of instruction sent to them with this notice to Computershare Investor Services (Jersey) Limited in accordance with the instructions on the form of instruction.

Shares held by a share trust or scheme will not have their votes at meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

Should any shareholder (or any proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, the shareholder should make application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretaries, at their address as reflected on page 181, to be received by the transfer secretaries at least 5 (five) business days prior to the Annual General Meeting in order for the transfer secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purpose of section 63(1) of the Companies Act, and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The cost of accessing any means of electronic participation provided by the Company will be borne by the Company. It should be noted, however, that voting will not be possible via the electronic facilities and for shareholders wishing to vote, their shares will need to be represented at the Annual General Meeting either in person, or by proxy or by letter of representation, as provided for in the notice of Annual General Meeting.

All meeting participants will be required to provide identification reasonably satisfactory to the chairperson of the Annual General Meeting. Forms of identification include valid identity documents, driver's licences and passports.

By order of the Board

SP Morris
For and on behalf of
Datatec Management Services (Pty) Ltd
Company Secretary

Sandton
July 2015

FORM OF PROXY

DATATEC LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1994/005004/06
JSE share code: DTC
ISIN: ZAE000017745
("the Company")

Please note that this form of proxy is only for use by members who have not dematerialised their ordinary shares or who have dematerialised their ordinary shares and registered them with own name registration.

I/We

of

being a member/members of the above mentioned Company, hereby appoint:

or failing him/her,

or failing him/her, the chairperson of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 12:00 on Thursday, 10 September 2015 and at any adjournment of that meeting.

Signed at this day of 2015

Signature

No.	Type	Please indicate with an "X" in the appropriate space on the right how you wish your votes to be cast. If you return this form duly signed, without any specific direction, the proxy shall be entitled to vote as he/she thinks fit.	In favour of resolution	Against resolution	Abstain from voting
1.	O1	Re-election of O Ighodaro			
2.	O2	Re-election of Prof LW Nkuhlu			
3.	O3	Reappointment of independent auditors			
4.	O4	Election of Audit, Risk and Compliance Committee members:			
		4.1 Election of CS Seabrooke			
		4.2 Election of Prof LW Nkuhlu			
		4.3 Election of O Ighodaro			
		4.4 Election of SJ Davidson			
5.	O5	Non-binding advisory vote on remuneration policy			
6.	S1	Approval of non-executive directors' fees			
7.	S2	Authority to provide financial assistance to Group companies			
8.	S3	General authority to repurchase shares			
9.	O6	Authority to sign all documents required			

O = Ordinary
S = Special

NOTES TO THE FORM OF PROXY

I. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered member of the Company.
2. Every member present in person or by proxy and entitled to vote at the Annual General Meeting of the Company shall, on a show of hands, have one vote only irrespective of the number of shares such member holds. In the event of a poll, every member shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such member bears to the aggregate amount of the nominal value of all the shares issued by the Company.
3. Members registered in their own name are members who elected not to participate in the Issuer-Sponsored Nominee Programme and who appointed Computershare Investor Services Proprietary Limited as their Central Securities Depository Participant ("CSDP") with the express instruction that their uncertificated shares are to be registered in the electronic subregister of members in their own names.

Instructions on signing and lodging the form of proxy:
1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the chairperson of the Annual General Meeting", but any such deletion must be initialled by the member. Should this space be left blank, the proxy will be exercised by the chairperson of the Annual General Meeting. The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that member, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. To be valid, the completed forms of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, at 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than 12:00 on Tuesday, 8 September 2015. Any forms of proxy not lodged by this time must be handed to the chairperson of the Annual General Meeting.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairperson of the Annual General Meeting.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

The chairperson of the Annual General Meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a member wishes to vote.

Members who have dematerialised their shares must inform their CSDP or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person.

In terms of section 58 of the Companies Act, 2008 ("the Companies Act"):
- a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by:
  (a) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  (b) delivering a copy of the revocation instrument to the proxy and to the Company; and
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the Memorandum of Incorporation of the Company, or the instrument appointing the proxy, provides otherwise.

