

annual report 2002



Dimension Data is
a technology
services group
with global reach

key points

▶ Revenue reflected ongoing difficult global demand conditions, but stabilised in the second half of the year.	▶ Substantial investment was made in Dimension Data's IP to enhance the Group's competitive position, through a focus on four 'go-to-market' global solution groups: ▲ Security ▲ IP Convergence ▲ Service Provider Solutions ▲ Customer Interactive Solutions.
▶ Intense pressure on pricing in highly competitive markets intensified in H2 2002, resulting in continued gross margin pressure.	
▶ Rand depreciation of 22% substantially impaired the contribution from South Africa.	
▶ Significant cost reductions of 11% largely through 19% reduction in headcount.	▶ Structural changes were made to drive Application Network strategy, including: ▲ Formation of Executive Committee ▲ Appointment of new Group COO, Sales Director and Services CEO ▲ Dedicated senior appointments to focus on solutions and services ▲ Broadening of talent with new skills to balance existing senior management ▲ Regional CEOs appointed to Executive Committee.
▶ Fixed overheads reduced from US\$530 million (annualised) in 2001 to US\$416 million in 2002.	
▶ Growth in contribution from value-added services and annuity-based income.	
▶ Global Sales focus resulted in a further improvement in the quality of the customer base and a number of high-profile customer wins.	▶ Implementation of corporate governance best practice, demonstrated by a reduction in the number of executives on the Board.
▶ Successful launch and global rollout of the 'DD Way', a performance-based realignment and transformation programme focused on improving the Group's competitive positioning and financial performance.	▶ Subject to shareholder approval at an Extraordinary General Meeting to be held on 13 December 2002, the issue to VenFin Ltd (or its nominee) of a US\$100 million convertible bond.

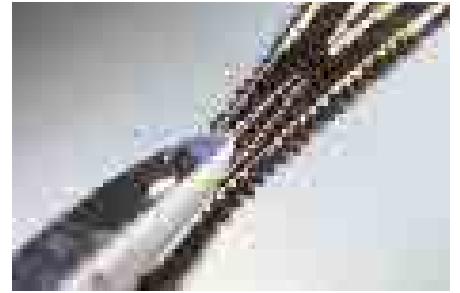
Financial Results

	2002 \$'000	2001 \$'000
Total turnover	2,187,331	2,460,258
Total operating profit before goodwill amortisation and exceptional items	45,426	180,859
Profit for the year before goodwill amortisation and exceptional items	30,100	163,804*
Basic earnings per share before goodwill amortisation and exceptional items (US cents)	2.3	13.0*
Weighted average number of ordinary shares ('000)	1,299,075	1,255,235
Loss for the year as presented in the consolidated profit and loss account	(2,583,890)	(1,723,659)
Total net assets	639,313	3,242,759
Cash on hand	372,566	893,966
Net cash inflow from operating activities	28,952	186,342
Average number of employees	10,145	12,623
* Restated - FRS 19		

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driving renewal



We are constantly assessing how we operate

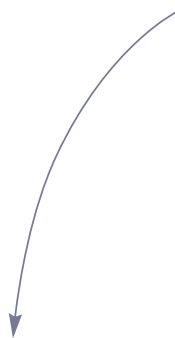
to build a common vision.

This will transform the way we work

and entrench a culture of accountability

to realign our business to succeed

in the long term

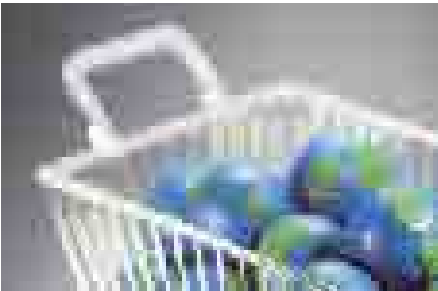


Translating change into sustainable financial results.

This drive for renewal is not established in isolation but capitalises on the intellectual capacity and world-class assets the Group has built over 20 years. Dimension Data strives to be a leader in its field, anticipating and predicting changes in the industry.

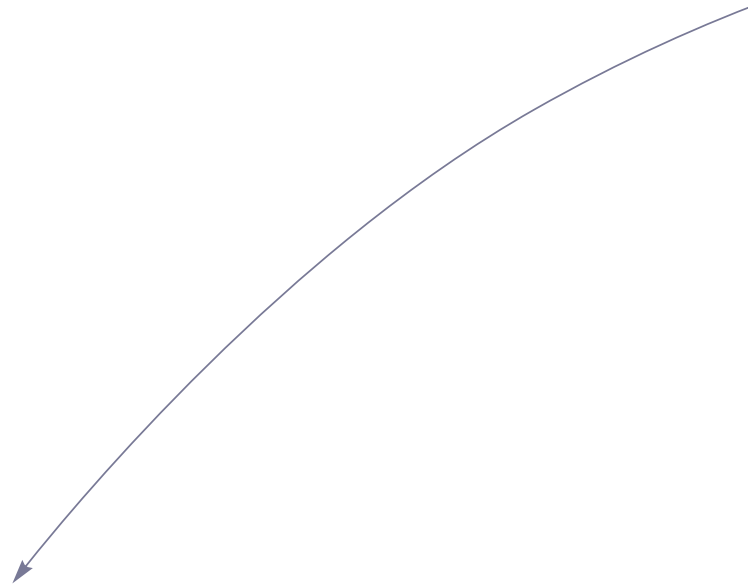
Dimension Data was founded in 1983. The Group listed on the JSE Securities Exchange in 1987 and on the London Stock Exchange in 2000.

group at a glance



building a unique global proposition

- ▲ Dimension Data is a leading global technology services company. It provides solutions and services that optimise and manage the performance of converging hardware and software infrastructures to enable businesses to take advantage of the latest developments in IT (for example: web services, on-demand computing, utility computing).
- ▲ Our current solutions, operational and professional services include:
 - iBOSS
 - Contact Centre Integration
 - IP VPN
 - Speech Self-Service
 - IP Telephony
 - Perimeter Security
 - Storage
 - Enterprise Content Management
 - Portals
 - Insite
 - Uptime
 - Surveyor
- ▲ We 'go-to-market' with these solutions in each region through our core business of building and managing Enterprise Infrastructure and by focusing on four global market opportunities: Security, IP Convergence, Service Provider Solutions and Customer Interactive Solutions.
- ▲ Our ability to sell and deliver these solutions across all our regions is supported by our Multi-Sourcing service which enables us to take advantage of high-quality IT skills in low-cost geographies.



DD Global Solution Groups
▲ Security solutions and services enable organisations to realise the true value of their information by ensuring it flows in a secure, trusted, and controlled environment without contamination.
▲ IP Convergence solutions and services (IPC) enable organisations to achieve productivity enhancements, support mobility and realise infrastructure efficiencies by creating customised business applications that integrate and take advantage of consolidated voice, fax, video and data IP networks.
▲ Service Provider solutions and services (SPS) address the technology and business needs of communications service providers and other organisations that manage and operate telco networks. These solutions encompass network build-out and management, operational and business support systems and customer-focused value-added services.
▲ Customer Interactive solutions and services (CIS) enable organisations to interact with their customers through multiple communication channels, retaining and increasing the value of their customer base.



leading

application network solutions

becoming the leading provider of Application Network solutions

- ▲ Dimension Data recognised early that the application and network technology layers were going to converge and started to build capability through acquisitions in its regions, taking advantage of this opportunity from the mid 90s.
- ▲ Since then, the business has defined its view of how it could capitalise on this opportunity. The result has been the development of solutions based on a new/proprietary architectural framework that exploits the proliferation of open standards and the convergence of applications and networks. We call it an Application Network architecture.
- ▲ Solutions based on this architecture enable organisations to develop a competitive edge by connecting devices, information, applications, business processes, people and organisations. Businesses reduce both capital and operational IT costs by removing systems duplication and inefficiency. By addressing areas of duplication and waste in their IT infrastructure, Dimension Data creates the opportunity for immediate and significant return on investment.
- ▲ Dimension Data's combined expertise in networking, application integration and global operational services positions it uniquely to deliver these value-enhancing solutions.
- ▲ The Application Network architectural framework enables Dimension Data to take a holistic view of the client's converging hardware and software infrastructure and assist that client in evolving, generating an improved return on past IT investments.
- ▲ Global research by IDC indicates Application Network Integration (ANI) applies to a segment of the IT market which will be worth in excess of US\$200 billion over the next four years.
- ▲ The services market relating to ANI will grow from a worldwide total of US\$31 billion to US\$57 billion between 2002 and 2006 with a CAGR of 16.5% over the forecast period (August 2002 IDC).

maximising global reach



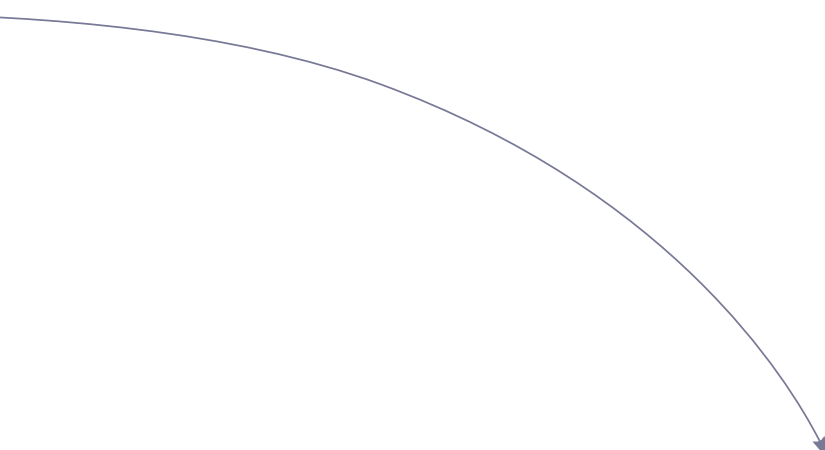
africa
number of employees: 3,640



asia
number of employees: 1,500

australia
number of employees: 1,000

▲ Dimension Data's acquisitions were aimed at establishing a global footprint that would



Today, Dimension Data's operations span over 30 countries on five continents with over 9,000 employees. An integrated business offering unites all these territories, allows for the cross-pollination of world-class skills and the leverage of cost bases across different territories.



europa
number of employees: 1,020

united kingdom
number of employees: 1,170



usa
number of employees: 900

enable the Group to offer solutions and services in all the major IT markets of the world.

taking action

for sustainable delivery



Dimension Data is transforming its operations through a global performance-based realignment and transformation programme. The DD Way will focus on driving Group turnover and margins and enhancing the value of its proprietary technology and brands.

The way to global success is the 'DD Way' – the mechanism for turning our vision of being a leading provider of Application Network solutions into reality:

- 
- ▲ a global change management programme
 - ▲ driven by dedicated senior resources
 - ▲ keeping ourselves accountable to tough deliverables
 - ▲ making the most of our people
 - ▲ strengthening relationships with our clients
 - ▲ driving efficiencies throughout the business
 - ▲ enhancing the value of proprietary technology and brands
 - ▲ driving Group turnover and margins.

“Over the past year, Dimension Data has concentrated on a careful, comprehensive evaluation of our operations and the manner in which we deliver to all our stakeholders”

chairman's statement

The market has changed substantially and it has become crucial to align and invigorate our business to succeed in difficult conditions. Our evaluation has translated into a programme of tangible change, designed to have a direct impact on our delivery.

Despite the challenges, we have increased our global client base due to our broad, integrated offering and increased brand recognition. We have also managed to grow our annuity-based income through increased interest in and take-up of our GSOA ('Global Services Operating Architecture') operational services. The stronger uptake resulted from a better customer understanding of our offering, greater awareness of the benefits, the trend towards outsourcing this type of service, and a sales force that is better equipped to sell these services.

For information on the financial performance of the Group, refer to the Financial Review.

Structuring for delivery

Dimension Data has spent the last few years building a global business. We are now focused on integrating our businesses across different regions to ensure we can offer a world-class service in all our regions.

To become world leaders in the provision and management of Application Network solutions, we must assist our clients to unlock value by enabling them to interact and communicate seamlessly and flexibly.

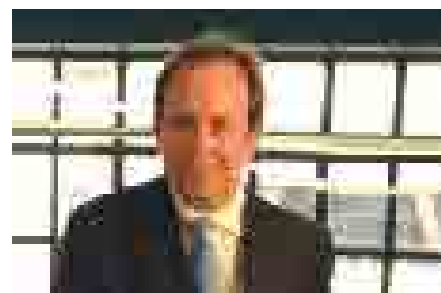
Our operational focus therefore is to provide integrated solutions and services that exploit our unique capability in designing, integrating and operating Application Networks.

At our year end, we announced significant changes to our Board of Directors and management team to ensure that we have the right structure to sustain the execution of our strategy. Our Board has been reduced to four executive and six non-executive directors.

In addition, we have created an Executive Committee comprising existing senior management and new senior managers with international experience. The Executive Committee is responsible for running operations and the formulation and execution of Group strategy.

We have also made senior appointments to focus specifically on the provision of integrated solutions and services to our clients. Furthermore, we have significantly broadened our base of international expertise to supplement that of our existing senior management. I believe this new management team has the depth and breadth to meet the global challenge in a proactive way. Overall, our current talent base is the strongest in our history and we will continue to promote from within wherever possible.

Driving change throughout our business has not only been about putting the right people in the right positions. We are also transforming the way we conduct our



business. After extensive independent and internal research, we have put a global performance-based transformation programme into action, which we have called the 'DD Way'. It is an all-embracing initiative driven from Board level by dedicated staff.

The 'DD Way' focuses on boosting Group turnover and margins and enhancing the value of our proprietary technology and brands. At its heart is a stringent focus on improving people management and strengthening our client relationships. In all cases, these changes are guided by global best practice.

The 'DD Way' is now being implemented throughout the Group. We are rolling it out through a process of working sessions with all employees. We have strengthened our human resources processes to ensure this programme is closely linked to the incentivisation and measurement of our people. All staff are accountable to ensure these substantial changes translate into sustainable financial deliverables.

Focused for the future

We have established a Group with a global reach that spans more than 30 countries on five continents. We have experienced teams across this footprint and can cross-utilise skills from different regions to offer the most efficient and cost-effective solutions to our clients.

By reconfiguring our management structure, and with the focused approach that is brought to bear by the 'DD Way',

we now have the dedicated resources to accelerate the rollout of proprietary solutions and services to our global client base.

These solutions centre on addressing those areas in a client's IT infrastructure where there is greatest duplication and inefficiency, thereby creating the opportunity for significant and immediate return on investment. Our 'go-to-market' focus areas include security, IP convergence, customer interactive solutions (CIS), and service provider solutions (SPS). Research indicates that solutions in these areas are in high demand and represent above-average growth opportunities over the medium term. Offering value-added solutions in these areas should generate significant annuity income.

Multi-sourcing is a means for us to capitalise on world-class teams and solutions IP in low-cost geographies to win and deliver business in regions where we either lack delivery capability or can benefit from the cost differential. Initially we will be focusing on leveraging experience from South Africa, Australia and India where we have a proven track record in delivering complex Application Network solutions into other regions.

With the growing convergence between devices, software applications and protocols, it is essential to have a broad knowledge and skills base. This flexibility and focus on multi-sourcing solutions has positioned us strongly.

In the period under review, we managed to secure several high-profile contracts. The

growth in our international client base supports an increasing realisation amongst our customers that an IT partner offering global solutions provides the opportunity for maximum return on investment.

It was announced on 5 November 2002 that, subject to shareholder approval at an Extraordinary General Meeting on 13 December 2002, the Group would issue a US\$100 million convertible bond to VenFin Ltd (or its nominee). This will allow greater flexibility in the management of cash resources post the redemption of the existing convertible debenture.

We continue to be challenged by difficult market conditions, but we believe the management changes, cost containments and the focus on delivery through the 'DD Way' have placed us in the strongest possible position to meet these challenges.

