



(Registration number 94/05004/06)
("DataTec")

AUDITED RESULTS FOR THE 13 MONTHS ENDED 31 MARCH 1997

Operating profit up 259% • Annualised earnings per combined unit up 110%
Internet operations moving to profitability
Creating a solid base for continuing earnings growth

CONSOLIDATED INCOME STATEMENT

| R'000 | Audited 13 months to 31 March 1997 | Audited 12 months to 29 February 1996 |
|---|--|---|
| Turnover | 463 895 | 64 440 |
| Continuing operations | 125 086 | 59 677 |
| Acquisitions | 338 809 | 4 763 |
| Operating profit before depreciation | 26 185 | 6 338 |
| Depreciation | (7 076) | (1 015) |
| Operating profit | 19 109 | 5 323 |
| Net interest received | 1 767 | 653 |
| Profit before debenture interest | 20 876 | 5 976 |
| Debenture interest | (3 653) | (1 912) |
| Profit before taxation | 17 223 | 4 064 |
| Taxation | (5 988) | (2 223) |
| Profit after taxation | 11 235 | 1 841 |
| Share of associate companies' losses | (1 014) | — |
| Loss attributable to outside shareholders | 1 276 | 522 |
| Attributable earnings | 11 497 | 2 363 |

CONSOLIDATED CASH FLOW STATEMENT

| R'000 | Audited 13 months to 31 March 1997 | Audited 12 months to 29 February 1996 |
|--|--|---|
| Net cash inflow (outflow) from operating activities | 25 679 | (1 580) |
| Net cash outflow from investing activities | (182 640) | (23 077) |
| Net cash inflow from financing activities | 229 734 | 16 496 |
| Net increase (decrease) in cash and cash equivalents | 72 773 | (8 161) |
| Cash and cash equivalents at beginning of the period | 6 326 | 14 487 |
| Cash and cash equivalents at end of the period | 79 099 | 6 326 |

CONSOLIDATED BALANCE SHEET

| R'000 | Audited 31 March 1997 | Audited 29 February 1996 |
|---|-----------------------------|--------------------------------|
| Capital employed | | |
| Shareholders' funds and debentures | 214 196 | 35 365 |
| Amounts owing to vendors | 54 952 | — |
| Long term liabilities and deferred taxation | 1 673 | 80 |
| Outside shareholders' interest | 8 663 | 4 782 |
| | 279 484 | 40 227 |
| Employment of capital | | |
| Property, plant and equipment | 25 112 | 6 219 |
| Tradenames and goodwill | 170 082 | 21 688 |
| Associate companies | 7 146 | — |
| Current assets | 243 540 | 33 949 |
| Inventories | 65 083 | 12 991 |
| Accounts receivable | 99 358 | 14 632 |
| Cash resources | 79 099 | 6 326 |
| Current liabilities | 166 396 | 21 629 |
| Accounts payable | 159 587 | 19 108 |
| Taxation | 4 629 | 1 504 |
| Debenture holders for interest | 2 180 | 1 017 |
| Net current assets | 77 144 | 12 320 |
| | 279 484 | 40 227 |

SALIENT FINANCIAL FEATURES

| | Audited 31 March 1997 | Audited 29 February 1996 |
|--|--------------------------|-----------------------------|
| Earnings per combined unit (cents) | 49.2 | 20.7 |
| Attributable earnings | 38.5 | 11.6 |
| Debenture interest | 10.7 | 9.1 |
| Adjusted earnings per combined unit (cents) | 47.0 | 20.7 |
| Attributable earnings | 36.3 | 11.6 |
| Debenture interest | 10.7 | 9.1 |
| Annualised adjusted earnings per combined unit (cents) | 43.4 | 20.7 |
| Attributable earnings | 33.5 | 11.6 |
| Debenture interest | 9.9 | 9.1 |
| Number of combined units in issue ('000) | 37 257 | 21 925 |
| Adjusted number of combined units in issue ('000) | 39 279 | 21 925 |
| Weighted average number of combined units in issue ('000) | 30 796 | 20 642 |
| Adjusted weighted average number of combined units in issue ('000) | 32 409 | 20 642 |
| Net asset value per combined unit (cents) | 574.9 | 161.3 |
| Adjusted net asset value per combined unit (cents) | 685.2 | 161.3 |

1. PROFILE AND GROUP STRUCTURE

- 1.1 The DataTec group has established itself as a networking, software technology and services group with a growing international presence and operates principally in markets where its products and services are directly aimed at exploiting the continuing growth in markets influenced by the Internet.
- 1.2 The group is structured into the following main operating divisions: Products and Distribution, Services and Software, Internet and Telecommunications. Each division has its own independent organisational structure and dedicated management team.
- 1.3 Internationally the group is engaged in product distribution and networking solutions integration, currently operating throughout the United Kingdom from premises in the vicinity of London and Manchester.
- 1.4 DataTec enjoys an equity partnership relationship with Primedia Ltd in respect of the businesses of VWV Interactive (Pty) Ltd, lafrica.com (Pty) Ltd and its subsidiary, M.A.I.D. Southern Africa.

2. COMMENTARY ON THE RESULTS

- 2.1 Turnover and operating profit were significantly higher than in the previous period due to organic growth and acquisitions. The results are not strictly comparable due to the 13 months in the current reporting period.
- 2.2 Operating profit is made up as follows:

| R'000 | 13 months to 31 March 1997 | 12 months to 29 February 1996 |
|---------------------------------|----------------------------------|-------------------------------------|
| Products and Distribution | 20 538 | 7 542 |
| Services and Software | 6 820 | — |
| Internet and Telecommunications | (8 240) | (2 210) |

- 2.10 Capital expenditure for the period under review amounted to R19,7 million. Authorised capital expenditure for the next financial year amounts to R28,0 million, the majority of which is in respect of UUNet Internet Africa (Pty) Ltd's continued investment in its Internet infrastructure to cater for expected continued annual growth in excess of 100%.