SHARES AND SHAREHOLDERS

	1 March 2014 to 28 February 2015	1 March 2013 to 28 February 2014
Stock exchange performance		
Total number of shares traded ('000)	79 850	54 038
Total number of shares traded as a percentage of total shares	40.02%	27.54%
Total value of shares traded (R'million)	4 335	2 888
JSE Limited prices (ZAR)		
Closing	6 005	4 701
High	6 290	6 138
Low	4 601	4 270
London Stock Exchange (AIM) prices (UK pence)		
Closing	315.0	262.5
High	320.0	391.9
Low	250.1	246.5
Public/non-public shareholding		
Percentage of shares held by non-public shareholders	24.42%	34.60%
Percentage of shares held by public shareholders	75.58%	65.40%

Listed below are analyses of holdings extracted from the register of ordinary shareholders at 28 February 2015:

	Shareholders in SA		Shareholders outside SA		Total shareholders	
Shareholder type	Number	Percentage of shares	Number	Percentage of shares	Number	Percentage of shares
Directors	3	0.1%	3	7.7%	6	7.8%
Other holdings over 10%	1	16.6%	–	–	1	16.6%
Share trust (treasury shares)	1	0.0%	–	–	1	0.0%
Total non-public	5	16.7%	3	7.7%	8	24.4%
Public	4 041	57.8%	269	17.8%	4 310	75.6%
Total	4 046	74.5%	272	25.5%	4 318	100.0%

The following are the principal beneficial shareholders whose holding directly or indirectly in the Company total more than 3% of the issued share capital as at 28 February 2015:

Government Employees Pension Fund (PIC) (ZA)	33 788 181	16.60%
Old Mutual Life Assurance Co Limited (ZA)	19 927 477	9.79%
Jens Montanana (Director)	14 900 000	7.32%
Allan Gray – Equity Fund, Balanced Fund and Stable Fund (ZA)	9 922 612	4.87%
Investment Solutions (ZA)	8 902 240	4.37%
Foord Asset Management (ZA)	6 744 616	3.31%

SHAREHOLDERS' DIARY

Annual General Meeting		10 September 2015
Reports		
Interim results to August 2015	Published	21 October 2015
Annual results to 29 February 2016	Published	11 May 2016
2016 Integrated Report	Published	July 2016

ADMINISTRATION

BOARD OF DIRECTORS

NAME	DATE OF APPOINTMENT	POSITION HELD AT 28 FEBRUARY 2015
Executive directors		
JP Montanana (British)+	6 October 1994	Chief Executive Officer
PJ Myburgh	1 May 2014	Chief Financial Officer
RP Evans (British)	1 May 2012	Group Operations Director
Non-executive directors		
SJ Davidson (British)*^#+	1 February 2007	Chairman
O Ighodaro (Nigerian/British)*#	1 September 2010	Independent non-executive director
JF McCartney (American)^#	16 July 2007	Independent non-executive director
LW Nkuhlu*+	1 September 2006	Independent non-executive director
CS Seabrooke*^#	6 October 1994	Independent non-executive director
NJ Temple (British)^	1 October 2002	Senior non-executive director

* *Audit, Risk and Compliance Committee*
^ *Remuneration Committee*
# *Nomination Committee*
+ *Social and Ethics Committee*

GLOSSARY

ACCA	Association of Chartered Certified Accountants
AIM	Alternative Investment Market, the London Stock Exchange's international market for smaller, growing companies
AME	Africa and Middle East
Analysys Mason	A company within Datatec's Consulting Services division, which provides specialist advice in telecoms, IT and media
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFA	Chief Financial Analyst
CFO	Chief Financial Officer
CIO	Chief Information Officer
CIPC	Companies and Intellectual Property Commission
CIPD	Chartered Institute of Personnel and Development
Consulting Services	Analysys Mason, Mason Advisory and The Via Group, a division of Datatec that provides strategic and technical consulting
COO	Chief Operating Officer
CPI	Consumer Price Index
CSDP	Central Securities Depository Participant
CSI	Corporate social investment, contributions (monetary, employee time and resources), external to normal business activities for the purpose of benefiting and uplifting communities
CSR	Corporate social responsibility, an organisation's total responsibility towards the business environment in which it operates
CV	Curriculum vitae
DACH	Deutschland (Germany), Austria and Switzerland
EMEA	Europe, Middle East and Africa
EXCO	Executive Committee
FET College	Further Education and Training College, private and public learning institutions that are accredited by sector-specific education and training authorities
GTDC	Global Technology Distribution Council
ICAEW	Institute of Chartered Accountants in England and Wales
IIRC	International Integrated Reporting Council
Intact	A company within Datatec's Westcon division, which provides high-end professional services related to networking and support. Intact was transferred to Westcon's newly established services unit in the current year
IRC	South African Integrated Reporting Committee
ISIN	International Securities Identification Number
JSE	The Johannesburg Stock Exchange, a securities exchange operated by JSE Limited
King III Code or King III	The King Code of Corporate Governance Principles for South Africa, 2009 and the King Report on Corporate Governance for South Africa, 2009
KPIs	Key performance indicators, a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting its strategic and operational goals
Logicalis or Logicalis Group	A division of Datatec that supplies IT solutions and managed services
LSE	London Stock Exchange
MBA	Master of Business Administration
NASDAQ	National Association of Securities Automated Quotations, a United States electronic securities market
NGO	Non-governmental organisation
NYSE	New York Stock Exchange
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety Act 85 of 1993
SAICA	South African Institute of Chartered Accountants
The Board	The Board of Directors of Datatec Limited, as set out on pages 12 and 13
The Companies Act	South African Companies Act 71 of 2008, as amended
The Company or Datatec	Datatec Limited, listed on the JSE in the "Computer Services" sector and on the LSE's AIM and its subsidiaries as the context indicates
The Group	The Datatec Group, Datatec Limited and its subsidiaries
The current year, the year or the year under review	The year ended 28 February 2015
The previous year	The year ended 28 February 2014
The Register	The register of ordinary shareholders
The Trust	Datatec Educational and Technology Trust
The UK Code	UK Corporate Governance Code
The Via Group	A company within Datatec's Consulting Services division, providing unified communications and voice solutions
TMT	Telecommunications, Media and Technology
WEEE	Waste Electrical and Electronic Equipment
Westcon or Westcon Group	A division of Datatec that supplies unified communications, network infrastructure, data centre and security solutions worldwide