Thank you

I would like to thank the management of Dimension Data for their contribution to the restructuring of this business for the future. A special thank you to Dirk Ackerman, who has resigned as an executive director of the Board to pursue an alternative career. Dirk will continue to consult to the Group and remains as non-executive chairman of The Merchants Group.

Richard Came, Ronald Cattell, Peter Hird, Etienne Reinecke, Donovan Smyth, Robert Taylor and Bruce Watson have also resigned from the Board to join the newly formed Executive Committee. We thank them for their contribution as Board members and I look forward to their continued input. I welcome all the new team members who will work with our new

Chief Operating Officer, Brett Dawson, and the Executive Committee to execute Group strategy. A special welcome to Adam Craker who will work closely with Brett as the Group Sales Director and Denis Hocking, the CEO Global Services, who will focus on growing and delivering world-class services for the Group.

Raul Fernandez and Peter Harrison have also resigned from the Board but will remain on the US and European regional boards, respectively.

I am very pleased to welcome Moss Ngoasheng as a new non-executive director to our Board. Moss will no doubt add tremendous value and play an important role in advising on our black empowerment initiatives, which we see as crucial to our future success.

Gordon Waddell has been appointed as senior non-executive director. Gordon has been invaluable to us in the past and we look forward to continuing to tap his extensive knowledge.

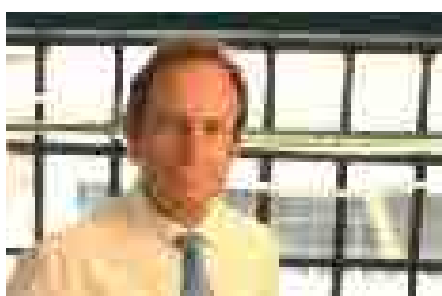
To our clients, thank you for your continued support.

And lastly, to the entire Dimension Data team, it has not been an easy time and I want to thank each and every person for their contribution. The substantial change completed this year could not have been successfully effected without the dedication and passion of all.

Jeremy Ord
Executive Chairman

board of directors and executives

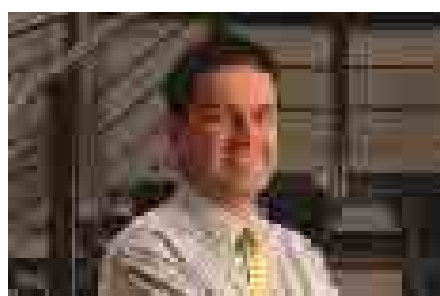
Directors



Jeremy John Ord (45)

Executive Chairman

▲ Jeremy Ord was appointed Chairman of Dimension Data Holdings in 1987. He previously served as the Group's Managing Director and in other senior positions since the Group's 1983 inception. He has been largely responsible for Dimension Data's growth strategy. Mr Ord is a Council member and member of the Board of Governors of the South Africa Foundation. He is also a member of the Board of Governors of the University of the Witwatersrand Foundation. He is a non-executive director of Datacraft Asia.



Malcolm Thomas Rutherford (41)

Chief Financial Officer

▲ Malcolm Rutherford was appointed to the Board of Dimension Data Holdings in 1994, as Financial Director, after joining the Group in 1991. He was previously with Deloitte & Touche in their Johannesburg and London offices. He then joined UAL Merchant Bank in South Africa, in their corporate finance and investment divisions, before moving to Dimension Data. He is a non-executive director of Coronation Holdings Limited.

Stephen Michael Joubert (44)

Director: Strategy Execution

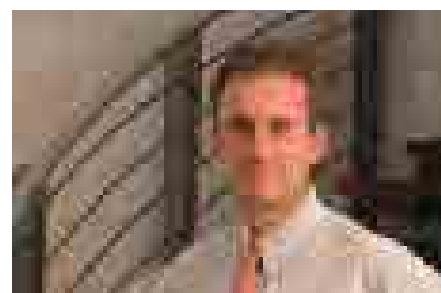
▲ Stephen Joubert was appointed to the Board of Dimension Data Holdings in 1998. He joined the Group in 1996 as Group Financial Director in Network Services. Before that, he was a partner at PricewaterhouseCoopers for a number of years. He has been closely involved in the financial and operational aspects of the Group, and will be responsible for the execution of the Group's strategy.



Patrick Keith Quarmby (48)

Director: Corporate Finance

▲ Patrick Quarmby was appointed to the Board of Dimension Data Holdings in 1996. He worked as a tax partner at Ernst & Young South Africa and was a director of Standard Bank in London. He was appointed as Chairman of Datacraft Asia in July 2002. He is a non-executive director of Unitrans Limited.



Non-Executive Directors

David Andrew Frankel (31)

▲ David Frankel was appointed to the Board of Dimension Data Holdings in 1998 as an executive director and became a non-executive director in 2000. He was previously Managing Director of The Internet Solution. In 1999 he was voted South African Technology Achiever of the Century by Financial Mail. He was the co-founder and Chairman of HealthBridge until 2001. He is a trustee of Foundation 2000, a trust fund established for welfare and education in South Africa.

Robert Cecil Mansfield, AO (51)

▲ Robert Mansfield was appointed to the Board of Dimension Data Holdings in 2000. He was formerly Chief Executive Officer of Optus Communications Pty Ltd, and has been non-executive Chairman of Telstra Corporation Ltd since January 2000. In January 2000 he was awarded the Order of Australia (AO) medal for his contribution to Australian business and to the telecommunications industry. He also serves as a non-executive on the board of the Group's Asian subsidiary, Datacraft Asia. He is a member of the Audit and Nomination Committees and was appointed as a member of the Remuneration Committee with effect 1 October 2002.

Moses Modidima (Moss) Ngoasheng (45)

▲ Moss Ngoasheng was appointed to the Board in October 2002. He also serves as a non-executive director on the Board of Dimension Data (South Africa). He is Executive Chairman of investment company Safika Holdings (Pty) Ltd, and was previously economic advisor to South African President Thabo Mbeki. He also serves as a non-executive director of The Industrial Development Corporation, Micromega Holdings Limited and New Africa Capital Limited.

Roderick (Rory) Michael Scott (43)

▲ Rory Scott was appointed to the Board of Dimension Data Holdings in 1987 and he has served as a non-executive director on the Board since 1991. He is presently Managing Director of the Scottish Knitwear Group SA (Pty) Ltd and is Chairman of The Scientific Group. He serves as chairman of the Audit and Remuneration Committees.

Gordon Herbert Waddell (65)

▲ Gordon Waddell was appointed to the Board of Dimension Data Holdings in 2000. Mr Waddell is the Chairman of Mersey Docks and Harbour Company. He serves as a non-executive director on the Group's regional board for Europe and the United Kingdom. He was appointed senior non-executive director and chairman of the Nomination Committee in September 2002 and is a member of the Audit Committee.

Peter Dorian Wharton-Hood (63)

▲ Dorian Wharton-Hood was appointed to the Board of Dimension Data Holdings in 1998. He was Vice-Chairman of Liberty Life for eight years. He was Chairman of the Life Office's Association of SA on three occasions and President of the Insurance Institute of SA. He was also a member of the Council of the SA Foundation and a director of Business Against Crime. In 1998 he was chairman of the Governing Body of Business SA and he is now a Trustee. He is a member of the Remuneration and Nomination Committees. He also sits on the Treasury Committee.

Executive Committee

► The Executive Committee was formed on 1 October 2002. The Executive Committee is responsible for the operational running of the business and assisting in the formulation and execution of the Group's strategy. The Committee consists of the Executive Directors and the following members:

► Group Operations

Brett Dawson	<i>Group Chief Operating Officer</i>
Adam Craker	<i>Group Sales Director</i>
Russell Bolan	<i>CEO UK</i>
Bob Cagnazzi	<i>CEO USA</i>
Ron Cattell	<i>CEO Asia</i>
Allan Cawood	<i>CEO Africa</i>
Steve Nola	<i>CEO Australia</i>
Donovan Smyth	<i>CEO Europe</i>
Martin Chilcott	<i>Group Marketing Director</i>
Scott Gibson	<i>CFO Operations</i>
Allan Burgess	<i>Chief Information Officer</i>
Marilyn Chaplin	<i>Group Human Resources Director</i>

► Solutions

Peter Hird	<i>CEO Security Solutions</i>
Bruce Watson	<i>CEO IP Telephony</i>
Robert Taylor	<i>CEO Offshore Resourcing</i>
Mahmud	
Noormohamed	<i>CEO Service Provider Solutions</i>
Adam Craker	<i>CEO Customer Interactive Solutions</i>

► Solutions Development

Richard Came	<i>CEO Group Solutions Development</i>
Ettienne Reinecke	<i>Chief Technology Officer</i>

► Services

Denis Hocking	<i>CEO Global Solutions</i>
Pascal Desaint	<i>Managing Director Sales – Global Services</i>

“Over the past few years
Dimension Data has
embarked on a strategy
to transform the Group
into a services and
solutions operation
targeting higher-margin,
faster-growing sectors”

operational review

Regional Review

Overview of trading conditions

In a period of deteriorating global economic conditions and increasing uncertainties, trading in all Dimension Data's regions remained extremely challenging. Constrained IT budgets, declining volumes, smaller deal sizes, lengthening lead times and postponement of significant spending decisions were all features of the period. Across the board, customers were cautious about committing to new IT infrastructure spend. They remained focused on extracting returns on their IT investments, reducing the operational costs of existing infrastructure and were more inclined to invest in services and solutions.

Group revenue declined by 12% over the period, but some stabilisation returned in the second half of the year when revenues were only marginally down on the first half.

Gross margins came under severe pressure over the year. Lower volumes, fewer large opportunities and the fiercely competitive trading environment resulted in pressure on technology pricing and billing rates, particularly in the second half of the year. This was exacerbated by low utilisation levels and excess overheads relative to the reduced level of activity. The Group-wide rationalisations largely in the second half of the year in response to the deteriorating market conditions were costly and further disrupted trading in some regions.



Africa		
\$'000	FY2002	FY2001
Turnover	292,866	426,790
Operating profit before goodwill amortisation and exceptional items	20,027	65,630
Operating margin	6.8%	15.4%
Net operating assets	78,617	352,256

Dimension Data remained the overall leader in the South African IT services market, maintaining market share in the network infrastructure and integration business. Over the year the Rand declined by 22% against the US dollar, which contributed to the 31% decline in reported dollar revenues compared to a Rand revenue decline of only 12%.

Management changes, cost reductions and rationalisations were implemented, largely in the second half of the year. Costs came down by 23% relative to budgeted costs at the beginning of the year, following retrenchments, cost cuts and a major rationalisation and consolidation of our lease exposures. Headcount was reduced by 17%.

Gross margins have declined over the second half of the year due to increased capacity in Internet Solutions, which accounted for a 2% drop in operating margin. As capacity is utilised in 2003 margins will again improve.

The African business is entering 2003 with a more focused and streamlined operation, a more efficient cost structure and upgraded management systems. The lines of business have been reduced from 13 to eight. Employee incentive structures have been realigned to ensure greater cross-pollination and a single services organisation has been established to drive improved service and utilisation levels. Sales force effectiveness, key account management and bid management are other areas that received additional investment and focus.

Black economic empowerment is becoming increasingly important when competing for new customers. Management has been proactive in implementing a black empowerment charter and setting targets to ensure that it is realised. These include new appointments, partnerships, supplier relationships, internal training and leadership initiatives aimed at creating representation across all staffing levels.

The Corporate Social Responsibility Report contains details of our black empowerment initiatives.

The top customer wins during the year included:

- ▲ MTN, a three year, US\$9.5 million, core network upgrade to enable convergence of voice and data. The project will offer a Primer service. MTN is an existing customer.
- ▲ Parmalat SA, a five year, US\$5.7 million, upgrade and outsource contract. Parmalat is an existing customer.
- ▲ Santam, a three year, US\$4.7 million, network management contract. Santam is an existing customer.
- ▲ University of Pretoria, a two year, US\$2.0 million, network infrastructure, Primer and Uptime contract. University of Pretoria is a new customer.
- ▲ SA Petroleum Refineries (SAPREF – jointly owned by Shell and BP), a US\$1.0 million, contract streamlining their business processes and accelerating productivity. SAPREF is an existing customer.

Asia		
\$'000	FY2002	FY2001
Turnover	404,908	546,195
Operating profit before goodwill amortisation and exceptional items	16,961	47,221
Operating margin	4.2%	8.6%
Net operating assets	283,150	584,381

Datacraft changed its year end from 30 June to 30 September to bring it in line with Dimension Data's year end. Datacraft's reported numbers (reported under a separate announcement) reflect the 15 month period to 30 September 2002 whilst the commentary below and all numbers in this document refer to the 12 months to 30 September 2002.

Although revenue in the Asian region declined by 26% year on year, some stability returned in the second half when the sequential decrease on the first half was only 8%. Declining IT spend from Enterprise and Telco customers was buffered by pockets of good demand for IP infrastructure and iBOSS solutions and demand for services held up better than infrastructure demand. Whilst performances differed widely across regions, Datacraft maintained or grew market share in all areas with the exception of China, where revenues declined by 53%.

In response to the turbulent market conditions and a reduction in business volumes, the company reduced fixed overheads by implementing a company-wide restructuring programme. Restructurings undertaken during the year reduced overheads by 19% and headcount was cut by 21%.

Datacraft continued to focus on streamlining its operations, its balance sheet and cash flows. Following a US\$17.9 million increase in the provision for bad debts mainly in China, financial controls have been strengthened and new financial management appointments have been made.

A number of operations have been merged to improve efficiencies, including Datacraft New Zealand and NCS, Datacraft Korea and Dasan, Datacraft Singapore and Multisoft, and Datacraft China and DNI.

Datacraft has strengthened its focus on services by appointing separate heads for professional and operational services. The business will also be targeting more global and multinational accounts and has introduced new business lines and solutions sets in the areas of enterprise storage, call centre integration, IP convergence and managed security. A key focus in 2003 will be on strengthening cash flows and the balance sheet, improving profitability ratios and returning China to profitability.

The top customer wins during the year included:

- ▲ State Bank of India, a one year, US\$18.0 million, project to build and manage India's largest banking backbone network including a three year Uptime and Insite contract. State Bank of India is a new customer.
- ▲ PT Telkom Indonesia, a seven month, US\$12.0 million project to build Indonesia's largest high speed IP backbone. PT Telkom is an existing customer.
- ▲ TA Orange Thailand, a one year, US\$5.6 million contract to set up and manage a countrywide network that interconnects more than 120 sites throughout Thailand. TA Orange is an existing customer.
- ▲ Hanoi Post and Telecommunications (HNPT), a six month, US\$2.6 million contract to provide Vietnam's second largest telecommunications carrier with the infrastructure to transform itself from a local loop operator into a full-spectrum fixed-network service provider offering the latest IP-based services. HNPT is a new customer.
- ▲ Hanaro Telecom, a three year, US\$2.3 million outsourcing contract which will see Datacraft Asia provide Uptime support and maintenance for the company's networks in Korea. Hanaro Telecom is an existing customer.

Australia

\$'000	FY2002	FY2001
Turnover	364,609	406,857
Operating profit before goodwill amortisation and exceptional items	10,188	16,596
Operating margin	2.8%	4.1%
Net operating assets	104,505	253,920

Depressed demand resulted in revenues in the Australian business declining by 10% on 2001. However, following a sharp decline in the first half of the year, revenues rebounded strongly in the second half, increasing sequentially by 33%. Demand for services that optimise existing IT investment drove increased customer interest in operational services and growth in areas such as customer interactive solutions and service provider solutions (iBOSS). The distribution business, Express Data gained market share in major product lines and the network infrastructure and integration business maintained its market leadership position.

Profitability was impacted by a relatively higher contribution from Express Data, which is a lower margin business. In reaction to lower utilisation levels and margin pressures, headcount was cut by 18% over the year, unprofitable businesses were exited and lease overheads significantly reduced. This resulted in cost reductions of 12% relative to budgeted costs at the beginning of 2002.

