DATATEC

Driving Technology

Audited provisional results for the year ended 28 February 2019

DATATEC

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

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

Highlights

for the year ended 28 February 2019

- **Improved operational execution in all divisions**
- **Westcon International turnaround objectives achieved**
- **Group revenue US$4.33 billion up 10.4%**
  (FY18: US$3.92 billion)
- **EBITDA US$86.8 million**
  (FY18: US$26.7 million)
- **Underlying* earnings per share 6.6 US cents**
  (FY18: loss per share 17.2 US cents from continuing operations)
- **Share repurchases of US$50.8 million**
  (US$43.9 million during FY19; US$6.9 million subsequently)

Commentary

Jens Montanana, Chief Executive of Datatec, commented:

"The Group delivered on the commitments set in the prior year, resulting in a much improved financial and operational performance across all divisions.

"Logicalis produced strong results despite emerging market currency headwinds, especially in its key Latin America region.

"Westcon International's recovery is now established, having met the principal objectives around shared services and central cost reductions, with further improvements expected.

"Building on the successful turnaround of FY19, we are confident that our operations are well positioned to improve their performances further and support our Group strategy."

Group activities

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

Datatec operates two main divisions

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

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

Strategic overview

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

Logicalis is the largest profit contributor to the Group. The division also has the widest geographical exposure and Datatec intends to continue to develop and grow Logicalis globally, through organic and acquisition activities.

In FY19, Logicalis delivered a strong performance while executing on its strategy. Revenue grew by 11.3% and EBITDA by 8.4% in relation to the financial year ended 28 February 2018 ("FY18").

Westcon International is 90% owned by Datatec and 10% by SYNNEX Corporation ("SYNNEX"). In line with the commitment made at the beginning of the year, the division has returned to EBITDA profitability and the central cost base has been reduced. Further central cost reduction targets previously published are expected to be met in FY20.

The ERP system is now operating effectively after a long and disruptive multi-year implementation process. A full Business Process Outsourcing ("BPO") reversal was completed with in-house shared service centres established in the Philippines and South Africa.

The earn-out payment relating to the disposal of Westcon Americas to SYNNEX has not yet been determined and the parties are currently engaged in an arbitration process. Datatec expects that the ruling by the arbitrator will be issued shortly and will update shareholders accordingly. Further details are provided in the "Group results" section below.

Group revenues were US$4.33 billion in FY19, up 10.4% on the US$3.92 billion revenues recorded in FY18. EBITDA for FY19 was US$86.8 million, more than three times higher than FY18: US$26.7 million.

Underlying* earnings per share ("UEPS") was 6.6 US cents in FY19 compared to an underlying* loss per share of 17.2 US cents from continuing operations for FY18 (Combined underlying* loss per share FY18: 5.6 US cents).

The comparative results for FY18 are reported in the form of "continuing operations". These exclude the Westcon Americas and Logicalis SMC businesses which were classified as a "Disposal Group" in accordance with IFRS 5 in the prior year. Where comparative figures are stated as "Combined", they include the Disposal Group.

During FY19, the Company undertook three general share repurchases under separate shareholder mandates provided at a general meeting on 24 July 2018, at the AGM on 20 September 2018 and at a general meeting on 15 January 2019. These repurchases amounted to US$43.9 million and totalled 23.8 million shares which have been cancelled, reducing the Company's shares in issue to 219.2 million at 28 February 2019. From 1 March to 14 May 2019, the Company repurchased a further 3.1 million shares at a cost of US$6.9 million.

Current trading and outlook

Despite global economic uncertainty, the Board expects a continued improvement in the financial performance for FY20.

Logicalis' performance is expected to strengthen over the next financial year with its results potentially impacted by currency movements, especially in Latin America.

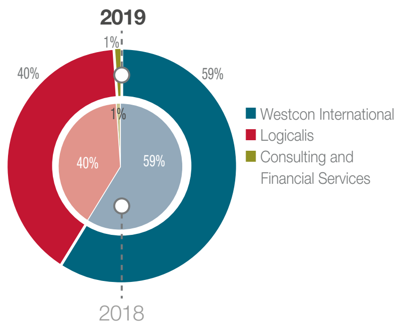
Building on the successful turnaround of FY19, Westcon International is expected to deliver a significant improvement in its operational performance and further central cost reductions.

Group results

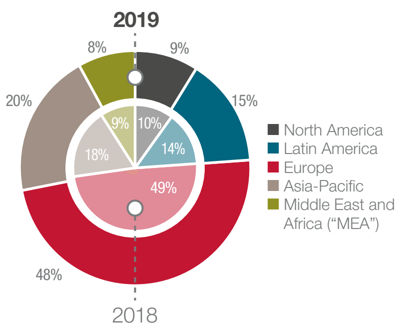
Revenue

Group revenues for the period were US$4.33 billion (FY18: US$3.92 billion) and are shown in the graphs below.

Contribution to Group revenue



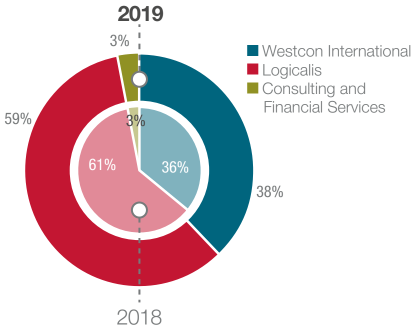
Revenue % contribution by geography



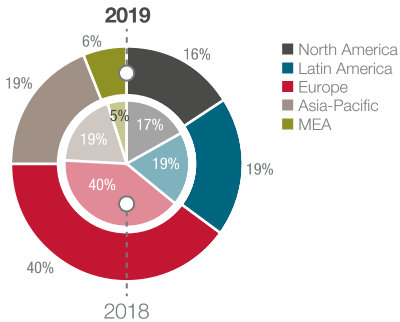
Commentary continued

Group gross margins in FY19 were 15.9% (FY18: 16.2%). Gross profit was US$687.7 million (FY18: US$636.0 million).

Contribution to gross profit



Gross profit contribution % by geography



Overall operating costs were US$600.9 million (FY18: US$609.3 million). Included in the operating costs are total restructuring costs of US$17.5 million (FY18: US$16.9 million). EBITDA was US$86.8 million (FY18: US$26.7 million) and EBITDA margin was 2.0% (FY18: 0.7%).