FINANCIAL DEFINITIONS

Amortisation	The systematic allocation of the cost of an intangible asset over its useful life
CAGR	Compound annual growth rate, the year-on-year growth measured over an extended period of time
CDI	Certificados de Depósito Interbancário, Brazil Interbank deposit rate
DBP	Deferred Bonus Plan
Depreciation	The systematic allocation of the cost of an asset, less its residual value, over its useful life
Diluted HEPS	Diluted headline earnings per share, the weighted average number of shares, as calculated, is adjusted for the effect of the share-based payment schemes and other items that have a dilutive effect
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings per share, the portion of a company's profit attributable (equally) to each outstanding ordinary share
FEC	Foreign exchange contract
FVTPL	Fair value through profit or loss
FY	Financial year; for Datatec, ending on 28 February
HEPS	Headline earnings divided by the weighted average number of shares in issue during the financial year
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Agreed Rate
LTIP	Long-Term Incentive Plan
NACA	Nominal Amount Compounded Annually
Organic growth	The growth rate that a company can achieve by increasing output and enhancing sales. This excludes any profits or growth acquired from takeovers, mergers or acquisitions
PE ratio	Price earnings ratio
RNS	Regulatory News Service
SARs	Share Appreciation Rights
SAR Scheme	The Datatec Limited Share Appreciation Rights Scheme
SENS	Stock Exchange News Service
TSR	Total shareholder return
UEPS	Underlying earnings divided by the weighted average number of shares in issue during the financial year
Underlying earnings	Earnings, 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

TECHNICAL DEFINITIONS

Big data	A collection of data sets so large and complex that it becomes difficult to process using on-hand database management tools or traditional data-processing applications
Cloud computing	A generic term for flexible or hosted on the internet IT-related services for consumers and business, including storage, computing power, software development, and applications. These services eliminate the need for in-house IT resources
Collaboration	Collaboration refers to highly diversified teams working together inside and outside a company with the purpose of creating value by improving innovation, customer relationships and efficiency while leveraging technology for effective interaction between the virtual and physical spaces
Data centre	A centralised storage facility by an application service provider to retain database information
ERP	Enterprise resource planning systems integrate internal and external management of information across an entire organisation
Hardware	The machines, wiring and other physical components or other electronic system
IaaS	Infrastructure as a Service, computer infrastructure being delivered on an outsourced basis. Typically, IaaS provides hardware, storage, servers and data centre space or network components
ICT	Information and Communication Technology, an umbrella term that includes any communication device or application, encompassing radio, television, mobile phones, computer and network hardware and software, satellite systems and so on, as well as the various services and applications associated with them, such as videoconferencing and distance learning
ICT solutions	Include any product or service through which information can be digitally stored, retrieved or transferred
IP	Internet protocol, the principal operating protocol of the internet whereby packets of digital information are routed to the user's IP address
IT	Information technology
Services	Services made available to users on demand via the internet from a cloud computing provider's servers
SfB	Skype for Business, a communications and collaboration tool built into Microsoft Office

CONTACT DETAILS

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1994/005004/06

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(Managing Director – SP Morris)

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JOINT BROKER
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BASTION GRAPHICS