The 'DD Way' framework and the Group's refined Application Network strategy have given the Australian business a clearer focus and increased emphasis on selling Dimension Data packaged solutions and services. New initiatives during the year include the formation of a solutions sales team, the launch of new customer interactive (voice) and storage solutions as well as new operational services, such as Uptime for applications and new Surveyor offerings. Stricter margin governance processes, improvement of services margins through better utilisation and recovery rates and the outsourcing of logistics to Express Data are key objectives aimed at improving profitability in the new financial year.

The top customer wins during the year included:

- ▲ Victorian Department of Natural Resources and Energy, a three year, US\$6.0 million project lead in two major contracts, one is to provide directory and authentication services and the second contract is to build and maintain a new converged network to support voice, video and data. They are an existing customer.
- ▲ A leading Tier-One Telecommunications and Services Operator in the Asia-Pacific region, a nine month, US\$4.9 million project to implement an iBOSS solution. They are an existing customer.
- ▲ A Leading Financial Institution, a one year, US\$4.1 million, preferred supplier agreement for infrastructure technology supply and Insite, Uptime and operational services contract. They are an existing customer.
- ▲ Boral Limited, a three year, US\$1.8 million, renewal and upgrade to pre-existing Uptime and Insite contracts. Boral is an existing customer.
- ▲ Australian Centre for the Moving Image (ACMI), a three year, US\$0.8 million contract to design, supply and develop a new network server and storage architecture. ACMI is a new customer.

Continental Europe		
\$'000	FY2002	FY2001
Turnover	360,774	360,339
Operating profit before goodwill amortisation and exceptional items	18,691	24,957
Operating margin	5.2%	6.9%
Net operating assets	162,112	859,067

After a strong revenue growth and profit performance in the first half of the year, a general deterioration in economic conditions led to a slowing in revenue growth in the second half. Revenues were flat on 2001 but in the second half, revenues declined sequentially by 9%. In response to the difficult trading environment, the European business protected market share by focusing on the retention of core customers and gaining a greater share of their IT spend.

Pockets of good demand were encountered in value-added areas such as IP convergence, VoIP and security solutions. Benelux and Switzerland benefited from strong respective market positions in the customer interactive and security solutions. Germany showed good progress in the areas of security and operational services.

To offset declining margins, a large scale re-engineering of the business was embarked upon in the second half of the year. Significant rationalisations took place largely in Germany, France and the Netherlands, with overall costs down by 9% over the year relative to budget.

The rightsizing of the businesses has resulted in more focused and efficient operations going into 2003. Key initiatives for the new financial year include building solutions synergistically across Europe in the areas of security, IP convergence and contact centre integration. Focus is also being given to improving sales management and productivity as well as the quality of the core business by increasing services sales and annuity income streams. Other objectives are to grow market share in Germany and achieve critical mass in Italy and Spain.

The top customer wins during the year included:

- ▲ Essent Kabelcom, a multi year, US\$8.0 million, infrastructure technology supply and services contract. Essent Kabelcom is an existing customer.
- ▲ SOGEI, Società Generale d'Informatica SpA, a three year, US\$3.9 million project to build a complex environment based on infrastructural technology. Sogei is an existing customer.
- ▲ Interoute, a multi year, US\$3.1 million contract to provide services to the owner and operator of Europe's largest, most densely connected and advanced intelligent IP network. Interoute is an existing customer.
- ▲ R+V Insurance Company, a multi year, US\$2.0 million contract to provide an IT infrastructure which incorporates the flexibility to introduce new technologies such as VoIP and is supported by Uptime services. R+V is a new customer.
- ▲ Holcim (Schweiz) AG, a multi year, US\$1.0 million IP telephony installation (including Primer and Uptime Services). Holcim is an existing customer.

United Kingdom		
\$'000	FY2002	FY2001
Turnover	193,652	243,575
Operating profit before goodwill amortisation and exceptional items	8,644	26,248
Operating margin	4.5%	10.8%
Net operating assets	111,291	970,644

The revenue decline of 20% in the UK was driven by the business' focus on the financial and media sectors where there was a sharp drop-off in IT spend.

Despite a depressed demand environment, good revenue performances were seen in the security, enterprise solutions, service provider solutions and operational services areas of the business. The network infrastructure and integration business suffered due to a drop in demand for infrastructure upgrades and the application business also suffered in highly competitive market conditions. The Merchants Group moved back into profitability in the second half of the year following rationalisations in H1 2002 and improved utilisation levels following new contract wins.

A comprehensive rationalisation programme was undertaken in the second half of the year to address the deterioration in performance. This involved senior management changes, overhead cuts and retrenchments, as well as measures to improve sales productivity and vendor and partner relationships. The business focus has been improved through cutting the number of business lines from 13 to five.

Increasing customer demand for a full solutions offering, combined with the competitive environment, has led us to hone our offering to a more focused value proposition particularly in the areas of customer interactive solutions, IP convergence, security, service provider solutions and operational services.

A number of new managers and skills have been recruited to enhance our ability to sell services and solutions and to focus on growing our annuity income streams. Despite uncertainty surrounding the economic outlook in 2003, we are optimistic about achieving improved profitability due to new management, better skills, a simplified business model and more efficient cost structure.

The top customer wins during the year included:

- ▲ HSBC, a three year, multi million dollar contract to provide global procurement and services for IP networking technology. HSBC is an existing customer.
- ▲ Shimizu, an 18 month, US\$17.0 million contract to design and implement the electric cabling infrastructure to a new mixed commercial and residential development in London. Shimizu is a new customer.
- ▲ Paddington West Key End Development, a three year, US\$11.0 million contract to supply power and telecommunications infrastructure to 470 residential and 13 retail spaces. They are an existing customer.
- ▲ Powergen, a three year, US\$4.7 million contract to provide Uptime and Insite services. Powergen is an existing customer.
- ▲ Leading Global Life Sciences Company, a three year, US\$4.7 million contract to provide technology, Uptime and Insite services. They are an existing customer.

USA		
\$'000	FY2002	FY2001
Turnover	503,753	407,893
Operating (loss)/profit before goodwill amortisation and exceptional items	(9,021)	12,187
Operating margin	(1.8)%	3.0%
Net operating assets	120,309	659,450

In the US, revenue growth was achieved in the network infrastructure and integration business. In addition, whilst the operational services business performed well, the overall contribution from services fell short of target. Following a decline in demand in a highly competitive market, revenue in the application business decreased. Revenue growth in the network business was partially driven by a number of strategic, low-margin technology transactions, which are expected to translate into services business going forward.

Performances varied across regions. New York achieved strong revenue growth and increased market share. The South East also delivered a relatively strong performance benefiting from a niched service offering. Washington suffered due to poor demand conditions and Boston, which was loss-making, has been consolidated into the New York business, and now operates as a sales office with delivery out of New York.

The applications business was rationalised throughout the year. Steps taken to return the business to profitability include high-level management changes, large-scale retrenchments (42% over the year) to drive improved utilisation levels, and rationalisation of lease expenses. Scope remains to reduce costs further in 2003.

Focus in 2003 will be on aggressively driving a higher contribution from services particularly in the areas of security, enterprise solutions, IP convergence and operational services. In addition, margin improvement will be targeted by avoiding low margin technology sales. Through Dimension Data's service and solution capabilities, it is well positioned to benefit from further consolidation in the US integrator market. Improved competitiveness and profitability will be aided by the use of lower cost offshore delivery capabilities in India and South Africa.

The top customer wins during the year included:

- ▲ Mazda North American Operations, a two year, US\$11+ million contract for the revitalisation of Mazda's on-line applications and services. Mazda is an existing customer.
- ▲ A large Global Pharmaceutical Company, a three year, US\$9.0 million technology supply, services and consulting contract. This client is a new customer.
- ▲ Volkswagen of America, a three year, US\$6.3 million contract to provide account support, application development and application maintenance of the English and French versions of VW.com. VW is a new customer.
- ▲ Ocwen Financial Corporation, a two year, US\$5.2 million contract to help migrate its existing call centre operations to an infrastructure technology IP based contact centre solution. Ocwen is a new customer.
- ▲ Goodrich, a two year, US\$1.0 million Operational Services engagement including Insite and Uptime for the company's global WAN. Goodrich is a new customer.

Outlook

Significant resources and time have been invested over the past year in improving the Group's competitive positioning, focus and delivery capabilities. A new management structure is in place and additional high-level skills have been recruited to supplement the existing management team. Increased focus has been given to solutions areas, security, customer interactive solutions, service provider solutions and IP convergence. New operational services have been launched and global sales and delivery capabilities have been significantly enhanced.

In addition, incentivisation schemes have been adapted to drive revenue growth in services and solutions sales and improve gross margins. The 'DD Way' is impacting positively on a number of areas of our business, including staff morale, incentivisation and measurement, customer interaction and focus as well as supplier relationships.

In a challenging demand environment with limited visibility, the focus going into 2003 is on improving the sales mix and profitability rather than aggressively growing turnover. We will continue to strengthen our position in and protect the contribution from our core enterprise infrastructure offerings where we will focus on efficiencies and on being more selective in terms of the margins at which business is accepted. At the same time, with an increasingly value-add led sales approach, we will be targeting a greater contribution from higher margin solutions. We have seen some stability in the pricing environment and expect gross margins in 2003 to be broadly the same as the second half 2002 levels. Following the restructurings we expect operating costs of approximately US\$410 million in 2003. Change is being driven by new skills, training, improved support structures and revised incentivisation schemes. We are confident of growing demand amongst existing customers and winning new customers with a differentiated and clearly defined offering of Application Network Solutions and GSOA services.

Protocol Business Development Fund

Protocol Venture Capital is Dimension Data's Business Development Fund. Protocol's objective is to establish strategic joint ventures that enhance relationships with suppliers and clients and foster new entrepreneurial businesses that complement the Group's existing business.

During the current financial year Protocol made four new investments and disposed of one, bringing its total investments at year end to 20.

Protocol's portfolio has not been immune to the distressed state of the information technology sector, the significant reduction in valuations across the board and the scarcity of third-party investment funds that might have allowed Protocol the opportunity to both grow and/or partially exit certain of its investments. Protocol's investments are valued annually based on each investment's financial outlook and prevailing market valuations. This resulted in provisions totalling US\$12.6 million being raised against a number of the investments. At 30 September 2002 the carrying value of Protocol's portfolio was US\$17.7 million compared to US\$19 million at the end of 2001.

financial review

Dimension Data is listed on the London Stock Exchange and the JSE Securities Exchange and is required to comply with UK reporting and corporate governance requirements.

The accounting policies used in the preparation of the September 2002 financial statements are consistent with those applied in the previous year, except for deferred taxation, which is now stated on a full liability basis in accordance with FRS 19 and comparative financial information has been restated as necessary.

Group Operating Performance

Turnover

In an environment of difficult trading conditions and continued economic decline, total turnover declined by 11.1% from US\$2,460 million to US\$2,187 million. This decline in turnover has masked the success that the Group has achieved in implementing its strategy of moving towards more services and solutions based turnover. Annuity revenue (defined as all revenue of a contract nature where the contract extends beyond a year or, as in the case of recurring annual maintenance revenue, revenue that has a high statistical likelihood of recurring) has grown as a percentage of total revenue in each region. Annuity revenue now represents 25.8% of Group revenues (2001: 21.2%). Other services, such as professional and application services, increase the value-add component of Group offerings to 39.9% (2001: 36.7%) of Group revenue.

The balance of revenue is made up of the sale of network infrastructure and directly related services which still represents the largest element of Group turnover, particularly in the USA and Europe. This particular aspect of the business has encountered the greatest pressure on margins as channels to market have commoditised and integrators have cut both their infrastructure and services margins in order to retain and win business.

The Group's acquisition strategy, which has successfully established its global footprint and a reasonably even spread of revenue from the six regions in which it operates, is largely complete. The increased contribution of the USA from 17% to 24% reflects the impact of the acquisitions of Proxicom, Premier and Matrix made during the 2001 financial year, which have now been included for the full period. More than 50% of the Group's turnover now comes from 'developed' markets and the geographic diversification provides some insurance against cyclical, regional and seasonal fluctuations.

Although South Africa continues to be an important contributor to the Group, the current year's contribution has been severely impacted by the weakness of the rand relative to the US dollar. The dollar strengthened by 22% relative to the rand and South Africa's contribution to total turnover has declined from 18% in 2001 to 14% in 2002 as a result.



Gross margin

A headline review of gross margin belies the performance of the Group and the vast strides that have been made in the implementation of Group strategy. The gross margin for 2002 is 21.5% (2001: 23.4%). In the six months ended 30 September 2001, gross margin was 22.6%. It declined in the six months ended 31 March 2002 to 22.4% and declined further in the six month period to 30 September 2002 to 20.7%.

Whilst market conditions did play a role in the decline as explained later, the primary reason for the trend is due to a change in the regional mix and revenue type.

The more a region has diversified its offerings away from network infrastructure and integration to higher value-added services, the better its gross margin is likely to be. The skills required to deliver network infrastructure and integration can, by and large, be extended to the managed services and outsourcing environments where the value-add to the customer is greater and gross margins are better. Since the revenue contributions of the regions vary, the higher the relative increase in contribution from lower margin regions, the less likely it is that overall Group margins will improve.

Overheads

Fixed overheads for the year were US\$416 million compared to a 2001 annualised fourth quarter actual of US\$530 million and budgeted costs of US\$465 million going into 2002.

Approximately US\$25 million 'investment' in new lines of business and business solutions, building up global systems and capabilities and the 'DD Way' has been expensed in 2002. This represents expenditures which have had no recognisable revenue benefit in the year under review but which are likely to generate revenues in future periods. A similar amount is expected to be invested in the new financial year.

Taxation

Whilst the Group reported an overall loss before adding back goodwill amortisation and impairment and exceptional items, certain territories in which the Group operates reported profits. As a consequence the Group has recorded an overall tax charge.

The Group has significant deferred tax assets, the majority of which are not recognised within the Group financial statements on the basis that their recoverability cannot be forecast with sufficient certainty to meet the recognition criteria under FRS 19. However, the Group has recognised deferred tax assets with respect to tax losses on short term timing differences where the Group considers that it is more likely than not that these assets can be recovered within the foreseeable future. As at 30 September 2002 the net deferred tax asset was US\$18.9 million (2001: US\$4.4 million). The year ended 30 September 2002 is the first full year for which the new accounting standard for deferred tax has been adopted. The impact thereof is detailed in Note 1 to the annual financial statements.

Goodwill and provisions

Goodwill is amortised over a maximum period of seven years. In accordance with FRS 11, the Group updated its impairment tests performed at 30 September 2001 and 31 March 2002 which resulted in an impairment to the carrying value of goodwill by an amount of US\$1.8 billion.

Worldwide African Investment Holdings (Pty) Ltd exercised their put option, in respect of Plessey, against Dimension Data on 4 October 2002 and provision has been made for valuation losses incurred in this transaction.

Operating exceptional items

As a result of the further rightsizing exercise embarked upon by the Group, we have incurred significant severance and associated costs amounting to US\$30.4 million.

In the prior year, the Directors considered it prudent to record a provision of US\$8 million against long outstanding and doubtful debtors in its China subsidiary. After finalisation of the review early in the current period, it was decided to increase this by US\$15 million to US\$23 million and to reflect this as an operating exceptional item. This provision was later increased by a further US\$2.9 million to reflect uncertainty over the collectability of certain amounts due by Worldcom.

Liquidity and Capital Resources

Debtors have been well controlled during the year and reduced from US\$711 million to US\$565 million. Measured in days sales outstanding, debtors have decreased from 68 days at 30 September 2001 to 59 days at 30 September 2002. Africa at 31 days sales outstanding (2001: 49) and USA at 46 days (2001: 72) were the main contributors to the favourable decline.