Operating profit was US$48.4 million contrasting with a US$81.0 million operating loss in FY18.

The net interest charge increased to US$22.6 million (FY18: US$18.4 million), mainly as a result of increased interest expense in Logicalis Latin America to fund the working capital associated with the large multi-year contract in that region. Profit before tax was US$24.2 million (FY18: US$99.4 million loss before tax).

A tax charge of US$21.0 million has arisen on pre-tax profits for the year of US$24.2 million. The effective tax rate of 86.6% continues to be adversely affected by losses arising in Westcon International's UK, Africa and Asia operations for which deferred tax assets recognition has been limited. As at 28 February 2019, there are estimated tax loss carry forwards of US$186.8 million with an estimated future tax benefit of US$40.0 million, of which only US$16.3 million has been recognised as a deferred tax asset.

Underlying* earnings per share were 6.6 US cents (FY18 loss per share: 5.6 US cents from combined operations and 17.2 US cents from continuing operations). Headline earnings per share were 0.7 US cents (FY18 loss per share: 19.1 US cents from combined operations and 29.9 US cents from continuing operations).

SYNNEX earn-out

The earn-out payment relating to the disposal of Westcon Americas to SYNNEX has not yet been determined and the parties are currently engaged in an arbitration process. Datatec expects the ruling by the arbitrator to be issued shortly and will advise shareholders accordingly. The FY19 results contain an estimate of the minimum earn-out payment receivable of US$11.7 million after costs, which is included in profit from discontinued operations in accordance with IFRS 5. The profit of US$11.7 million is included in basic earnings per share, but not in underlying earnings per share. The Group has recognised an asset for the minimum earn-out receivable and disclosed a contingent asset for any additional earn-out above the minimum which may be receivable if so determined by the arbitration.

Cash

The Group generated US$69.0 million of cash from operations during FY19 (FY18: US$17.6 million) and ended the year with a net debt of US$100.8 million (FY18: US$6.4 million). The net debt has been calculated as: cash of US$40.4 million (FY18: US$161.3 million); short-term borrowings and current portion of long-term debt of US$109.8 million (FY18: US$106.0 million); and long-term debt of US$31.4 million (FY18: US$61.7 million).

Acquisitions

On 17 July 2018, Analysys Mason Limited acquired 100% of the issued share capital of Access Markets International-Partners ("AMI-Partners") based in the United States for US$3.5 million. AMI-Partners is a Small and Medium Business ("SMB") ICT-focused global research and consulting firm that specialises in go-to-market ("GTM") opportunity assessment, tracking buying behaviour, customer segmentation, channel partner ecosystem dynamics and sales enablement enhanced with predictive analytics.

Effective 3 September 2018, Logicalis acquired 100% of the issued share capital of Clarotech, an internet protocol telephony ("IPT") cloud and managed services business based in Cape Town. The 100% interest was acquired for a cash consideration of US$3.4 million. This acquisition enables Logicalis to combine a focused managed services operation with its existing business in South Africa, to support SMBs as well as larger corporates.

With effect on 3 September 2018, Logicalis completed the acquisition of 100% of the issued share capital of Coasin Chile S.A., a Chilean ICT services and solutions provider, which also owns 100% of C2 Mining Solutions S.A.C. based in Peru. This interest was acquired for a cash consideration of US$17.3 million from Logicalis' resources. Coasin's experience in the mining and financial services verticals creates opportunities for Logicalis to better serve its multinational clients while broadening its services scope to new customer groups.

On 8 October 2018, Logicalis acquired 100% of the issued share capital of Corporate Network Integration (Pty) Ltd ("CNI") for a cash consideration of US$3.9 million. CNI is a Microsoft-certified gold partner based in Melbourne, Australia and this acquisition brings Logicalis a full suite of leading Microsoft cloud service capabilities, significantly strengthening the Group's position in this growing market segment and enabling Logicalis to deliver a broader scope of services to new and existing customers.

As a result of these acquisitions, goodwill and other intangible assets increased by US$13.1 million and US$8.9 million respectively. None of the goodwill recognised is expected to be deductible for income tax purposes. The revenue and EBITDA included from the acquisitions in FY19 are US$55.2 million and US$4.1 million respectively; profit after tax included from these acquisitions was US$2.9 million. Had the acquisition dates been 1 March 2018, revenue attributable to these acquisitions would have been approximately US$110 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. All identifiable intangible assets have been recognised and accounted for at fair value.

Acquisition-related costs of the above acquisitions of US$0.3 million are included in operating costs in the summarised consolidated statement of comprehensive income.

Liquidity

The Group is expected to generate sufficient cash to settle liabilities as they fall due. Working capital remains well controlled across the Group and net working capital days improved markedly in Westcon International as detailed in the Divisional review below. Trade receivables and inventory are of a sound quality and adequate provisions are held against both.

Divisional reviews

Shareholder distributions: dividend policy and share repurchases

The Group's policy is to maintain a fixed three times cover relative to underlying* earnings when declaring dividends. The level of underlying* earnings in FY19 would only support a small dividend under this policy and as a result, the Board has decided not to declare a dividend for FY19.

The Board has instituted a structured programme of general share repurchases in order to return cash to shareholders. During FY19 the Company undertook three separate general share repurchase exercises under separate shareholder mandates:

- General meeting on 24 July 2018 – 4.97 million shares
- AGM on 20 September 2018 – 11.89 million shares
- General meeting on 15 January 2019 – 6.90 million shares up to 28 February 2019.

These repurchases amounted to US$43.9 million and totalled 23.8 million shares which have been cancelled, reducing the Company's shares in issue to 219.2 million at 28 February 2019.

The repurchase under the shareholder mandate given at the general meeting on 15 January 2019 has continued during the Company's closed period ending today under a fixed mandate to the Company's broker in accordance with paragraph 5.72 (h) of the JSE Listings Requirements and following notification to the JSE prior to the start of the closed period. From 1 March to 14 May 2019, the Company's broker repurchased 3.1 million shares under the fixed mandate at a cost of US$6.9 million.

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

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

The Department of Trade and Industry in South Africa has recently proposed changes to the Companies Act among which is a proposal to specifically exclude share repurchases undertaken on a recognised stock exchange from the scope of section 48(8). The proposed changes to the Companies Act will align the Companies Act to the JSE Listings Requirements in this regard, which will allow general share repurchases up to 20% of the issued share capital.