3. PROSPECTS

- 3.1 The financial results demonstrate the group's ability to respond rapidly to new opportunities and to position itself to maximum advantage in a very dynamic marketplace. To achieve such a position the group has taken steps to ensure that key management are centred at the core of each main operating unit within the group. This structured approach of dividing the various companies into synergistic operating units according to business discipline will provide appropriate responsiveness to take further advantage of opportunities both organically and through acquisition.
- 3.2 The group continues to pursue strategic initiatives locally and internationally to broaden its operations and extend its reach into new technologies and markets where it can best leverage its capital and skills. In addition, the group anticipates taking advantage of unravelling telecommunications opportunities as convergence between Internet networks and telecommunications infrastructures gathers momentum and the regulatory framework surrounding the South African Telkom monopoly unfolds.
- 3.3 The move towards profitability in the Internet and Telecommunications division is particularly encouraging, especially for UUNet Internet Africa (Pty) Ltd, where the group has invested heavily in the past two years to establish itself as the market leading Internet Service Provider ("ISP").
- 3.4 DataTec continues to broaden its Internet and Intranet service and product offerings with new initiatives aimed directly at

2.2 Operating profit is made up as follows:

| R'000 | 13 months to 31 March 1997 | 12 months to 29 February 1996 |
|---------------------------------|----------------------------------|-------------------------------------|
| Products and Distribution | 20 538 | 7 542 |
| Services and Software | 6 820 | — |
| Internet and Telecommunications | (8 249) | (2 219) |
| | 19 109 | 5 323 |

Products and Distribution, Services and Software performed in line with expectations. The loss in the Internet and Telecommunications division exceeded the budgeted loss for the period due to higher than expected infrastructure and development costs. However, the division is currently operating on a break-even basis and it is anticipated that a profit will be achieved in the next financial year.

- 2.3 Earnings per combined unit ("EPCU") reflects the earnings for the period based on the weighted average number of units in issue.
- 2.4 Adjusted EPCU is based on the weighted average number of units in issue together with units issued or to be issued subsequent to the period end relating to acquisitions concluded during the period for which the full purchase considerations are now payable (i.e. the relevant profit warranties have been fulfilled). The earnings for the period have been adjusted for the debenture interest in respect of these additional units.
- 2.5 Annualised adjusted EPCU reflects the adjusted EPCU annualised for a twelve month period and amounts to 43,4 cents, a 110% increase when compared to the previous year.
- 2.6 On the basis that the remaining profit warranties are fulfilled (in respect of those not included in the adjusted EPCU calculation in 2.4 above), all options granted are exercised and the relevant adjustments are made to the earnings for the period, fully diluted EPCU would not be materially different to adjusted EPCU.
- 2.7 Shareholders' funds and debentures have increased as a result of the combined units issued in partial settlement of the purchase considerations owing in respect of the acquisitions.
- 2.8 Amounts owing to vendors represents purchase considerations owing in respect of the acquisitions and will be settled through the issue of combined units once the relevant profit warranties are fulfilled.
- 2.9 Associate companies represent the group's investment in VWV Interactive (Pty) Ltd and lafrica.com (Pty) Ltd.

South African Telkom monopoly unroais.

- 3.3 The move towards profitability in the Internet and Telecommunications division is particularly encouraging, especially for UUNet Internet Africa (Pty) Ltd, where the group has invested heavily in the past two years to establish itself as the market leading Internet Service Provider ("ISP").
- 3.4 DataTec continues to broaden its Internet and Intranet service and product offerings with new initiatives aimed directly at complementing its core activities. The group is particularly excited by the prospects of its recent strategic investment in VWV Interactive (Pty) Ltd, South Africa's premier WEB design and interactive Internet applications developer, which boasts some of the country's largest and most Internet aware users such as SAA and Telkom amongst its customers.
- 3.5 In general, the group remains optimistic about its prospects, with the strategy of remaining focused in networking, software and Internet markets with industry leading technologies and services already reaping rewards for the various companies across the group. The markets in South Africa and the United Kingdom continue to show robust demand for the products and services which the group offers. The group expects continuing strong growth in its operations and earnings.

4. **CONTINUED CAUTIONARY ANNOUNCEMENT**

Further to the cautionary announcement published on 14 May 1997 unitholders are advised that the negotiations referred to therein are still continuing and unitholders are advised to continue to exercise caution until such stage as an announcement is made.

5. **DISTRIBUTION TO UNITHOLDERS**

- 5.1 *Debenture interest*
Debenture interest of 10,67 cents per combined unit has been paid in respect of the thirteen months ended 31 March 1997.
- 5.2 *Dividends*
Whilst the Internet and Telecommunications division continues to require substantial investment, the group will continue to retain attributable income without a dividend distribution to shareholders. This policy will be reconsidered once the Internet and Telecommunications division is generating profit and positive cash flow.

On behalf of the board

JP Montanana
Executive Chairman

RS Rindel
Group Finance Director

29 May 1997

Directors: J P Montanana* (Executive Chairman), D Buys, M Karpul, W Kirsh†, R S Rindel, C S Seabrooke†, W E Waterford† *British †non-executive