Stock has also been well controlled and has decreased slightly to US\$99 million (2001: US\$101 million). This decrease is net of an investment of US\$6 million in maintenance stocks to support the increased activity around the operational services, Uptime and Insite.

A decrease in trade creditors days outstanding from 79 in 2001 to 54 in 2002, reflects current market conditions and the pressures that technology vendors are

placing on their channel partners. We do not anticipate that suppliers will decrease terms further and expect creditors can be maintained at existing levels.

The Group had US\$894 million in cash at the beginning of the year. The largest outflows during the year related to the US\$234 million repayment of loan notes outstanding for the acquisition of the remaining interests in Dimension Data Network Services Ltd (formerly Chernikeeff Networks Ltd) in 2000 and a further net US\$174 million of acquisitions and disposals which included settlement of certain deferred consideration liabilities.

Operational cash flow was negatively impacted by a 'once-off' cash outflow of some US\$74 million which was used to settle lease liabilities for excess space requirements which the Group acquired with the acquisition of Proxicom Inc in 2001. Notwithstanding this outflow, the Group generated cash from operations of US\$29 million during the year.

At the year end the Group had cash reserves of US\$373 million. Against this the Group had liabilities of US\$103 million (including accrued interest) for the convertible debentures redeemable in December 2002, US\$42 million for deferred consideration liabilities and US\$28 million for a put option that existed over the shares in Plessey (Pty) Ltd. Accordingly, the free cash position of the Group at 30 September 2002 was US\$200 million. There was also US\$43 million of near cash and near cash investments on the balance sheet at 30 September 2002 (2001: US\$26 million) which has been excluded from the calculation of free cash.

The Group has sufficient cash resources to meet its existing commitments. However, taking into account seasonal cash requirements and restrictions on cash in South Africa and Asia, as well as

uncertain market conditions and a lack of operating visibility in key geographic markets, the Board believes that it is prudent to take advantage of the current low interest rate environment to secure funding of ongoing operations. To ensure that the Group has sufficient resources to withstand the continuing uncertainty in the market, while at the same time introducing enhanced financial flexibility, the Board intends, subject to shareholder approval, to issue a new convertible bond of US\$100 million. Details of the bond are included in a circular which was mailed to shareholders on 20 November 2002.

Capital reduction

The balance sheet of the Company reflects share premium of US\$4.8 billion and a profit and loss deficit of US\$4.3 billion. Under these circumstances the Board is unable to declare dividends to shareholders and wishes to position the Company to be able to pay dividends to shareholders in the future. Accordingly, a decision has been taken to appeal to the Courts to reduce the share premium account to eliminate the profit and loss account deficit. Such a transaction requires shareholders' approval, which will be requested at the forthcoming Annual General Meeting.

Interest Rate Risk

As the Group is in a net cash positive position, it is exposed to the effects of fluctuating deposit interest rates. Whilst it

is corporate policy to remain as liquid as possible to take advantage of acquisition opportunities, certain funds have been invested in short term deposits to minimise the effects of fluctuating interest rates and achieve a satisfactory return for shareholders.

Currency Risk

The Group has operations in over 30 countries and receives revenues and incurs costs in numerous currencies. As a consequence, movements in exchange rates, particularly in the US dollar/South African rand exchange rate affect the Group's results. When Dimension Data invoices in local currency, and has a foreign currency exposure to suppliers, it generally uses forward foreign exchange contracts to hedge its foreign exchange risk or adjusts the prices charged to clients to take account of exchange rate fluctuations. In addition, many of the selling prices of the products supplied by the Group are linked to the US dollar, and the purchase of these products is often paid for in US dollars. The Group also incurs operating expenses in numerous other currencies, the most significant of which are the South African rand, the Australian dollar, the Singapore dollar, sterling and the Euro.

The following table reflects the average and year end exchange rates against the US dollar of SA rand, the Australian dollar, sterling and Euro:

Global Risk

The Group operates in over 30 countries around the globe and is therefore susceptible to different political, financial and economic risks in each region. Business practices differ from region to region and this is most evident in the payment of debt.

Operating globally may have increased the exposure to political instability and different business practices but we have taken steps to mitigate this risk and continue to monitor the regional performances.

Exchange Rates				
Currency	Year ended 30 September 2002		Year ended 30 September 2001	
	Average	Period end	Average	Period end
South African rand	10.606	10.560	8.226	8.995
Australian dollar	1.850	1.841	1.949	2.023
Sterling	0.664	0.641	0.692	0.681
Euro	1.059	1.019	1.122	1.094

segmental analysis and related information

	2002 \$'000	2002 \$'000	2002 \$'000	2001 \$'000	2001 \$'000	Restated 2001 \$'000
	Turnover	Operating profit/(loss)	Net operating assets	Turnover	Operating profit/(loss)	Net operating assets
By Location						
Continuing operations						
- Africa	292,866	20,027	78,617	426,790	65,630	352,256
- Asia	404,908	16,961	283,150	546,195	47,221	584,381
- Australia	364,609	10,188	104,505	406,857	16,596	253,920
- Continental Europe	360,774	18,691	162,112	360,339	24,957	859,067
- United Kingdom	193,652	8,644	111,291	243,575	26,248	970,644
- United States	503,753	(9,021)	120,309	407,893	12,187	659,450
- Other*	-	(24,528)	-	9,854	(16,869)	-
Group	2,120,562	40,962	859,984	2,401,503	175,970	3,679,718
Associates	66,769	4,464	-	58,755	4,889	-
Total	2,187,331	45,426	859,984	2,460,258	180,859	3,679,718

* Comprises Investment holding and management and Protocol. The net operating assets of Investment holding and management and Protocol have been included in the relevant geographical region.

Total operating profit is before goodwill amortisation, impairment and exceptional items.

Net operating assets are total net assets excluding debentures, loans and minority interests.

Net operating assets by location include the unamortised balance of goodwill.

	2002	2001
Average number of employees – by location		
- Africa	3,900	4,518
- Asia	1,668	1,750
- Australia	1,191	1,375
- Continental Europe	1,026	932
- United Kingdom	1,205	2,307
- United States	1,155	1,741
Total	10,145	12,623

Turnover by Solution Group (New Structure)

Year ended 30 September 2002

	Africa \$'000	Asia \$'000	Australia \$'000	Europe \$'000	UK \$'000	USA \$'000	Total \$'000
CIS	24,043	-	9,962	8,496	30,632	17,593	90,726
SPS	15,167	133,620	-	8,277	36,302	-	193,366
Network Solutions*	104,477	271,288	163,605	297,091	114,823	426,351	1,377,635
IPC	26,200	-	-	6,670	301	-	33,171
Security	-	-	-	27,998	3,646	-	31,644
Applications	55,330	-	-	4,376	3,531	55,564	118,801
Express Data	-	-	180,711	-	-	-	180,711
Other	67,649	-	10,331	7,866	4,417	4,245	94,508
Group	292,866	404,908	364,609	360,774	193,652	503,753	2,120,562

Year ended 30 September 2001 – Management Estimate

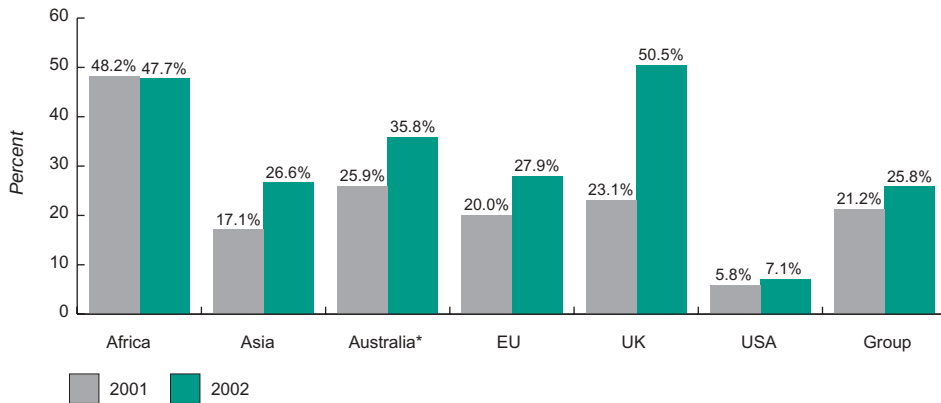
	Africa \$'000	Asia \$'000	Australia \$'000	Europe \$'000	UK \$'000	USA \$'000	Total \$'000
CIS	20,041	-	8,224	1,488	54,087	13,150	96,990
SPS	25,529	189,497	-	6,344	16,329	-	237,699
Network Solutions*	261,834	329,207	140,957	328,705	167,022	345,503	1,573,228
Security	9,869	672	-	12,210	447	129	23,327
Applications	58,645	14,617	24,229	2,160	5,357	46,794	151,802
Express Data	-	-	217,548	-	-	-	217,548
Other	50,872	12,202	15,899	9,432	333	2,317	91,055
Group	426,790	546,195	406,857	360,339	243,575	407,893	2,391,649**

* Includes Operational Services

** Excludes Investment holding and management and Protocol

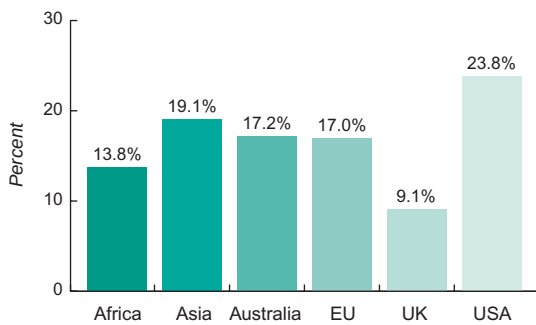
No operating profit has been disclosed on lines of business as the operations are managed regionally.

Annuity Revenue as a % of Group Revenue

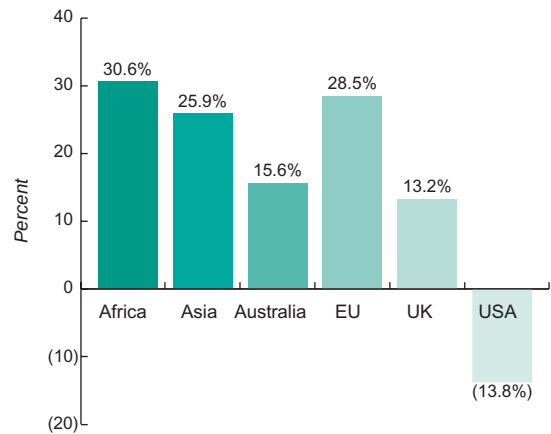


*excludes Express Data

Share of Turnover by Geography

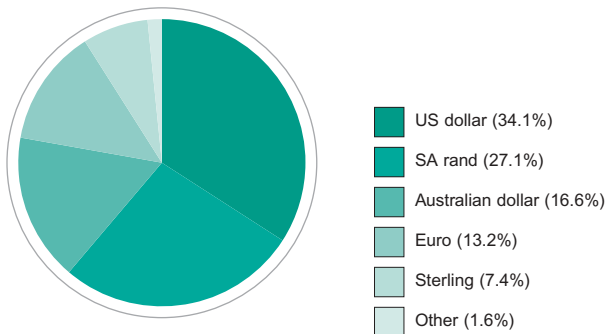


Share of Operating Profit by Geography*



*Operating profit before goodwill amortisation, impairment and exceptional items

Cash Holdings (including short term investments)



directors' report

The Directors of Dimension Data present their annual report and audited financial statements for the year ended 30 September 2002.

Principal Activities

Dimension Data Holdings plc and its subsidiaries are a global technology services Group. The Group has expertise in networking, application integration and global managed services, and provides and manages IT solutions for new architecture and enhanced infrastructures known as Application Networks. These solutions enable businesses to operate seamlessly and flexibly by connecting devices, information, applications, business processes, people and organisations.

The Directors' Report should be read in conjunction with the Chairman's Statement, the Operational Review and the Financial Review which provide information about the Group's businesses, their financial performance during the year, and likely future developments.

Results

For the year ended 30 September 2002, total turnover (including associates) was US\$2,187 million, compared with US\$2,460 million for the previous year, representing a decrease of 11%. Total operating profit before goodwill amortisation, impairment and exceptional items was US\$45 million compared with US\$181 million for the previous year. Basic earnings per share before goodwill amortisation, impairment and exceptional items amounted to 2.3 US cents (2001: 13.0 US cents).

Dividends

The Board has reviewed and maintains its policy that available cash generated by the Group will be utilised to consolidate the acquisitions made in the previous financial years and to implement the execution of its strategy following the completion of its global rollout. They accordingly do not expect to declare a dividend for the current financial period, but will continue to review this policy on an annual basis, or as necessary.

Dividends may only be declared out of distributable reserves.

Post Balance Sheet Events

The contingency regarding Worldwide African Investment Holdings (Pty) Ltd disclosed in the 2001 Annual Report has been settled post year end. Details thereof are set out in Note 33 to the annual financial statements.

On 5 November 2002 the Company announced a new convertible bond issue. Details thereof are disclosed in Note 33 to the annual financial statements.

Research and Development

The Global Strategic Development Group ('GSD'), created in 2001 and based in the USA and South Africa, has created, coordinated and project managed the development of repeatable solutions, which have become Dimension Data's primary offerings.

Each of the solutions developed incorporates a range of GSOA service offerings. Dimension Data has launched Lines of Business based upon the success of several of the developed Solutions.

A global knowledge collaboration platform has been developed to facilitate knowledge sharing between all regions and staff, enhancing their ability to compete and minimise duplication of effort.

Dimension Data has teamed with world-class technology and solution providers such as Cisco, EMC, HP, IBM and Microsoft to expand capabilities and harness their support of our Dimension Data branded solutions.

Acquisitions

Details of acquisitions completed during the year are given in Note 26 to the annual financial statements on page 83.

Directors

The current Directors are listed on pages 15 and 16. The following Directors resigned from the Board as of 1 October 2002: Dirk Ackerman, Richard Came, Ronald Cattell, Raul Fernandez, Peter Harrison, Peter Hird, Ettienne Reinecke, Donovan Smyth, Robert Taylor and Bruce Watson.

As detailed in the Chairman's Statement, from 1 October 2002, the Board consists of four executives and six non-executives, the executives being Jeremy Ord, Stephen Joubert, Patrick Quarmby and Malcolm Rutherford. David Frankel, Robert Mansfield, Rory Scott, Gordon Waddell and Dorian Wharton-Hood continue as non-executives, and an additional non-executive, Moss Ngoasheng, has been appointed to the Board.

At the forthcoming annual general meeting, Jeremy Ord, Malcolm Rutherford and Rory Scott retire by rotation and offer themselves for re-election in accordance with the Articles of Association. Dirk Ackerman, Richard Came, Ronald Cattell, Raul Fernandez, Peter Harrison, Peter Hird, Ettienne Reinecke, Donovan Smyth, Robert Taylor and Bruce Watson have retired from 1 October 2002 and will not be standing for re-election. The Company's Articles of Association provide that every director appointed to the Board during the year shall automatically retire and seek election at the next general meeting following appointment. Shareholders will be asked to elect Moss Ngoasheng as a non-executive director. Biographical details of the directors seeking re-election and election are set out on pages 15 and 16.

Directors' memberships of Board Committees are set out in the Corporate Governance Report. Details of Directors' service contracts and remuneration are set out in the Remuneration Report. Details of the Directors' interests in any Group Company can also be found in the Remuneration Report.

Corporate Governance

A report on Corporate Governance and compliance with the Combined Code is set out on pages 36 to 39.

Employee Involvement

The Dimension Data Group seeks to engage all employees in a shared commitment to the success of its business, and keeps them informed regarding the business environment and matters of concern to them. The Corporate Social Responsibility Report contains details of communication and consultation with employees.