Foreign exchange translation

Losses of US$54.7 million (FY18: gains of US$13.9 million) arising on translation to presentation currency are included in total comprehensive loss of US$36.0 million (FY18: income US$124.1 million). The majority of these losses arise from weakening in the Rand/US$ exchange rate from 11.76 at 28 February 2018 to 13.94 at 28 February 2019 and weakening in the Brazilian Real/US$ exchange rate from 3.25 at 28 February 2018 to 3.73 at 28 February 2019.

DIVISIONAL REVIEWS

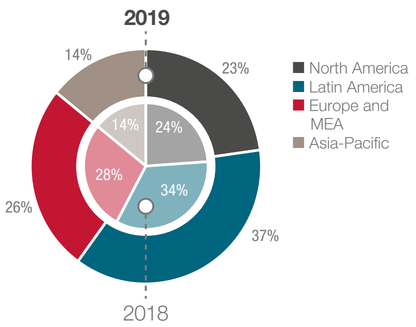
Logicalis

Logicalis accounted for 40% of the Group's revenues (FY18: 40%).

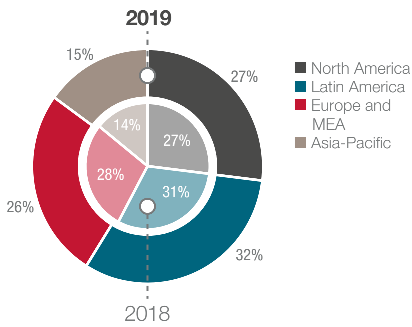
Logicalis is an international multi-skilled IT provider that designs, plans and supports impactful digital transformation solutions.

Revenue from operations increased by 11.3% to US$1.7 billion (FY18: US$1.6 billion). Services revenues were up 15% with growth in both professional services and annuity revenue. Revenue contribution by geography is shown below:

Logicalis revenue contribution % by geography



Logicalis gross profit % contribution by geography



Revenue increased across all regions in absolute terms with growth in Europe driven mainly by Germany and Spain. Latin America showed improvements notably in Brazil which benefited from a large multi-year deal despite currency headwinds. Asia-Pacific also improved largely because of the contribution of the Packet Systems Indonesia acquisition for the full year, as well as a number of territories in the region experienced high growth.

Revenues from product sales were up 9% driven by Latin America, with increases in Cisco, partially offset by decreases in HPE.

Logicalis' gross margins were 23.6% (FY18: 25.0%). This reduction was partly due to the large multi-year Latin-American contract which included a large product component as well as a disappointing performance in the UK.

Gross profit was up 4.7% to US$410.1 million (FY18: US$391.7 million).

Logicalis' gross profit contribution by geography is shown below:

EBITDA was US$93.4 million (FY18: US$86.2 million), with a corresponding EBITDA margin of 5.4% (FY18: 5.5%). Operating profit was US$65.9 million (FY18: US$59.5 million).

Argentina entered into a period of hyperinflation during the year. The impact on the FY19 financial statements was not material.

The net interest charge increased by US$4.0 million, largely as a result of higher working capital utilisation in Latin America on the large multi-year project.

Net debt of US$109.2 million (FY18: US$ 139.5 million) consisted of: net cash of US$16.4 million (FY18: US$7.1 million); short-term borrowing and current portion of long-term debt of US$94.4 million (FY18: US$102.4 million); and long-term debt of US$31.2 million (FY18: US$44.2 million). The decrease in net debt compared to FY18 was driven by seasonal outflows associated with the Americas and the reduction in working capital requirements associated with the large multi-year Latin-American contract. The working capital requirements linked to this contract are expected to unwind as the project advances.

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

Divisional reviews continued

In September 2018, Logicalis completed the acquisition of Coasin Group, a Chilean ICT system integrator offering technological solutions to industries such as mining, financial services, telecommunications and retail, with operations both in Chile and Peru. Logicalis also acquired Clarotech, a South African Open Source IPT cloud and managed services business. In October 2018, Logicalis' Australian operation, Thomas Duryea Logicalis acquired CNI, a Microsoft-certified gold partner.

Logicalis will maintain its strategy of making smaller bolt-on acquisitions financed using its own balance sheet and external credit lines as appropriate.

Digital innovation is accelerating; business technology is undergoing a major shift. With a clear focus on understanding its customer business priorities in areas such as risk and compliance, operational costs, data governance and innovation, Logicalis is helping customers succeed by ensuring its transformation outpaces the momentum of change in its sector.

Logicalis' investments in flexible consumption models, lifecycle management services to maximize business outcomes and innovative solutions to unlock new possibilities, all contribute to delivering a better customer experience.

Logicalis continues to enhance its capabilities in cloud, IoT, software, security, data management and intelligent networks to promote long-term value and insight-led transformation to its customers.

Logicalis remains confident about the prospects for the industry and its positioning within it. Emerging markets currencies are expected to remain volatile over the short term.

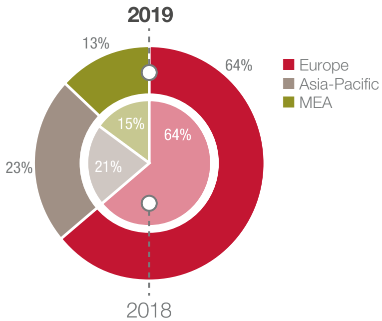
Westcon International
Westcon International accounted for 59% of the Group's revenues (FY18: 59%).

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

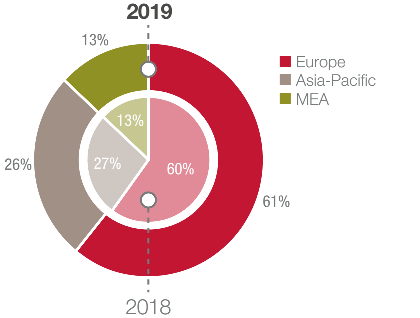
Westcon International's revenues increased by 9.8% to US$2.54 billion (FY18: US$2.32 billion) supported by higher revenues in Europe and Asia-Pacific.