Dimension Data operates a share option scheme and offers performance-related bonus payments in order to encourage the participation of employees in the success of the Group. Details of this scheme appear in the Remuneration Report and the number of outstanding options appear in Note 22 to the annual financial statements on pages 78 to 80.

The Group has a policy that all employees are entitled to equal opportunities within its companies globally. Disabled persons applying for employment are given fair consideration. Employees who become disabled whilst employed will be retrained wherever possible so that they can be retained within the Group.

Details of the average number of employees are contained in Note 6 to the annual financial statements on page 67.

Authorised Share Capital

The authorised share capital of the Company is made up of £50,000, divided into 50,000 deferred shares of £1 each, and US\$20 million divided into 2 billion ordinary shares of 1 US cent each.

The holders of the deferred shares have no right to receive notice of any general meeting of the Company, nor the right to attend, speak or vote at such general meeting. The deferred shares have no rights to dividends and on a return of assets in a winding up, entitle the holder to the repayment of the amounts paid on the deferred shares after repayment of the capital paid up on the ordinary shares plus the payment of US\$10 million per ordinary share.

Issued Share Capital

As at 30 September 2002 the Company's issued share capital was 50,000 deferred shares of £1 each and 1,299,477,238 ordinary shares of 1 US cent each.

Details of interests of 3% or more in the issued ordinary share capital of the Company are shown in Shareholder Information on page 55.

Reduction in Share Capital

The Company presently has an accumulated deficit on its profit and loss account. The Board believes that it is now appropriate to cancel this deficit in order to restructure the Company's balance sheet and to reflect more accurately the reality of the Company's financial and trading position. Accordingly, the Board proposes to seek shareholders' approval at the forthcoming Annual General Meeting to reduce the Company's share premium account by US\$4,334 million in order that it be applied in cancelling the accumulated deficit of US\$4,334 million on the Company's profit and loss account as at 30 September 2002. The reserve which will arise on the reduction taking effect will not be distributable.

Creditor Payment Policy

Dimension Data Holdings plc is a holding company and, as such, has no trade creditors at the year end. It is therefore not applicable to provide statistics for the

Company as required by the Companies Act. Group operating companies have no fixed payment policies but agree in advance the best possible terms with their suppliers and the Group is committed to honouring those terms.

Going Concern

After making due enquiry, the Directors consider that, as at the date of the approval of the financial statements, the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing their financial statements.

Corporate Responsibility

Dimension Data's position on the environment and on charitable donations is detailed in the Corporate Social Responsibility Report. No direct charitable donations were made to UK residents or charities. Donations to overseas charities are detailed in the Corporate Social Responsibility Report. The Company made no political donations in the year under review (2001: nil).

Auditors

A resolution to reappoint Deloitte & Touche as the Group's auditors and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Company Secretary

The UK company secretary is Mrs JM Duck and the South African company secretary is Mrs ML Taylor (details on page 99).

Annual General Meeting

The Annual General Meeting of members of the Company will be held at 17h00 (South African time), 15h00 (London time) on 19 February 2003 at The Wanderers, The Campus, 57 Sloane Street, Bryanston, Sandton, South Africa. The notice convening the meeting, together with the proxy form and notes explaining the various resolutions, is enclosed in a separate document for shareholders.

By Order of the Board
Mrs JM Duck
Secretary
20 November 2002

corporate governance report

The Board is committed to high standards of corporate governance and has made significant changes to improve compliance with the Combined Code. This report contains a summary of how the Board has applied the principles set out in the Combined Code. The Company has been in compliance with the Combined Code provisions throughout the year ended 30 September 2002, except where stated below.

Board of Directors and its Committees

Board of Directors

During the period, the Board consisted of five non-executive and 14 executive directors. However, effective from 1 October 2002, the Board structure was changed as described in the Chairman's Statement and the Directors' Report to consist of six non-executive directors and four executive directors. These changes were implemented as part of an overall improvement in the management structure of the Group including the formation of the Executive Committee. Gordon Waddell has been nominated as senior non-executive director and Moss Ngoasheng has been appointed as an additional non-executive director. The Board plans to seek the services of another UK-based independent non-executive director to further strengthen the Board. The Board considers all its present non-executive directors, except David Frankel, to be fully independent.

Jeremy Ord, Stephen Joubert, Patrick Quarmby and Malcolm Rutherford continue on the Board as executive directors with Jeremy Ord remaining as Executive Chairman. Richard Came, Ronald Cattell, Peter Hird, Ettienne Reinecke, Donovan Smyth, Robert Taylor and Bruce Watson have resigned to join the Executive Committee.

Raul Fernandez and Peter Harrison have also resigned, but will remain on the regional US and European boards respectively. Dirk Ackerman has resigned, and will be leaving the Group at the end of the year, but will continue to consult to the Group.

The Board is aware of the guidance contained in the Combined Code on situations where the roles of chairman and chief executive are combined, and is evaluating the separation of these roles. For the present, the Board believes that, with the formation of the new Executive Committee and the appointment of the Chief Operating Officer, together with the strong independent element on the Board, there is sufficient distribution of responsibilities at the top of the Group to ensure that undue power is not concentrated in the hands of one individual.

The Board has met five times during the past year. Attendance at Board meetings was high, with full attendance at three meetings. The Board is responsible to the shareholders for the conduct of the business of the Group, and decides upon Group strategy. It also reviews operational performance, approves the Group's business plans, approves the interim and annual financial statements, determines the Group's authority levels, treasury policies and risk management policies, ensures adequate funding, and approves major investments and the remuneration of the non-executive directors. A defined schedule of matters reserved for decision by the Board has been agreed, and this schedule has been revised and updated as at 1 October 2002 to take account of the role of the new Executive Committee. Financial reporting is routinely performed according to a strict schedule.

The non-executive directors are provided with sufficient information to enable them to reach independent conclusions on the matters brought to their attention at the Board. Detailed briefings for non-executive directors where non-board members give presentations are given in addition to the Board meetings, giving non-executives an opportunity to question operational executives directly. In addition Gordon Waddell and Robert Mansfield sit on the regional boards in Europe and Asia respectively and Moss Ngoasheng, Rory Scott and Dorian Wharton-Hood sit on the South African board, which further enhances their depth of understanding of the operations of the Group. Moss Ngoasheng, as a newly appointed non-executive director, is receiving additional training and briefing on the operations of the Group and his responsibilities as a director as recommended in the Combined Code.

The Board ensures that each director is provided with appropriate and timely information in order to exercise their judgement. All the directors have the facility to take independent professional advice at Company expense, following a formal procedure that has been approved by the Board. They also have access to the services and advice of the Company Secretaries in the UK and South Africa.

The Board has appointed five committees to which it has delegated responsibilities to allow it to control the activities of the Company effectively. Each of these committees operates within defined terms of reference.

Executive Committee

As of 1 October 2002, an Executive Committee has been formed, with responsibility for the day-to-day running of the business and assisting the Board in the formulation of the Group's strategy and the execution thereof. There is a clear division of responsibilities between the Executive Committee and the Board and terms of reference have been established to govern the functions of the Executive Committee.

The Executive Committee consists of the members listed on page 17.

Audit Committee

Rory Scott (Chairman)
Robert Mansfield
Gordon Waddell
Derek Irish

The Audit Committee met three times in the current financial year, and is comprised of independent non-executive directors. Derek Irish, who is a senior partner in an independent accounting practice, attends the meetings in order to provide independent advice to the committee. The Group's external and internal auditors attend the meetings, and have direct access to the committee to report the results of work directed by the committee as well as any matters of concern. The Chief Financial Officer and CFO Operations attend the meetings at the request of the committee; however, a section of each meeting is reserved for the Committee to meet with the auditors without executives present.

The terms of reference of the Audit Committee were reviewed and approved at the last meeting. The Committee reviews the Group's annual and interim financial statements to ensure that reporting of the Group's results and prospects is balanced and understandable. It reviews and advises the Board on its reporting, any changes to financial reporting requirements, the effectiveness of the Group's system of internal control, matters regarding compliance with relevant codes of best practice in corporate governance, and matters arising from internal audit and the annual external audit. It also reviews the appointment of the external auditors and assesses the scope of work performed by them, including the amount of non-audit work carried out, in order to ensure their objectivity.

Remuneration Committee

Rory Scott (Chairman)
Robert Mansfield (from 1 October 2002)
Dorian Wharton-Hood

The Remuneration Committee meets four times per year. It operates within defined terms of reference, and recommends to the Board what the remuneration and other benefits of the Executive Directors should be, having considered relevant market norms and independent advice where appropriate. No director is involved in determining his own remuneration. The Committee also grants share options in terms of the Share Option Scheme 2000. The report of the Remuneration Committee is contained on pages 43 to 49.

Nomination Committee

Gordon Waddell (Chairman 1 October 2002)
Robert Mansfield
Jeremy Ord
Dorian Wharton-Hood

For the year under review, the chairman of the Committee has been Jeremy Ord. However, Gordon Waddell will replace him in the forthcoming year. The committee meets as necessary, and has met once in the year under review. It is responsible for reviewing the composition of the Board and identifies and makes recommendations to the Board regarding the appointment of new directors.

Treasury Committee

Jeremy Ord
Malcolm Rutherford
Patrick Quarmby
Dorian Wharton-Hood

The Treasury Committee is responsible for the control of a prudent framework covering Board policies, best practice, internal controls and reporting systems for the management of treasury risks within the Group's operation. Scott Gibson, the CFO Operations, and John Cookson, the Group Treasurer, also sit on this committee. The Treasury Committee meets monthly.

Relations with Shareholders

The Group maintains close communication with shareholders, providing them with full year and interim reports, followed by presentations when results have been announced. In addition, regular briefings to analysts and investors are held to inform them about the Group's strategies, operations and performance. These are conducted in line with the Group's written guidelines which are intended to ensure control over price-sensitive information. Shareholders are invited to put questions to the Board at the Annual General Meeting. All directors are expected to attend this meeting.

Financial and other information about the Group is contained on its website at www.didata.com.

Accountability

The Operational Review and the Financial Review contain detailed reviews of the Group's performance and financial position. The Board considers these reports, along with the Chairman's Statement and the Directors' Report, to reflect accurately the Group's position and prospects. The Directors' responsibility for the financial statements is described on page 50.

Internal Control

The Board has overall responsibility for the Group's internal controls and for reviewing their effectiveness. There are several processes to provide the Board with the assurance which it requires. The Audit Committee oversees and evaluates these processes, and reports to the Board. External audit, internal audit, a value-add audit function and Risk Management report to the Committee. With effect from 1 October 2002 PricewaterhouseCoopers has been appointed to perform the internal audit function and was appointed to facilitate a risk identification and assessment process throughout the Group with effect from 10 December 2001. The aim of the value-add audit is to identify specific areas where systems can be put in place to improve controls and enhance performance and productivity. The reports provided by these functions assist the Audit Committee in evaluating and reporting to the Board on the strategic, operational and financial controls which the Group has in place. The Directors have conducted a review of the effectiveness of the Group's system of internal controls for the year and up to the date of signing these annual financial statements.

The systems which the Board has put in place to identify and manage the risks faced by the Group in achieving its business objectives are designed to manage rather than eliminate such risks, and can provide reasonable but not absolute assurance against material misstatement and loss.

During April 2002, Datacraft Asia, Dimension Data's 51% owned subsidiary, announced that its debtors in certain of its operations in China had increased substantially, and that the company suspected impropriety in the non-payment of some of these debts. Datacraft has subsequently investigated the matter further, and has reported this to the authorities. Action has since been taken to implement further internal controls to ensure that a similar incident should not reoccur.

Risk management

There is in place an ongoing process for identifying, evaluating and managing the Group's significant risks. It has been in place for the year under review and up to the date of approval of the annual report and accounts.

Subsequent to the Group completing its global acquisitions, PricewaterhouseCoopers conducted a global risk identification and assessment programme whereby management in each region identified risks facing their businesses at every level. Risks were rated according to impact and likelihood, and appropriate controls were recommended. Many of the principal risks have been addressed or are in the process of being addressed by means of special projects which specifically implement management processes to minimise the risk. These processes will be subject to separate review. Management in each region are responsible for monitoring and controlling risk on an

ongoing basis, and for reporting to the Board any factors which will impact on the achievement of their business objectives. The Board has formally reviewed this process twice during the year.

Financial reporting

Financial results are monitored and reported according to comprehensive systems and procedures. The Board reviews and approves the Group's budgets. Each Group operation reports its activity, turnover, cash position and forecasts weekly to the Group executive. Actual results and cashflows are reviewed monthly, compared with budget, and reported to the Group executive. The executive considers these against agreed quarterly and annual forecasts and the annual budget, and reports to the Board quarterly. In the forthcoming financial year, the Executive Committee will take the place of the previous executive, and in addition the Chief Financial Officer will also give a detailed monthly presentation of results to non-executives serving on the Board.

Business unit controls

Key controls over business unit risks include reviews against performance indicators and exception reporting. Each business unit's senior management is responsible for identifying, evaluating and managing significant business risks. There are channels of communication available to report significant risks to the Board if necessary.

Internal audit

The internal audit function has a structured review process which is monitored by the Audit Committee, and is based on risk assessment. It assesses compliance with financial and operational controls at a business unit level in each of the regions where the Group operates. It also provides assistance to management in complying with their risk management responsibilities.

Quality and integrity of personnel

The Group is committed to aligning its employees with its interests and values. It has a published ethical code to which employees are expected to adhere, and transgressions are strictly dealt with. The Directors' Report and the Corporate Social Responsibility Report contain information regarding the Group's commitment to employees and ethical practices.

IT systems

Subsequent to the completion of its acquisitions, a formal review of the Group's IT processes has been conducted, and several prioritised projects are currently underway which will consolidate the Group's IT systems in order to facilitate better financial recording and reporting, communication, knowledge management and contracting with customers.

Existing controls over the security of data held on IT systems will continue to be monitored with a view to implementing improvements as part of the consolidation. The present disaster recovery systems will also be reviewed in the forthcoming year and updated if necessary.

Controls over central functions

Treasury and Corporate Finance continue to be controlled centrally. Treasury policies are recorded in writing and reviewed as necessary by the Treasury Committee. Both functions report directly to the Board and are subject to visits by internal audit.

Authority and review

The Group has clearly defined levels of authority for the subsidiary boards and their directors in making financial and operational decisions including major investments, capital expenditure and contractual engagements with customers and suppliers. The Group's internal audit processes will monitor compliance with these authority levels.

corporate social responsibility report

Dimension Data recognises its responsibility toward its employees, society and the environment, and is committed to conducting its business and reporting according to the highest ethical standards. It acknowledges that its efforts in this regard add to its sustainability as a Group, as well as to the sustainability of the environment and the communities within which it operates.

Communities

Dimension Data is committed to the principle of corporate citizenship. As a Group, Dimension Data supports educational initiatives, with a particular focus on information and communication technology (ICT) education, and Group companies participate in a broad range of activities in the communities in which they operate.

In South Africa, education remains the primary focus of community and charitable initiatives. Dimension Data has committed nearly US\$4 million in funding over the next five years to provide internet access for school children through initiatives such as SchoolNet and Gauteng Online, for our Saturday School outreach programmes and providing IT equipment, course development and lecturers to run the business information systems curriculum and computing facilities for the CIDA University. This initiative will result in over 1,000 information technology literate, black bachelor of business administration graduates per annum by 2005. CIDA City Campus was selected as the Age of Innovation 2002 Grand Prix winner for the Most Innovative Organisation in South Africa, for its more than 280 innovations and breakthroughs in the field of providing high quality mass-scale higher education at very low cost. This amount also includes funding for learnerships to provide specific information technology and information technology management skills for adult black learners in or entering the information technology industry; and to provide management development

training for Dimension Data employees from disadvantaged backgrounds.

In addition, Dimension Data has co-sponsored with MTN, the US\$285,000 construction of the Ndzululwazi Senior Secondary School at Mt. Frere in the Eastern Cape, provided financial assistance to allow children to attend the Applewood preparatory school and partially sponsored the construction of a computing centre at Rhodes University.

Dimension Data has also focused on development in sport in South Africa by giving sponsorships in various areas.

In the United States of America, Dimension Data has been involved in the provision of computers and training, including student mentoring and tutoring programmes, to enable adult and minor members of the community to become IT literate, and prepare adults to return to or enter the workforce.

Dimension Data Australia has donated about US\$65,000 this year. It sponsored the 4K Charity Ride, contributed to the Starlight Foundation, and its auction of office furniture, fixtures and fittings raised further funds for that charity. In addition, Dimension Data Australia supports the international charity, Community Aid Abroad, as well as the national charity, Putting IT Back.

In Australia, the UK and Continental Europe, the Group and its staff also support events such as Comic Relief,

Jeans for Genes Day, Annual Button Day, AIDS Red Nose Day, Bandaged Bear Day and Breast Cancer pink ribbon day.

Following the decision to focus community action investing in education for disadvantaged groups, the Group is currently examining similar initiatives in countries where no formal community programmes exist, with the aim of identifying suitable causes and recipients to extend and complement the Group's initiatives.

Globally, the subsidiaries are encouraged to participate as good corporate citizens within their local communities.

Employees

The Board remains committed to attracting, retaining, motivating and developing the highest calibre of employees, whom it considers to be its key assets. During the year the Group has refined its strategies, improved its communications with employees and consolidated its people management processes globally with the objective of maximising relationships with employees. Training, management development and succession planning have been given a priority focus. It has implemented the DD Way, a global performance-based transformation programme which aligns the Group behind a common vision. A key element of the programme is to utilise best practice people management processes for a global organisation. Core to this is the successful communication with and the incentivisation of its employees.

Although the regions have previously been represented by regional Human Resources ('HR'), Dimension Data has now established a Global HR function with the appointment of a Group HR Director, Marilyn Chaplin, and global HR team to provide strategic direction, best practice and consistency across all HR initiatives within the regions.

With Dimension Data employing over 9,000 employees, the focus has been on ensuring that all people processes and systems are consistent and aligned across the globe. To support the people processes, Dimension Data has invested in a global, customised, web-based employee self-service system, internally known as the People Dimension System.

The communication infrastructure is being consolidated on a global basis, with all employees receiving consistent and focused communications. It also contains on-line information such as policies and procedures and other employee-related information. This is enhanced by the regular production of @Didata, an employee magazine. The Executive Chairman and regional CEOs regularly communicate with employees on matters of relevance to them, and staff and branch meetings are held regularly.

The Group's approach to employees' remuneration has been revised, with the incorporation of many elements of current best practice. A globally aligned Reward and Performance Policy has been developed and implemented, focused on

the migration towards a more standardised percentage split in performance-related bonus payments. Employees' basic remuneration is set based on comparative wages for the industry and region. Qualitative performance indicators are considered in addition to quantitative measures when setting goals and in the subsequent twice yearly reviews. All goals are intended to be strategically aligned and relate to the achievement of the company's overall objectives. Most employees can earn bonuses based on performance, and many are also offered target-based options in the Share Option Scheme. Currently 5,500 employees hold options in the scheme.

Group companies aim to maintain health and safety policies in accordance with best practice and adhere to the regulatory requirements of the regions in which they operate. Local labour standards are adhered to, with most employees working 40 hour weeks unless contractually agreed otherwise because of the nature of their employment.

It is Group policy to adhere to local labour standards and globally accepted human rights practices. It is Group policy not to employ underage staff. Freedom of association is also Group policy on a global basis, with works councils existing in some countries where appropriate to local law and practice.

Training

We rely on our highly trained staff to enable us to deliver a superior standard of service and have an ongoing commitment to provide high quality training for staff.

The Group is defining competencies and skills required to deliver the desired solutions and services to clients. This work encompasses gaining a thorough understanding of what skills we have in the business, and developing our people through training programmes to address any skill gaps in the business, together with development programmes to meet employees' own career objectives.

In the financial year under review, over US\$4.5 million was spent throughout the Group on training Dimension Data employees. The development of many staff across all global regions included training for the sale and delivery of new proprietary Dimension Data services offerings. In addition, free literacy, basic computer skills and office administration training are offered to unskilled employees within the Group.

Environment

Dimension Data recognises that its business activities have both direct and indirect environmental impacts. The Group's environmental policy is as follows:

'Being office-based by nature, Dimension Data has very low primary and direct impacts on the environment. The Group is mindful of the necessity to be efficient in its consumption of energy and strives to

exceed wherever possible the statutory requirements which apply to the Group in the countries of operation. The recycling of waste materials and the reduction of non-renewable resources, as well as the environmentally friendly disposal of any hazardous resources employed by the Group, is encouraged. When developing systems, the environmental concerns and statutory obligations of customers are reflected in the solutions we provide'.

Dimension Data's Group companies recycle paper, boxes, toner cartridges, save electricity, and dispose of old computer equipment to charities or in an ecologically sound fashion. Dimension Data Australia annually donates the provision of IT services and support to Clean Up Australia Day, the largest community participation event in the country.

During 2001 Dimension Data commenced a review of its environmental policies, with a view towards creating a global Group standard and monitoring and reporting on environmentally orientated initiatives. We had expected that such review would have been completed by the end of this reporting period; however, it is still underway. The Group remains committed to measuring and improving its environmental performance and will take further action in 2003.

Ethical

The Dimension Data Group embraces the highest standards in its business activities. The Group operates in accordance with an ethical code, which is distributed to employees via the corporate internet. During the period under review the ethical policy has been enhanced and reviewed.

The Group is non-political. It does not make contributions to political parties or allow its assets and services to be used in any way which favours any particular

political grouping, other than in the provision of its normal products and services, under its usual terms and conditions of sale.

South African Employment Equity Report

Dimension Data (South Africa) (Pty) Ltd ('DDSA') believes that like many other South African companies it has a moral imperative to address the inequalities of the past through a concerted and ongoing public-private sector partnership.

DDSA also believes that it has an economic imperative to transform its organisation to remain relevant to the changing profile of South African public and private sector business leadership. It supports the recommendation that black economic empowerment involves addressing shareholding by previously disadvantaged individuals, management decision making by previously disadvantaged individuals, affirmative procurement procedures, labour equity, skills development, small and medium enterprise (SME) development, corporate social investment, gender equity and equity for disabled persons.

DDSA is addressing the shareholding and operational control in the company in a manner that is consistent with the South African government's vision and the needs of our shareholders to invest in a company that provides sustainable superior returns, provided this achieves a better strategic positioning for DDSA, enabling it to deliver improved returns to its shareholders.

DDSA is addressing the social and economic inequalities that persist in our company, industry and country by investing our financial and skills-resources to transform our staff complement to reflect the demographics of South Africa at every

level and create capacity in our broader industry through facilitating skills development from primary to tertiary level, through procurement arrangements, facilitating access to capital, and joint ventures and investments. DDSA is committed to corporate social investment, primarily in the educational sector and with a particular focus on information and communication technology (ICT) education.

To date, DDSA has minority investments in black-owned companies Choice (49%) and Plessey (49%). In each case Dimension Data has provided not only shareholders' funds, but also management and operational assistance, skills transfer and access to clients. DDSA also has 37% investment in black-owned SME M-IT and has provided US\$38,000 in shareholder loans to enable the establishment and growth of this business. DDSA also subcontracts all of its break-fix work to M-IT. DDSA supports SME development through affirmative procurement and subcontracting to 15 black-owned SMEs and an owner-driver programme. The company has met its transformation targets as submitted to the Department of Labour every year since 1998. It has provided learnerships involving 50 black interns since 2001 and management development programmes involving 20 black managers or potential managers. It has also contributed to corporate social investment initiatives totalling US\$2.4 million in primary, secondary and tertiary technology education since 2000.

Substantial progress has been made in achieving specific targets which have been set by DDSA for Black Economic Empowerment.

remuneration report

The Remuneration Committee presents its Remuneration Report, which was approved by the Board of Directors on 20 November 2002.

The Board of Directors has delegated responsibility for remuneration policy to the Remuneration Committee, which is primarily responsible for formulating and recommending to the Board the framework for executive remuneration and the specific remuneration packages for the executive directors. In addition, the Remuneration Committee grants options in terms of, and subject to the rules of the Share Option Scheme 2000. The Remuneration Committee members for the period under review were as follows:

Rory Scott (Chairman)
Dorian Wharton-Hood

As at 1 October 2002 Robert Mansfield was appointed as an additional member of the Remuneration Committee. All the members of the Remuneration Committee are independent non-executive directors.

The Committee met four times during the period under review, and has reviewed and considered external surveys on remuneration packages within comparable companies.

Statement of Policy on Director's Remuneration

The Committee aims to provide remuneration packages that meet the needs of a global IT services business. Such a business depends on the attraction, retention and motivation of high calibre executives who can be entrusted with growing and enhancing the value of the Group.

In formulating the Policy for the period ending 30 September 2003, the Remuneration Committee has considered the following principles:

- ▲ All remuneration arrangements will be designed to support the Group's business strategy in line with standards of best practice;
- ▲ Levels of total reward will be competitive within the relevant market and location; and
- ▲ Incentive schemes will reward the achievement of predetermined company targets and individual performance against specific key performance indicators.

The policy relating to each component of remuneration is summarised below:

Base Salary

The base salaries of the executive directors are subject to annual review and are set with reference to external market data, relating to similar companies based in South Africa and the UK and taking into account the primary location of each director. Consideration is given to the size, market sector, business complexity and international reach of the comparator companies. Individual performance and increased responsibilities following on from the restructuring of the management of the Group are also taken into consideration.

Annual Bonus Plan

All the executive directors are eligible to participate in an annual bonus plan, typically based on the achievement of short term performance targets which are individually relevant for each executive director, and which include measures of corporate performance as well as the achievement of personal targets. The corporate element is based on target earnings per share and generation of cash for the whole Group. Bonuses are set on an individual basis and will not normally exceed 40% of the total remuneration package, excluding share options.

Share Option Scheme

The terms of reference of the Remuneration Committee include the recommendation of options to be granted under the Share Option Scheme 2000 for all employees, including the executive directors. The Share Option Scheme 2000 is the only scheme that the Company has which is open for grant of new options.

Prior to July 2000, the Dimension Data Share Incentive Scheme (1987) was in operation and all options granted until that date were granted in terms of the 1987 scheme and continue to be governed by the rules of that scheme. All options granted after July 2000 have been and will be granted in terms of the 2000 scheme. Such grants take place at the sole discretion of the Remuneration Committee and are approved by the Directors of Dimension Data Holdings plc. Options are granted at market price as at the date of grant. All options granted to executive

directors are subject to stringent performance conditions, and, in most cases, options for employees are also granted subject to performance conditions. In order to entitle the employee to take up the shares in question, the option must be exercised before the option lapses, ten years after the date of grant.

In the year ending 30 September 2002, 61.7 million options were granted to employees (the majority of which will lapse post year end due to the non-attainment of performance targets) at an average price of 87 pence, and, as has been previously stated, no options were granted to executive directors.

Currently 5,500 employees participate in the share option scheme.

Pensions and Other Benefits

Pensions and other benefits such as life insurance for executive directors reflect the practice in the countries in which they are primarily resident.

In accordance with the Articles of Association of the Company, the Committee ensures that the ordinary remuneration of the Directors (salaries, bonuses and other benefits, excluding share options) does not exceed £10,000,000 per annum, unless otherwise decided by the shareholders.

Service Contracts and External Appointments

The Company's policy for the period commencing 1 October 2002 is for all service contracts with executive directors to contain notice periods of three months, and that no provisions for early termination involve payments that would amount to compensation in excess of 12 months' salary plus on-target bonus.

Executive directors are not permitted to retain fees paid to them in relation to external appointments.

For the year ending 30 September 2002, with the exception of Raul Fernandez, Peter Harrison and Ron Cattell, all executive directors had services contracts with Dimension Data Holdings plc.

Raul Fernandez (resigned effective 1 October 2002) has a contract with Dimension Data Holdings plc and Proxicom Inc.

Peter Harrison (resigned effective 1 October 2002) had a fixed term contract with Chernikееff Networks Ltd (now Dimension Data Network Services Ltd) dated 9 July 1999 which expired 30 April 2002.

Ronald Cattell (resigned effective 1 October 2002) has a contract with Datacraft Asia Ltd.

None of the resignations will trigger payments for compensation for loss of office.

All the non-executive directors operate under letters of appointment, with no notice period.

Directors' Emoluments and Compensation in the Relevant Financial Year

Previously these details were provided in the Notes to the annual financial statements. To bring the format of this report into line with the Directors' Remuneration Report Regulations 2002 these are now disclosed below. There is also separate disclosure in relation to Pensions.

Directors' Remuneration

	Directors' fees \$'000	Basic salary \$'000	Retirement and other benefits \$'000	2002 Total \$'000	2001 Total \$'000
DA Ackerman	-	249	-	249	164
RDS Came	-	282	6	288	256
RJ Cattell	-	355	77	432	34
R Fernandez	-	246	160*	406	27
DA Frankel	10	-	-	10	10
PR Harrison	18	46	37	101	259
PGT Hird	-	348	57**	405	274
SM Joubert	-	261	5	266	230
RC Mansfield	49	-	-	49	60
JJ Ord	-	636	24	660	600
PK Quarmby	-	280	6	286	241
E Reinecke	-	253	13	266	219
MT Rutherford	-	344	15	359	308
RM Scott	75	-	3	78	97
DS Smyth	-	223	-	223	181
RKC Taylor	-	275	14	289	259
GH Waddell	45	-	-	45	56
B Watson	-	340	26	366	344
PD Wharton-Hood	60	-	-	60	86
	257	4,138	443	4,838	3,705

* A contractual bonus of US\$150,000 is included in this amount.

** A performance bonus of US\$54,000 in respect of Internet Solutions 2001 financial year is included in this amount.

No other performance bonuses were paid to Directors in the 2002 financial year.

Details of Directors' Share Options in the Relevant Financial Year

Previously these details were provided in the Notes to the annual financial statements. Under the Directors' Remuneration Report Regulations 2002 these are now to be disclosed in the Remuneration Report.

Directors' Share Options

SA rand				
	Opening Balance 30 September 2001	Closing Balance 30 September 2002	Weighted average price - closing (Rand)	Latest expiry date
DA Ackerman	437,500	437,500	35.00	04/10
RDS Came	2,202,947	2,202,947	23.53	10/09
RJ Cattell	200,000	200,000	23.15	10/09
DA Frankel	150,000	150,000	22.00	10/08
PGT Hird	2,678,865	2,678,865	23.91	05/10
SM Joubert	2,098,914	2,098,914	23.32	10/09
RC Mansfield	46,500	46,500	41.45	07/10
JJ Ord	5,207,222	5,207,222	23.50	10/09
PK Quarmby	2,095,800	2,095,800	23.53	10/09
E Reinecke	1,280,337	1,280,337	23.58	10/09
MT Rutherford	2,260,561	2,260,561	23.55	10/09
RM Scott	184,294	184,294	23.51	07/10
DS Smyth	820,279	820,279	23.21	10/09
RKC Taylor	1,977,891	1,977,891	23.53	10/09
GH Waddell	20,000	20,000	55.40	07/10
B Watson	2,887,536	2,887,536	23.55	10/09
PD Wharton-Hood	30,000	30,000	55.40	07/10
No SA rand options were granted or exercised during the year, consequently no gains were made.				
For share price performance see Six-Year Review on page 54.				
RJ Cattell has an unexercised balance of 3,000,000 Datacraft Asia Ltd share options and RC Mansfield has an unexercised balance of 120,000 Datacraft Asia Ltd share options.				