Westcon International's gross profit increased by 14.5% to US$260.4 million (FY18: US$227.4 million) with improved results across all regions. Gross margins increased 40 basis points to 10.2% (FY18: 9.8%) with higher margins in EMEA slightly offset by lower margins in Asia-Pacific.

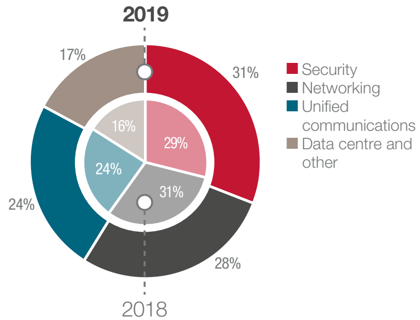
Westcon revenue contribution % by geography



Westcon gross profit % contribution by geography



Revenue contribution % by technology category



Operating expenses decreased to US$254.8 million (FY18: US$275.5 million) with lower expenses across all regions except Europe. The 7.5% decrease was primarily driven by lower central costs as well as a reduction in foreign exchange and bad debt expense in MEA. In both H2 FY18 and H1 FY19 operating expenses benefited from US$15.0 million of central costs in each six-month period (total of US$30 million) which were accrued against the profit on disposal of Westcon Americas to SYNNEX in the prior year, representing costs incurred in terms of the transitional service obligations to SYNNEX during that period. Central costs (before the respective US$15.0 million reallocations) were US$43 million (FY18: US$61 million) against the target of US$45 million for FY19.

Restructuring expenses of US$17.4 million (FY18: US$11.5 million) were incurred, mainly as a result of costs associated with the reverse transition of the BPO arrangement in Europe, MEA and Asia-Pacific coupled with continued cost cutting initiatives in EMEA and the central cost base. EBITDA was US$5.6 million (FY18: US$48.1 million loss) with improved results across all regions.

Westcon International has completed the reverse transition of all previously outsourced functions to its own shared services centres during FY19. The decision to exit the BPO, which was announced in last year's report, has resulted in a clear improvement in customer service and transaction execution. The improving financial performance and regained market share are evidence that not only was the decision necessary but has proved pivotal to the turnaround.

Net working capital days decreased to 28 days (FY18: 35 days) primarily due to improved DSO across all three regions. The improvement in net working capital days, partially offset by US$15.6 million of capital expenditures, resulted in a decrease in net debt to US$109.5 million (FY18: US$131.8 million).

The net debt consisted of: net overdrafts of US$94.4 million (FY18: US$113.8 million); short-term borrowing and current portion of long-term debt of US$15.0 million (FY18: US$0.9 million); and long-term debt of US$0.1 million (FY18: US$17.1 million).

The reshaping of Westcon International is going according to plan and the business is now operating profitably. Management is confident that improvements will continue.

Divisional reviews continued

Corporate, Consulting and Financial Services
This segment accounted for 1% of Group's revenues (FY18: 1%).

The Consulting unit comprises Analysys Mason, a provider of strategic, trusted advisory, modelling and market intelligence services to the telecoms, media and technology industries.

Consulting revenues were US$45.7 million (FY18: US$42.0 million) and EBITDA was US$2.8 million (FY18: US$2.5 million).

The Datatec Financial Services business, which provides financing/leasing solutions for ICT customers, remains in a development phase. The business recorded revenues of US$0.9 million in FY19 (FY18: US$1.4 million) and an EBITDA loss of US$1.7 million (FY18: US$1.4 million).

Corporate includes the net operating costs of the Datatec head office entities which were US$16.8 million (FY18: US$13.5 million). These costs include the remuneration of the Board and head office staff, consulting and audit fees. The main reason for the increase in central costs in FY19 is increased share-based payments expense. In FY19, foreign exchange gains were US$3.5 million (FY18: US$1.0 million).

As at 28 February 2019, Datatec head office entities held cash of US$112.9 million of which US$37.8 million (the equivalent of R526.8 million) is held in South Africa and subject to the South African Reserve Bank regulations.

SUBSEQUENT EVENTS

Between 1 March and 14 May 2019, the Company repurchased 3.1 million shares at a cost of US$6.9 million, under the terms of a fixed mandate to its broker, for cancellation.

On 1 March 2019, Analysys Mason Limited acquired Stelacon Holding AB ("Stelacon"), a Swedish consulting company. This is an important further step in building a pan-Scandinavian presence, after Analysys Mason's successful expansion into Norway. Stelacon brings experience including smart cities, regional development, digital services, policy and regulation, and telecoms and digital communications.

CHANGES TO THE BOARD (previously announced)

Two new independent non-executive directors were appointed to the Board during FY19: Ekta Singh-Bushell on 1 June 2018 and Maya Makanjee on 1 November 2018.

On 20 September 2018, Chris Seabrooke and Nick Temple retired from the Board and Olufunke Ighodaro resigned from the Board with effect from 31 October 2018.

BASIS OF PREPARATION

The provisional summarised consolidated financial statements are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") in effect for the Group at 28 February 2019, and further comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, at a minimum contain the requirements of IAS 34 *Interim Financial Reporting*, as well as the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Limited's Listings Requirements.

The accounting policies are in terms of IFRS and consistent with those applied in the audited consolidated annual financial statements for FY18, except for IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* which became effective on 1 March 2018 for the Group.

The Group has applied both IFRS 9 and IFRS 15 using the modified retrospective approach, by recognising the cumulative effect of initially applying IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 March 2018. The adoption of the above standards had an immaterial impact on the Group's financial results for FY19 as well as on the opening reserves as at 1 March 2018.

The preparation of these summarised financial statements and consolidated financial statements for FY19 was supervised by the Chief Financial Officer, Mr Ivan Dittrich, CA(SA).

ADOPTION OF IFRS 16 IN FY20

Implementation

The Group has elected to adopt IFRS 16 when it becomes effective and this amendment will have an impact on the financial statements for FY20.

The new standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors.

The principal impact of IFRS 16 will be to change the accounting treatment by lessees of leases currently classified as operating leases. Lease agreements will give rise to the recognition by the lessee of an asset, representing the right to use the leased item, and a related liability for future lease payments.

Lease costs will be recognised in profit and loss in the form of depreciation of the right-of-use asset over the lease term, and finance charges representing the unwinding of the discount on the lease liability. Certain exemptions from recognising leases on the balance sheet are available for leases with terms of 12 months or less or where the underlying asset is of low value.