Directors' Share Options (Continued)

Sterling

	Opening Balance 30 September 2001	Lapsed	Closing Balance 30 September 2002	Weighted average price - closing (GBP)	Latest expiry date
DA Ackerman	335,000	(335,000)	-	-	
RDS Came	500,000	(500,000)	-	-	
R Fernandez	125,000	-	125,000	1.09	08/11
PR Harrison	260,000	(260,000)	-	-	
PGT Hird	550,000	(550,000)	-	-	
SM Joubert	470,000	(470,000)	-	-	
JJ Ord	1,720,000	(1,720,000)	-	-	
PK Quarmby	475,000	(475,000)	-	-	
E Reinecke	470,000	(470,000)	-	-	
MT Rutherford	606,000	(606,000)	-	-	
RM Scott	75,000	(75,000)	-	-	
DS Smyth	400,000	(400,000)	-	-	
RKC Taylor	495,000	(495,000)	-	-	
B Watson	665,000	(665,000)	-	-	
PD Wharton-Hood	60,000	(60,000)	-	-	

No Sterling options were granted or exercised during the year, consequently no gains were made.

For share price performance see Six-Year Review on page 54.

Benefits

In addition to the salary set out above, each director is entitled to benefits as set out in the table below:

Director	Provident Fund	Executive Provident Fund	Life cover (at 4 times basic salary)	Medical Aid
J Ord	x	x	x	x
D Ackerman	x		x	x
R Came	x*	x	x	x
P Hird	x		x	x
S Joubert	x		x	x
P Quarmby	x		x	x
E Reinecke	x*		x	
M Rutherford	x	x	x	x
D Smyth	x		x	x
R Taylor	x		x	x
B Watson	x	x	x	x
R Fernandez	x*		x**	x
P Harrison			x	x
D Frankel			x	
R Scott			x	x

D Wharton-Hood, R Mansfield and G Waddell receive none of the above benefits. R Cattell does not receive any of the above from Dimension Data, but does receive all the above from Datacraft Asia.

* USA Statutory 401K Retirement Savings Program

** 2x base salary, capped at US\$500,000

Provident Fund

As detailed above, certain directors are members of the Dimension Data Group Provident Fund, an approved, privately administered money purchase Provident Fund. The object of the fund is to provide benefits for all employees or their dependants, upon the retirement of the employee on account of age, death or ill health. The Company contributes between 5% and 20% of the member's monthly salary.

The Company also makes contributions on behalf of certain directors to the Dimension Data Executive Provident Fund.

Directors' Interests

Details of the Directors' beneficial and non-beneficial shareholdings in the Company are shown below.

Directors' Interests in Ordinary Shares

	30 September 2002 or date of appointment			30 September 2001		
	Non-Beneficial	Beneficial	Total	Non-Beneficial	Beneficial	Total
DA Ackerman	-	1,500	1,500	-	1,500	1,500
RDS Came	3,357,353	991,550	4,348,903	3,357,353	991,550	4,348,903
RJ Cattell	-	29,067	29,067	-	29,067	29,067
R Fernandez	-	435,000	435,000	-	1,808,348	1,808,348
DA Frankel	2,047,324	-	2,047,324	2,047,324	-	2,047,324
PR Harrison	4,053,739	2,182,651	6,236,390	4,053,739	2,182,651	6,236,390
PGT Hird	-	5,238,597	5,238,597	-	5,238,597	5,238,597
SM Joubert	-	163,155	163,155	-	163,155	163,155
RC Mansfield	-	727	727	-	727	727
MM Ngoasheng	-	-	-	-	-	-
JJ Ord	-	10,281,858	10,281,858	-	10,281,858	10,281,858
PK Quarmby	-	394,625	394,625	-	394,625	394,625
E Reinecke	-	1,299,960	1,299,960	-	1,299,960	1,299,960
MT Rutherford	-	4,384,028	4,384,028	-	4,384,028	4,384,028
RM Scott	481,830	-	481,830	481,830	-	481,830
DS Smyth	-	614,243	614,243	-	614,243	614,243
RKC Taylor	-	1,547,104	1,547,104	-	1,547,104	1,547,104
GH Waddell	7,581	75,000	82,581	7,581	75,000	82,581
B Watson	-	2,643,454	2,643,454	-	2,643,454	2,643,454
PD Wharton-Hood	-	33,188	33,188	-	33,188	33,188

Directors' shareholdings are unchanged as at 20 November 2002.

RJ Cattell owns 1,805,154 (2001: 1,804,493) shares and 9,075 (2001: 9,060) shares in Datacraft Asia Ltd beneficially and non-beneficially respectively. These shareholdings remain the same as at 20 November 2002.

Other than the shareholdings stated above, the Directors hold no interests in other Group companies.

Remuneration of Non-Executive Directors

The Board as a whole determines the remuneration of the non-executive directors annually. Consideration is given to fees payable to non-executive directors by comparable companies. Additional fees are paid to committee members and chairmen of Board committees to take account of the additional work involved. Non-executive directors are no longer eligible to participate in the Company's share option scheme. No director is involved in setting his own remuneration.

statement of directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- ▲ select suitable accounting policies and then apply them consistently;
- ▲ make judgements and estimates that are reasonable and prudent; and
- ▲ state whether applicable accounting standards have been followed.

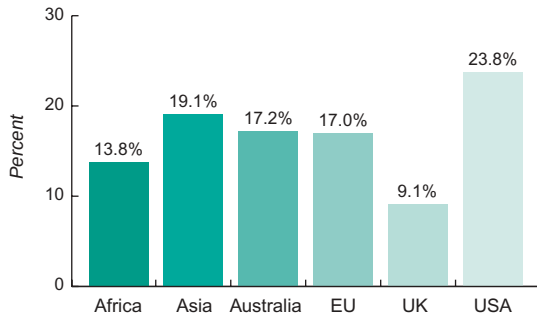
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control and for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

six-year review

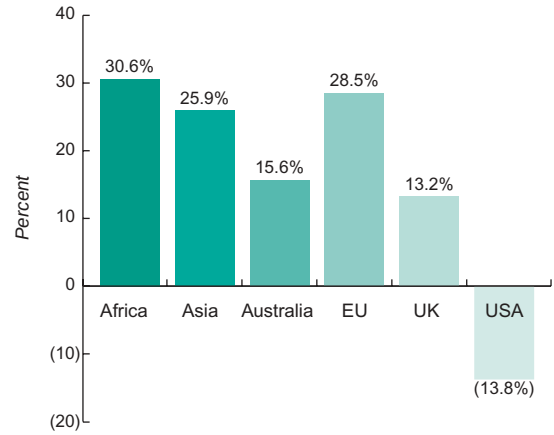
for the year ended 30 September

	2002 \$'000	2001 \$'000	2000 \$'000	1999 \$'000	1998 \$'000	1997 \$'000
Turnover						
- Continuing operations	2,120,562	2,123,282	1,594,190	960,378	260,906	204,158
- Acquisitions	-	278,221	348,386	176,885	465,264	64,165
Group turnover	2,120,562	2,401,503	1,942,576	1,137,263	726,170	268,323
- Joint ventures	-	-	-	31,584	61,939	42,384
- Associates	66,769	58,755	33,922	38,280	3,050	71,390
Total turnover	2,187,331	2,460,258	1,976,498	1,207,127	791,159	382,097
Operating profit before goodwill amortisation and exceptional items						
- Continuing operations	40,962	170,011	182,460	100,651	41,537	24,952
- Acquisitions	-	5,959	27,890	28,366	29,402	7,253
Group operating profit	40,962	175,970	210,350	129,017	70,939	32,205
- Share of operating profit in joint ventures	-	-	-	492	5,523	4,901
- Share of operating profit in associates	4,464	4,889	1,999	3,854	(1,315)	1,695
Total	45,426	180,859	212,349	133,363	75,147	38,801
Earnings attributable to shareholders before goodwill amortisation and exceptional items	30,100	163,804	143,838	80,482	49,072	29,889
Basic earnings per share before goodwill amortisation and exceptional items (US cents)	2.3	13.0	16.1	11.9	8.7	6.4
Weighted average number of ordinary shares ('000)	1,299,075	1,255,235	895,008	675,369	561,681	465,793
Cash on hand (including short term investments)	415,352	920,080	1,711,426	313,376	135,910	58,294

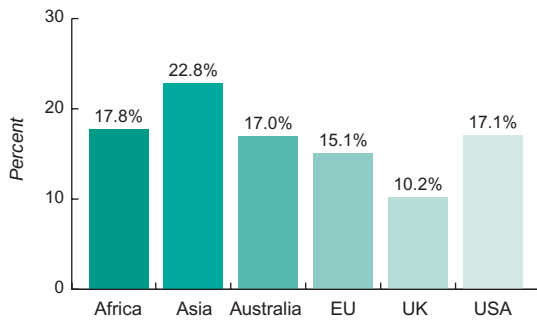
Share of Turnover by Location – 2002



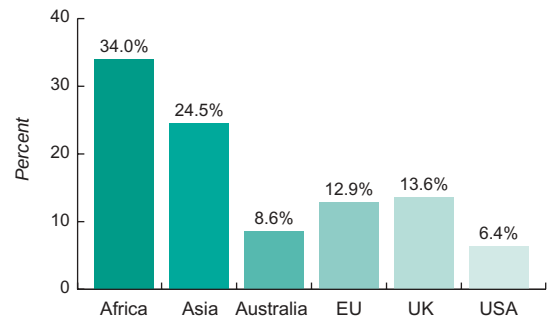
Share of Operating Profit by Location* – 2002



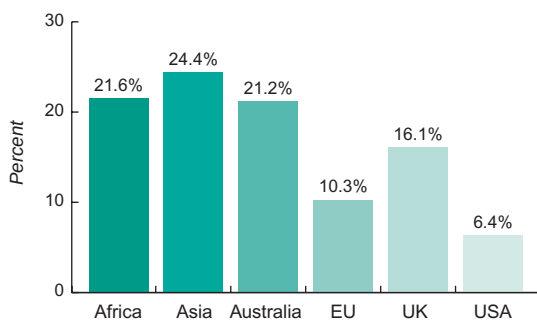
Share of Turnover by Location – 2001



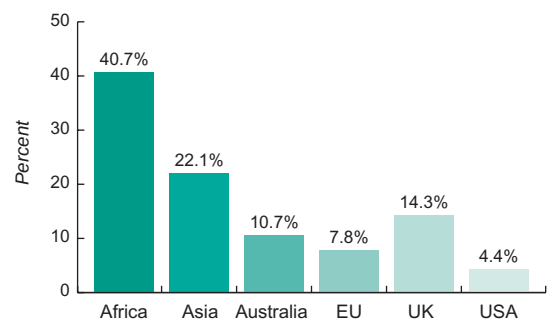
Share of Operating Profit by Location* – 2001



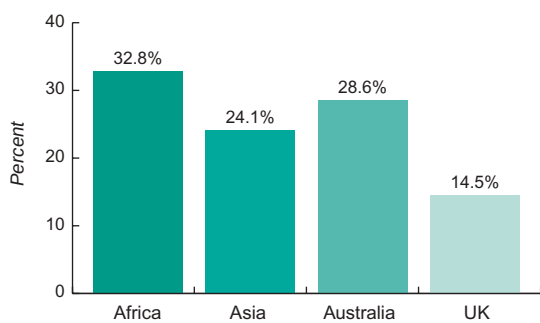
Share of Turnover by Location – 2000



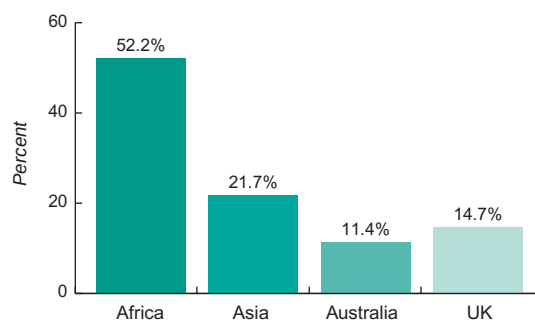
Share of Operating Profit by Location* – 2000



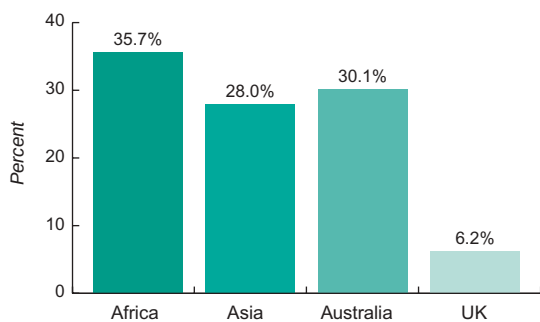
Share of Turnover by Location – 1999



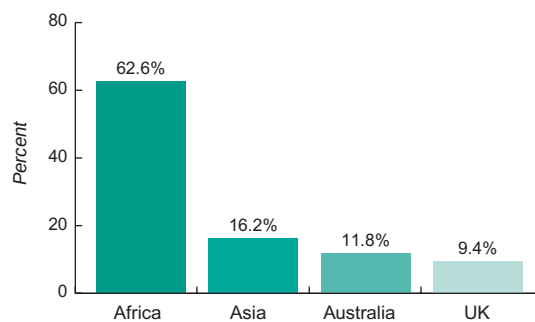
Share of Operating Profit by Location* – 1999



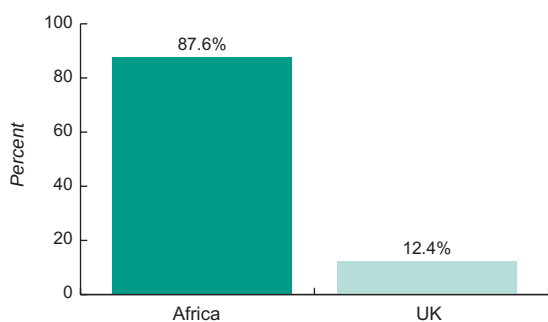
Share of Turnover by Location – 1998



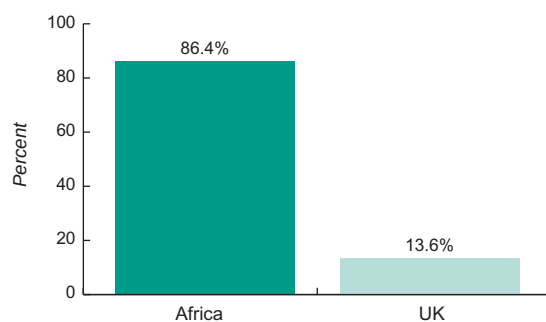
Share of Operating Profit by Location* – 1998



Share of Turnover by Location – 1997



Share of Operating Profit by Location* – 1997



*Operating profit before goodwill amortisation, impairment and exceptional items.

Share price statistics

	2002	2001	2000	1999	1998	1997
JSE Securities Exchange (SA cents per share)						
- Closing	280	930	6 680	2 385	2 390	1 950
- High	1 665	6 950	7 000	3 140	4 100	2 050
- Low	252	794	2 430	1 990	1 800	904
Number of shares in issue ('000)	1,299,477	1,298,812	1,158,090	686,862	567,532	474,272
London Stock Exchange (UK pence per share)*						
- Closing	16	70	627	N/A	N/A	N/A
- High	118	663	1 000	N/A	N/A	N/A
- Low	13.75	67	542	N/A	N/A	N/A
Number of shares in issue ('000)	1,299,477	1,298,812	1,158,090	N/A	N/A	N/A
Market capitalisation at year end						
JSE Securities Exchange (R m)	3,639	12,079	77,360	16,381	13,564	9,248
London Stock Exchange (£ m)	208	909	7,261	N/A	N/A	N/A
(\$ m)	324	1,335	10,631	N/A	N/A	N/A

* As conditional trading in ordinary shares commenced on 19 July 2000, the high and low prices for the year 2000 were measured over the period from 19 July 2000 to year end.