Expected impact

The most significant impact on the Group applying IFRS 16, based on contractual arrangements in place at 28 February 2019, will be the recognition of lease liabilities of between US$110 million and US$125 million, along with right-of-use assets with a similar aggregate value. This liability corresponds to the minimum lease payments under operating leases adjusted for the effects of discounting.

Lease liabilities principally relate to property where the Group is a lessee under an operating lease arrangement. The impact of the standard on underlying earnings and profit before tax following the adoption is not expected to be material although the income statement presentation of the cost of leases will be allocated between the depreciation of right-of-use assets, and a finance charge representing the unwinding of the discount on the leases.

The Group will not be applying the recognition and measurement requirements of IFRS 16 to short-term leases less than 12 months and low-value leases.

The Group has elected to apply the modified retrospective approach on transition. The cumulative effect on transition to IFRS 16 will be recognised in retained earnings at 1 March 2019 and is not expected to be material. The comparative period will not be restated.

INDEPENDENT AUDITORS' REPORT

The independent auditors, Deloitte & Touche, have issued their unmodified audit opinions on the consolidated financial statements and on these summarised consolidated financial statements for the year ended 28 February 2019 in accordance with International Standards on Auditing. These summarised consolidated financial statements have been derived from the audited consolidated annual financial statements and are consistent in all material respects, with the Group's consolidated financial statements. The consolidated financial statements and the auditors' unmodified report on the consolidated financial statements are available for inspection at the Company's registered office.

The auditors' report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office.

Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the Company's auditors.

Commentary continued

for the year ended 28 February 2019

DISCLAIMER

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

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

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

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

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

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

On behalf of the Board

SJ Davidson
Chairman

JP Montanana
Chief Executive Officer

IP Dittrich
Chief Financial Officer

16 May 2019

DIRECTORS

SJ Davidson# (Chairman), JP Montanana# (CEO), IP Dittrich (CFO), M Makanjee, JF McCartney°, MJN Njeke, E Singh-Bushell°

°American #British

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

The underlying earnings measure is specific to Datatec and is not required in terms of International Financial Reporting Standards or the JSE Listings Requirements.

Independent auditors' report on summarised consolidated financial statements

for the year ended 28 February 2019

TO THE SHAREHOLDERS OF DATATEC LIMITED

Opinion

The summarised consolidated financial statements of Datatec Limited, which comprise the summarised consolidated statement of financial position as at 28 February 2019, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Datatec Limited for the year ended 28 February 2019.

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

Other matters

We have not audited future financial performance and expectations by management included in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

Summarised consolidated financial statements

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

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 15 May 2019. That report also includes the communication of other key audit matters as reported in the auditor's report of the audited financial statements.

Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the "Basis of preparation" note to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

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

Auditor's responsibility

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

Deloitte & Touche

Deloitte & Touche
Registered auditors
Per: Mark Rayfield
Partner

Building 1 and 2, Deloitte Place, The Woodlands
Woodlands Drive, Woodmead, Sandton
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National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer; Clients & Industries *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory DP Ndlovu Tax & Legal *TP Pillay Consulting *JK Mazzocco Talent & Transformation MG Dicks Risk Independence & Legal * KL Hodson Financial Advisory *TJ Brown Chairman of the Board

A full list of partners and directors is available on request

* Partner and registered auditor

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

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

Summarised consolidated statement of comprehensive income

for the year ended 28 February 2019

US$'000	Audited Year ended February 2019	Audited Year ended February 2018
CONTINUING OPERATIONS		
Revenue	**4 332 381**	3 923 715
Continued operations	**4 277 186**	3 881 547
Revenue from acquisitions	**55 195**	42 168
Cost of sales	**(3 644 637)**	(3 287 670)
Gross profit	**687 744**	636 045
Operating costs	**(569 896)**	(571 016)
Net impairment of contract assets and financial assets	**(3 817)**	(15 261)
Restructuring costs	**(17 506)**	(16 873)
Share-based payments	**(9 764)**	(6 198)
Operating profit before interest, tax, depreciation and amortisation ("EBITDA")	**86 761**	26 697
Depreciation	**(25 889)**	(27 548)
Amortisation of capitalised development expenditure	**(972)**	(11 375)
Amortisation of acquired intangible assets and software	**(11 477)**	(12 640)
Impairment of investment in joint venture	**–**	(1 000)
Impairment of capitalised development expenditure	**–**	(55 112)
Operating profit/(loss)	**48 423**	(80 978)
Interest income	**9 568**	8 670
Finance costs	**(32 145)**	(27 073)
Share of equity-accounted investment losses	**(1 403)**	(276)
Acquisition-related fair value adjustments	**(35)**	48
Other income	**62**	257
Loss on disposal of investment	**(255)**	–
Profit/(loss) before taxation	**24 215**	(99 352)
Taxation	**(20 959)**	(18 465)
Profit/(loss) for the year from continuing operations	**3 256**	(117 817)
DISCONTINUED OPERATIONS		
Profit for the year from discontinued operations	**11 694**	159 608
Profit for the year	**14 950**	41 791
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation to presentation currency	**(54 735)**	13 942
Translation of equity loans net of tax effect	**2 874**	8 795
Translation reserve reclassified to profit on disposal of foreign operation	**–**	57 345
Transfers and other items	**948**	2 265
Total comprehensive (loss)/income for the year	**(35 963)**	124 138
Profit attributable to:		
Owners of the parent	**13 134**	44 359
Non-controlling interests	**1 816**	(2 568)
	14 950	41 791
Total comprehensive (loss)/income attributable to:		
Owners of the parent	**(30 734)**	130 480
Non-controlling interests	**(5 229)**	(6 342)
	(35 963)	124 138
Earnings/(losses) per share ("EPS") (US cents)		
Basic	**5.5**	20.5
Continuing operations	**0.6**	(53.3)
Discontinued operations	**4.9**	73.8
Diluted basic	**5.5**	20.3
Continuing operations	**0.6**	(52.6)
Discontinued operations	**4.9**	72.9

Salient financial features

for the year ended 28 February 2019

US$'000	Audited Year ended February 2019	Audited Year ended February 2018
Headline earnings/(losses)	**1 658**	(41 337)
Continuing operations	**1 658**	(64 604)
Discontinued operations	**–**	23 267
Headline earnings/(losses) per share (US cents)		
Headline	**0.7**	(19.1)
Continuing operations	**0.7**	(29.9)
Discontinued operations	**–**	10.8
Diluted headline earnings/(losses) per share (US cents)	**0.7**	(18.9)
Continuing operations	**0.7**	(29.5)
Discontinued operations	**–**	10.6
Underlying* earnings/(losses)	**15 728**	(12 156)
Continuing operations	**15 728**	(37 135)
Discontinued operations	**–**	24 979
Underlying* earnings/(losses) per share (US cents)		
Underlying*	**6.6**	(5.6)
Continuing operations	**6.6**	(17.2)
Discontinued operations	**–**	11.6
Diluted underlying* earnings/(losses) per share (US cents)	**6.5**	(5.6)
Continuing operations	**6.5**	(17.0)
Discontinued operations	**–**	11.4
Net asset value per share (US cents)	**297.5**	297.0
KEY RATIOS		
Gross margin – continuing operations (%)	**15.9**	16.2
EBITDA margin – continuing operations (%)	**2.0**	0.7
Effective tax rate – continuing operations (%)	**86.6**	(18.6)
Exchange rates		
Average Rand/US$ exchange rate	**13.6**	13.0
Closing Rand/US$ exchange rate	**13.9**	11.8
Number of shares issued (millions)		
Issued	**218**	243
Weighted average	**238**	216
Diluted weighted average	**240**	219

The underlying* earnings measure is specific to Datatec and is not required in terms of International Financial Reporting Standards or the JSE Listings Requirements.

* *Underlying earnings exclude impairments of goodwill and intangible assets, profit or loss on sale of investments and assets, amortisation of acquired intangible assets, unrealised foreign exchange movements, acquisition-related adjustments, fair value movements on acquisition-related financial instruments, restructuring costs relating to fundamental reorganisations and the taxation effect on all of the aforementioned.*

Summarised consolidated statement of financial position

as at 28 February 2019

US$'000	Audited Year ended February 2019	Audited Year ended February 2018
ASSETS		
Non-current assets	**437 786**	417 370
Property, plant and equipment	**60 306**	59 731
Goodwill	**234 551**	227 321
Capitalised development expenditure	**12 711**	1 665
Acquired intangible assets and software	**37 615**	40 661
Investments	**22 382**	26 613
Deferred tax assets	**52 134**	41 104
Finance lease receivables	**13 363**	12 283
Other receivables and contract costs	**4 724**	7 992
Current assets	**2 284 521**	2 244 228
Inventories	**332 256**	238 537
Trade receivables	**1 258 853**	1 192 237
Prepaid expenses and other receivables	**232 965**	322 241
Contract assets and contract costs	**98 798**	–
Current tax assets	**11 442**	9 492
Finance lease receivables	**5 807**	5 479
Cash and cash equivalents	**344 400**	476 242
Total assets	**2 722 307**	2 661 598
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	**648 927**	721 603
Stated capital	**172 998**	258 461
Non-distributable reserves	**85 614**	45 331
Foreign currency translation reserve	**(102 527)**	(58 378)
Share-based payment reserve	**7 828**	4 883
Distributable reserves	**485 014**	471 306
Non-controlling interests	**63 303**	69 217
Total equity	**712 230**	790 820
Non-current liabilities	**100 805**	120 685
Long-term interest-bearing liabilities	**31 383**	61 723
Liability for share-based payments	**1 888**	1 517
Amounts owing to vendors	**1 393**	211
Deferred tax liabilities	**28 616**	30 240
Deferred revenue	**26 506**	16 309
Provisions	**11 019**	10 685
Current liabilities	**1 909 272**	1 750 093
Trade and other payables	**1 358 928**	1 199 384
Short-term interest-bearing liabilities	**109 751**	105 999
Contract liabilities	**3 476**	–
Deferred revenue	**98 788**	97 194
Provisions	**17 548**	16 026
Amounts owing to vendors	**936**	1 029
Current tax liabilities	**15 826**	15 561
Bank overdrafts	**304 019**	314 900
Total equity and liabilities	**2 722 307**	2 661 598

** The Group has initially applied IFRS 15 and IFRS 9 at 1 March 2018. These standards have been applied using the cumulative effect method, under which the comparative information is not restated.*

Condensed consolidated statement of cash flows

for the year ended 28 February 2019

US$'000	Audited Year ended February 2019	Audited Year ended February 2018
Operating profit before working capital changes	**88 931**	91 275
Working capital changes	**(21 228)**	(60 184)
(Increase)/decrease in inventories	**(95 518)**	28 831
Increase in receivables	**(90 937)**	(258 056)
Increase in payables	**171 592**	169 041
Increase in revenue-related assets	**(17 234)**	–
Increase in revenue-related liabilities	**10 869**	–
Other working capital changes	**1 287**	(13 466)
Cash generated from operations	**68 990**	17 625
Net finance costs paid	**(22 434)**	(24 784)
Taxation paid	**(38 531)**	(43 446)
Net cash inflow/(outflow) from operating activities	**8 025**	(50 605)
Cash outflow for acquisitions	**(25 450)**	(10 749)
Net cash inflow from disposal of discontinued operations	**–**	744 832
Decreases in investments	**10 201**	–
Increases in investments	**(7 283)**	(3 002)
Additions to property, plant and equipment	**(23 769)**	(26 004)
Additions to capitalised development expenditure	**(11 264)**	(20 043)
Additions to software	**(1 853)**	(2 668)
Proceeds on disposal of property, plant and equipment	**132**	821
Net cash (outflow)/inflow from investing activities	**(59 286)**	683 187
Proceeds on disposal of 10% of Westcon International without loss of control	**–**	30 000
Share repurchases	**(43 881)**	(34 629)
Dividends paid to non-controlling interests	**(53)**	–
Dividends paid to shareholders	**–**	(244 193)
Amounts paid to vendors	**(927)**	(609)
Proceeds from short-term liabilities	**65 203**	93 282
Repayment of short-term liabilities	**(77 830)**	(39 185)
Proceeds from long-term liabilities	**13 366**	51 398
Repayment of long-term liabilities	**(10 462)**	(31 551)
Net cash outflow from financing activities	**(54 584)**	(175 487)
Net (decrease)/increase in cash and cash equivalents	**(105 845)**	457 095
Cash and cash equivalents at the beginning of the year	**161 342**	(299 852)
Translation differences on cash and cash equivalents	**(15 116)**	4 099
Cash and cash equivalents at the end of the year*	**40 381**	161 342
Cash flows from discontinued operations		
Net cash outflow from operating activities	**(606)**	(49 747)
Net cash outflow from investing activities	**–**	(2 700)
Net cash inflow from financing activities	**–**	8 240
Net decrease in cash and cash equivalents	**(606)**	(44 207)

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

Summarised consolidated statement of changes in total equity

for the year ended 28 February 2019

US$'000	Audited Year ended February 2019	Audited Year ended February 2018
Balance at the beginning of the year	**790 820**	906 875
Transactions with equity holders of the parent		
Comprehensive (loss)/income	**(30 734)**	130 480
Special dividend		(244 193)
Share repurchases	**(43 881)**	(34 629)
Share-based payments	**1 836**	1 784
Other	**103**	–
Disposal of 10% of Westcon International without loss of control	**–**	13 175
Transactions with non-controlling interests		
Comprehensive loss	**(5 229)**	(6 342)
Acquisitions of subsidiaries	**(459)**	6 845
Disposal of 10% of Westcon International without loss of control	**–**	16 825
Other	**(173)**	–
Dividend to non-controlling interests	**(53)**	–
Balance at the end of the year	**712 230**	790 820

Determination of headline and underlying earnings

for the year ended 28 February 2019

US$'000	Audited Year ended February 2019	Audited Year ended February 2018
Profit attributable to the equity holders of the parent	13 134	44 359
Headline earnings adjustments	(11 375)	(80 080)
Impairment of capitalised development expenditure	–	55 112
Impairment of investment in joint venture	–	1 000
Profit on disposal of investment/discontinued operations†	(11 439)	(136 341)
Loss on disposal of property, plant and equipment	93	170
Tax effect	(29)	(21)
Non-controlling interests	(101)	(5 616)
Headline earnings/(losses)	1 658	(41 337)
Continuing operations	1 658	(64 604)
Discontinued operations	–	23 267
DETERMINATION OF UNDERLYING EARNINGS		
Underlying* earnings adjustments	15 587	31 896
Unrealised foreign exchange (gains)/losses†	(7 467)	11 131
Acquisition-related fair value adjustments	35	(48)
Restructuring costs†	17 506	18 701
Amortisation of acquired intangible assets†	10 217	12 061
Tax effect	(4 704)	(9 949)
Non-controlling interests	(1 517)	(2 715)
Underlying* earnings/(losses)	15 728	(12 156)
Continuing operations	15 728	(37 135)
Discontinued operations	–	24 979

† *Prior year figures comprise both continuing and discontinued operations.*

Summarised segmental analysis

for the year ended 28 February 2019

For management's internal purposes the Group is currently organised into three operating divisions which are the basis on which the Group reports its primary segmental information.

Principal activities are as follows:

- Westcon International – distribution of security, collaboration, networking and data centre products;
- Logicalis – ICT infrastructure solutions and services; and
- Corporate, Consulting and Financial Services: includes strategic and technical consulting, capital/leasing business, Group head office companies and Group consolidation adjustments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

	Westcon International	
US$'000	**Audited Year ended February 2019**	Audited Year ended February 2018
Revenue	**2 544 774**	2 316 650
Revenue from product sales	**2 479 407**	2 205 713
Revenue from sales of hardware	**1 772 579**	1 625 816
Revenue from sales of software	**688 036**	558 411
Revenue from vendor resold services and product maintenance sales	**57 819**	58 742
Inter-segmental revenue	**(39 027)**	(37 256)
Revenue from services	**65 367**	66 129
Revenue from professional services	**64 428**	22 149
Revenue from other services	**939**	43 980
Inter-segmental revenue	**–**	–
Revenue from annuity services	**–**	44 808
Revenue from cloud services	**–**	44 808
Revenue from other annuity services	**–**	–
EBITDA	**5 565**	(48 123)
Reconciliation of operating (loss)/profit to (loss)/profit after taxation		
Operating (loss)/profit	**(4 226)**	(127 934)
Interest income	**1 491**	1 609
Finance costs	**(13 683)**	(12 833)
Share of equity-accounted investment (losses)/earnings	**(2 143)**	(440)
Acquisition-related fair value adjustments	**–**	–
Other (expenses)/income	**(97)**	–
Loss on disposal of investment	**(255)**	–
(Loss)/profit before taxation	**(18 913)**	(139 598)
Taxation	**(3 271)**	(7 649)
(Loss)/profit for the year from continuing operations	**(22 184)**	(147 247)
(Loss)/profit for the year from discontinued operations	**–**	(433 629)
(Loss)/profit for the year	**(22 184)**	(580 876)
Total assets	**1 226 057**	1 088 316
Total liabilities	**(1 046 305)**	(957 802)

Sales and purchases between Group companies are concluded at arm's length in the ordinary course of business. The inter-group sales of goods and provision of services for the year ended 28 February 2019 amounted to US$40.4 million (FY18: US$40.5 million). US$113.1 million (FY18: US$40.3 million) of inventory was purchased from SYNNEX Corporation Limited.

Logicalis		Corporate, Consulting and Financial Services		Datatec Group Total	
Audited Year ended February 2019	Audited Year ended February 2018	**Audited Year ended February 2019**	Audited Year ended February 2018	**Audited Year ended February 2019**	Audited Year ended February 2018
1 741 064	1 563 714	**46 543**	43 351	**4 332 381**	3 923 715
1 086 789	993 916	**–**	–	**3 566 196**	3 199 629
991 657	915 932	**(30 231)**	(26 850)	**2 734 005**	2 514 898
95 483	76 486	**(10 147)**	(10 406)	**773 372**	624 491
1 000	1 498	**–**	–	**58 819**	60 240
(1 351)	–	**40 378**	37 256	**–**	–
269 074	193 213	**46 543**	43 351	**380 984**	302 693
269 074	196 431	**46 543**	40 133	**380 045**	258 713
–	–	**–**	–	**939**	43 980
–	(3 218)	**–**	3 218	**–**	–
385 201	376 585	**–**	–	**385 201**	421 393
44 049	35 484	**–**	–	**44 049**	80 292
341 152	341 101	**–**	–	**341 152**	341 101
93 366	86 165	**(12 170)**	(11 345)	**86 761**	26 697
65 949	59 483	**(13 300)**	(12 527)	**48 423**	(80 978)
1 693	1 444	**6 384**	5 617	**9 568**	8 670
(18 455)	(14 227)	**(7)**	(13)	**(32 145)**	(27 073)
468	(51)	**272**	215	**(1 403)**	(276)
(35)	48	**–**	–	**(35)**	48
–	–	**159**	257	**62**	257
–	–	**–**	–	**(255)**	–
49 620	46 697	**(6 492)**	(6 451)	**24 215**	(99 352)
(12 317)	(7 311)	**(5 371)**	(3 505)	**(20 959)**	(18 465)
37 303	39 386	**(11 863)**	(9 956)	**3 256**	(117 817)
–	26 340	**11 694**	566 897	**11 694**	159 608
37 303	65 726	**(169)**	556 941	**14 950**	41 791
1 318 226	1 253 824	**178 024**	319 458	**2 722 307**	2 661 598
(943 441)	(890 820)	**(20 331)**	(22 156)	**(2 010 077)**	(1 870 778)

Financial instruments

as at 28 February 2019

The table below sets out the Group's classification of each class of financial instrument at their fair values. The carrying amount of these financial instruments approximates their fair values. The different fair value levels are described below.

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 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

US$'000	Level	Audited Year ended February 2019	Audited Year ended February 2018
Financial assets			
Loans and receivables at amortised cost			
Gross trade accounts receivable		**1 290 514**	1 226 377
Less: Expected credit loss allowances		**(31 661)**	(34 140)
Bonds		**18 960**	21 885
Loans granted to third parties and other long-term assets due		**4 638**	7 992
Finance lease receivables		**19 170**	17 762
Other receivables		**63 038**	111 802
Earn-out receivable		**11 694**	–
Cash and cash equivalents at financial institutions		**344 400**	476 242
Financial assets at fair value through profit or loss			
Derivative financial assets	2	**2 318**	2 373
		1 723 071	1 830 293
Financial liabilities at amortised cost			
Trade payables		**(1 056 451)**	(894 192)
Other payables and other financial liabilities		**(174 234)**	(154 120)
Long-term interest-bearing liabilities and finance leases		**(76 388)**	(81 608)
Short-term interest-bearing liabilities		**(64 746)**	(86 114)
Bank overdrafts		**(304 019)**	(314 900)
Financial liabilities at fair value through profit or loss			
Amounts owing to vendors	3	**(2 329)**	(1 240)
Derivative financial liabilities	2	**(2 407)**	(3 368)
		(1 680 574)	(1 535 542)

The earn-out receivable is a material Level 3 financial instrument at fair value through profit or loss. The fair value of the earn-out receivable is estimated to be US$11.7 million after costs, which is estimated to be the minimum amount receivable. The fair value of the earn-out receivable was determined based on unobservable data, after taking into consideration the probabilities of various outcomes.

Capital expenditure and commitments

as at 28 February 2019

US$'000	Audited Year ended February 2019	Audited Year ended February 2018
Capital expenditure incurred in the current period (including capitalised development expenditure)	36 886	48 715
Capital commitments at the end of the year	46 779	23 129
Lease commitments at the end of the year	123 725	128 789
Payable within one year	32 692	31 711
Payable after one year	91 033	97 078

Acquisitions made during the period

as at 28 February 2019

The following table sets out the assessment of the fair value of assets and liabilities acquired in the acquisitions made by the Group during the period. The fair value assessments of assets and liabilities acquired and the amounts recognised as goodwill and intangible assets have only been determined provisionally due to the timing of the acquisitions and future amendments may impact classification in these categories.

	US$'000
ACQUISITIONS MADE IN FY19	
Assets acquired	
Non-current assets	6 733
Current assets	30 142
Non-current liabilities	(6 676)
Current liabilities	(24 473)
Net assets acquired	5 726
Intangible assets	8 070
Capitalised development expenditure and software	795
Goodwill	13 090
Non-controlling interest	459
Fair value of acquisition	28 140
Purchase consideration	
Cash	25 840
Deferred purchase consideration	2 300
Total consideration	28 140
Cash outflow for acquisitions	
Cash and cash equivalents acquired	(390)
Cash consideration paid	25 840
Net cash outflow for acquisitions	25 450

On 17 July 2018, Analysys Mason Limited acquired 100% of the issued share capital of Access Markets International-Partners ("AMI-Partners") based in the United States for US$3.5 million. AMI-Partners is a Small and Medium Business ("SMB") ICT-focused global research and consulting firm that specialises in go-to-market ("GTM") opportunity assessment, tracking buying behaviour, customer segmentation, channel partner ecosystem dynamics and sales enablement enhanced with predictive analytics.

Effective 3 September 2018, Logicalis acquired 100% of the issued share capital of Clarotech, an internet protocol telephony ("IPT") cloud and managed services business based in Cape Town. The 100% interest was acquired for a cash consideration of US$3.4 million. This acquisition enables Logicalis to combine a focused managed services operation with its existing business in South Africa, to support SMBs as well as larger corporates.

With effect on 3 September 2018, Logicalis completed the acquisition of 100% of the issued share capital of Coasin Chile S.A., a Chilean ICT service and solutions provider, which also owns 100% of C2 Mining Solutions S.A.C. based in Peru. This interest was acquired for a cash consideration of US$17.3 million from Logicalis' resources. Coasin's experience in the mining and financial services verticals creates opportunities for Logicalis to better serve its multinational clients while broadening its services scope to new customer groups.

On 8 October 2018, Logicalis acquired 100% of the issued share capital of Corporate Network Integration (Pty) Ltd ("CNI") for a cash consideration of US$3.9 million. CNI is a Microsoft-certified gold partner based in Melbourne, Australia and this acquisition brings Logicalis a full suite of leading Microsoft cloud service capabilities, significantly strengthening the Group's position in this growing market segment and enabling Logicalis to deliver a broader scope of services to new and existing customers.

As a result of these acquisitions, goodwill and other intangible assets increased by US$13.1 million and US$8.9 million respectively.

DATATEC

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