The statistics above relate to Dimension Data Holdings Ltd until 28 July 2000 and thereafter relate to Dimension Data Holdings plc.

shareholder information

Shareholders' Diary

Financial year end	30 September
Profit announcement	November 2002
Annual Report	Published December 2002
Annual General Meeting	19 February 2003
Interim profit announcement	May 2003

Dividend Policy

As stated in the Directors' Report, the Directors currently anticipate that all the available cash generated by the Group's business will be invested in the continued growth of the Group, and do not expect to declare a dividend for the financial year ended 30 September 2002.

Corporate Website

This report and other information on the Group's activities and financial information is available on the website at www.didata.com.

Analysis of Ordinary Shareholders at 30 September 2002

Size of shareholding	Number of shareholders	Number of shares	Percentage of issued capital
1 - 1,000	6,600	1,367,551	0.11
1,001 - 5,000	1,162	2,544,989	0.19
5,001 - 10,000	227	1,649,699	0.13
10,001 - 25,000	178	2,832,796	0.22
25,001 - 50,000	62	2,230,760	0.17
50,001 - 100,000	62	4,618,470	0.35
100,001 - 250,000	94	15,940,427	1.23
250,001 - 500,000	95	34,244,360	2.64
500,001 - 1,000,000	58	39,689,973	3.05
Over 1,000,000	103	1,194,358,213	91.91
Total	8,641	1,299,477,238	100.00%

Substantial Interests

As at 30 September 2002 the Directors are aware of the following interests in 3% or more of the issued ordinary share capital of the Company:

Shareholder	Number of shares	Percentage of issued capital
NedEurope SA	103,134,329	7.94
Old Mutual Asset Management	102,358,747	7.88
UBS Global Asset Management	97,491,602	7.50
Fidelity Investment Services Ltd	70,439,585	5.42
Sanlam Investment Managers	66,693,522	5.13
Coronation Fund Managers	61,826,842	4.76
Stanlib Ltd	55,956,702	4.31
Legal and General Investment Management Ltd	45,199,962	3.48

As at 21 October 2002 Old Mutual advised the Company that its interest in Dimension Data was 20.05% (including the NedEurope SA interest).

Consolidated Profit and Loss Account

for the year ended 30 September 2002

	Note	2002 \$'000 Pre- exceptional	2002 \$'000 Exceptional items (Note 7)	2002 \$'000 Total	Restated 2001 \$'000
Turnover					
Group turnover	3,4	2,120,562	-	2,120,562	2,401,503
Associates		66,769	-	66,769	58,755
Total turnover	3	2,187,331	-	2,187,331	2,460,258
Operating profit before goodwill amortisation, impairment and exceptional items	3	40,962	-	40,962	175,970
Exceptional operating costs		-	(60,251)	(60,251)	(39,331)
		40,962	(60,251)	(19,289)	136,639
Goodwill amortisation		(719,949)	-	(719,949)	(601,796)
Goodwill and investment impairment		-	(1,805,705)	(1,805,705)	(1,280,610)
Group operating loss	4,5	(678,987)	(1,865,956)	(2,544,943)	(1,745,767)
Share of operating profit in associates		4,464	-	4,464	4,889
Goodwill amortisation, impairment and provisions - associates		(4,331)	(38,811)	(43,142)	(53,904)
Total operating loss	3	(678,854)	(1,904,767)	(2,583,621)	(1,794,782)
Profit on sale of fixed assets and investments		-	366	366	78,754
Loss on ordinary activities before interest		(678,854)	(1,904,401)	(2,583,255)	(1,716,028)
Investment income	8	1,340	-	1,340	3,603
Net interest receivable	9	2,604	-	2,604	52,266
Loss on ordinary activities before taxation		(674,910)	(1,904,401)	(2,579,311)	(1,660,159)
Tax on loss on ordinary activities	10	(13,461)	2,350	(11,111)	(43,552)
Loss on ordinary activities after taxation		(688,371)	(1,902,051)	(2,590,422)	(1,703,711)
Equity minority interests		(5,809)	12,341	6,532	(19,948)
Loss for the year		(694,180)	(1,889,710)	(2,583,890)	(1,723,659)
Earnings/(loss) per ordinary share				US cents	US cents
Basic before goodwill amortisation and exceptional items	11			2.3	13.0
Basic	11			(198.9)	(137.3)
Diluted	11			(228.5)	(139.0)

All amounts included above relate to continuing operations.

Consolidated Balance Sheet			
as at 30 September 2002			
	Note	2002 \$'000	Restated 2001 \$'000
Fixed assets			
Intangible assets	12	342,439	2,805,554
Tangible assets	13	105,380	136,591
Investments in associates	14	26,016	27,122
Other investments	14	30,343	19,697
		504,178	2,988,964
Current assets			
Stock	15	99,100	101,030
Debtors	16	565,236	711,022
Short term investments	17, 25	42,786	26,114
Cash at bank and in hand	25	372,566	893,966
		1,079,688	1,732,132
Creditors: amounts falling due within one year (including convertible debentures)	18	(737,026)	(1,289,047)
Net current assets		342,662	443,085
Total assets less current liabilities		846,840	3,432,049
Creditors: amounts falling due after more than one year	20	(17,045)	-
Provisions for liabilities and charges	21	(88,223)	(87,383)
Equity minority interests		(102,259)	(101,907)
Total net assets		639,313	3,242,759
Capital and reserves			
Called up share capital	22	13,070	13,063
Share premium account		4,766,332	4,765,195
Other reserves		202,996	223,516
Profit and loss account		(4,343,085)	(1,759,015)
Equity shareholders' funds		639,313	3,242,759

The financial statements were approved by the Board of Directors on 20 November 2002.

Jeremy Ord
Executive Chairman

Malcolm Rutherford
Chief Financial Officer

Consolidated Cash Flow Statement

for the year ended 30 September 2002

	Note	2002 \$'000	2001 \$'000
Net cash inflow from operating activities	23	28,952	186,342
Returns on investments and servicing of finance	24	5,156	58,125
Taxation	24	(34,134)	(50,059)
Capital expenditure and financial investment	24	(68,948)	15,662
Acquisitions and disposals	24	(173,516)	(944,095)
Cash outflow before use of liquid resources and financing		(242,490)	(734,025)
Management of liquid resources	24	(20,884)	(10,269)
Financing	24	(217,358)	24,242
Decrease in cash in the year		(480,732)	(720,052)
Reconciliation of net cash flow to movement in net cash (Note 25)			
Decrease in cash in the year		(480,732)	(720,052)
Cash outflow from decrease in debt		217,435	44,057
Cash outflow from increase in liquid resources		20,884	10,269
Change in net cash resulting from cash flows		(242,413)	(665,726)
Non-cash movement in debt		(1,498)	(3,122)
Translation difference		(25,336)	(73,127)
Movement in net cash for the year		(269,247)	(741,975)
Net cash at beginning of the year		564,019	1,305,994
Net cash at end of the year	25	294,772	564,019

Consolidated Statement of Movement of Reserves and Shareholders' Funds

for the year ended 30 September 2002

	Issued share capital \$'000	Share premium account \$'000	Other reserves \$'000	Profit and loss account \$'000	Total \$'000
Balance at 1 October 2001 as previously reported	13,063	4,765,195	223,516	(1,765,439)	3,236,335
Restatement - FRS 19	-	-	-	6,424	6,424
Restated balance at 1 October 2001	13,063	4,765,195	223,516	(1,759,015)	3,242,759
Loss retained for the year	-	-	-	(2,583,890)	(2,583,890)
Currency adjustments	-	-	(20,700)	-	(20,700)
Shares issued	7	1,138	-	-	1,145
Share issue expenses	-	(1)	-	-	(1)
Transfers	-	-	180	(180)	-
Balance at 30 September 2002	13,070	4,766,332	202,996	(4,343,085)	639,313

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 30 September 2002

	2002 \$'000	Restated 2001 \$'000
Loss for the year	(2,583,890)	(1,723,659)
Currency translation differences on foreign currency net investments	(20,700)	(36,685)
Total recognised gains and losses relating to the year	(2,604,590)	(1,760,344)
Prior period adjustment (Note 1)	3,176	-
Total recognised gains and losses since last annual report	(2,601,414)	(1,760,344)

The consolidated statement of total recognised gains and losses for the year ended 30 September 2001 has been restated for the adoption of FRS 19.

notes to the financial statements

1. Basis of Preparation

The Dimension Data Group ('the Group') comprises Dimension Data Holdings plc ('the Company') and its subsidiaries.

The financial statements are prepared according to the historical cost convention and in accordance with accounting standards applicable in the United Kingdom.

Prior year comparatives

Deferred taxation is now stated on a full liability basis in accordance with FRS 19 and comparative financial information has been restated as necessary. The impact of adopting FRS 19 was to decrease the tax charge for the year ended 30 September 2001 and the year ended 30 September 2002 by US\$3.2 million and US\$3.6 million respectively. The cumulative impact to 1 October 2000 was to raise a deferred tax asset of US\$3.2 million.

2. Accounting Policies

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries and its share of associates. The results of subsidiaries are included from the effective dates of acquisition until the effective dates of disposal. All significant intergroup transactions and balances have been eliminated on consolidation.

Turnover

Turnover comprises the aggregate amounts invoiced for the sale of goods and installation, maintenance and service.

Maintenance revenue and licence fees

Maintenance revenue and licence fees are brought to account over the relevant contract periods.

Research and development

Research and development costs are recognised as an expense in the period in which they are incurred.

Goodwill

Where an investment in a subsidiary, joint venture or associated company is made, any difference between the purchase price and the fair value of the attributable net assets is recognised as goodwill.

Goodwill arising on acquisitions prior to 1 October 1998 was set off against reserves in the year of acquisition. Goodwill arising on acquisitions after 1 October 1998 is recognised within intangible fixed assets in the year of acquisition.

Amortisation is calculated on a straight line basis so as to write off the goodwill over its economic life, depending on the nature of the acquisition, for a period not exceeding seven years.

The unamortised balance is reviewed on a regular basis and, if an impairment in value has occurred, it is written off in the period in which the circumstances have been determined.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is provided on a straight line basis at rates considered appropriate to reduce their book values to estimated residual values over the useful lives of the assets.

The following rates are applied:

Leasehold land, buildings and improvements	over the lease term.
Computer and workshop equipment	20-33.33% per annum.
Motor vehicles	25% per annum.
Office furniture and equipment	10% per annum.

Associated companies

Associated companies are those companies, other than subsidiaries, over which the Group exercises significant influence and in which it holds a long term equity interest. The results of these companies are accounted for by means of the equity method, from the date they became investees, whereby the Group's share of the associated companies' retained income for the year is included in the consolidated profit and loss account. Attributable earnings or losses, less dividends received, are included with the book value of the investment in the consolidated balance sheet.

Provision is made where there has been an impairment in the carrying value of the investment.

Investments

Investments other than investments in associates and joint ventures are reflected at the lower of cost and fair value in the balance sheet. Fair value for unquoted investments represents the Directors' valuation after taking into account any impairment. Fair value of quoted investments represents market value.

Investments held by Protocol are stated at valuation in terms of the standards endorsed by the British Venture Capital Association. Valuations are based on arm's length transactions which took place and valuation surpluses or losses included in operating income. Where no such transaction took place, the investment is assessed for impairment and any valuation losses written off to operating income. No account is taken of valuation surpluses indicated by the impairment review. In the case of listed investments, the quoted share price at year end is used to value the investment. All subsidiaries of Protocol are consolidated in accordance with Group accounting policies.

Where investments are held with the intention of selling these to the Group at a later stage, the investments are accounted for in terms of the normal Group accounting policies for associates, subsidiaries and investments.

Investment in subsidiaries are carried in the parent company balance sheet at cost less provisions for permanent impairment in value.

Accounting for foreign investments

The balance sheets of consolidated foreign subsidiaries, together with investments in overseas associated undertakings, are translated into US dollars at the rates of exchange ruling at the balance sheet date.

The results of overseas subsidiaries and associated undertakings are translated at the weighted average rates of exchange for the year.

The exchange differences arising on the retranslation of the opening net investment and profit for the financial year at the closing rate, are taken to reserves.

Stock

Stock is valued at the lower of the weighted average cost and net realisable value. Redundant and slow-moving stocks are identified and written down with regard to their estimated economic or realisable values.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currencies at the rates of exchange on the dates of the transactions or, if hedged, at the rates of exchange under the related forward exchange contracts.

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, or if hedged, at the forward contract rates.

The exchange differences are taken to the profit and loss account.

Operating leases

Rentals are charged to the profit and loss account over the lease term.

Pensions

Pension costs in the profit and loss account comprise contributions payable to the Group's various defined contribution schemes.

Reporting currency

As permitted by UK Company law, the Group reports in US dollars, the currency in which a significant amount of its business is conducted and which is regarded as its functional currency.

3. Segmental Analysis

	2002 \$'000	2002 \$'000	2002 \$'000	2001 \$'000	2001 \$'000	Restated 2001 \$'000
	Turnover	Operating profit/(loss)	Net operating assets	Turnover	Operating profit/(loss)	Net operating assets
Continuing operations						
- Africa	292,866	20,027	78,617	426,790	65,630	352,256
- Asia	404,908	16,961	283,150	546,195	47,221	584,381
- Australia	364,609	10,188	104,505	406,857	16,596	253,920
- Continental Europe	360,774	18,691	162,112	360,339	24,957	859,067
- United Kingdom	193,652	8,644	111,291	243,575	26,248	970,644
- United States	503,753	(9,021)	120,309	407,893	12,187	659,450
- Other*	-	(24,528)	-	9,854	(16,869)	-
Group	2,120,562	40,962	859,984	2,401,503	175,970	3,679,718
Associates	66,769	4,464	-	58,755	4,889	-
	2,187,331	45,426	859,984	2,460,258	180,859	3,679,718
Goodwill amortisation		(724,280)			(611,795)	
Operating exceptional items		(1,904,767)			(1,363,846)	
Total	2,187,331	(2,583,621)	859,984	2,460,258	(1,794,782)	3,679,718

* Comprises Investment holding and management and Protocol. The net operating assets of Investment holding and management and Protocol have been included in the relevant geographical region.

Net operating assets are total net assets excluding debentures, loans and minority interests.

Net operating assets by location include the unamortised balance of goodwill. The goodwill has been allocated to the location of the underlying entity as follows:

Africa 2002: US\$nil (2001: US\$184.6 million); Asia 2002: US\$117.2 million (2001: US\$415.8 million); Australia 2002: US\$49.4 million (2001: US\$202.9 million); Continental Europe 2002: US\$73.9 million (2001: US\$785.8 million); United Kingdom 2002: US\$nil million (2001: US\$445.1 million) and United States 2002: US\$101.9 million (2001: US\$771.4 million).

The Directors consider that they operate one generic class of business and that business is primarily managed regionally.

4. Analysis of Continuing Operations

	2002 \$'000	2001 \$'000
Group turnover	2,120,562	2,401,503
Cost of sales	(1,663,964)	(1,839,043)
Gross profit	456,598	562,460
Administrative expenses	(3,001,541)	(2,308,227)
Goodwill amortisation	(719,949)	(601,796)
Goodwill and investment impairment	(1,805,705)	(1,280,610)
Other operating expenses	(475,887)	(425,821)
Group operating loss	(2,544,943)	(1,745,767)

5. Group Operating Loss

	2002 \$'000	2001 \$'000
Group operating loss is after charging		
Depreciation	48,277	45,292
Goodwill amortisation	719,949	601,796
Goodwill and investment impairment	1,805,705	1,280,610
Loss on sale of tangible fixed assets	8,956	2,242
Rentals under operating leases		
Hire of plant and machinery	4,451	6,163
Other operating leases	25,322	22,373
Research and development	-	1,011
Auditors' remuneration		
Audit fees	2,496	2,517
Taxation	764	308
Control reviews	200	84
Other	24	41

6. Information Regarding Directors and Employees

Information Regarding Employees		
	2002	2001
Average number of persons employed by the Group:		
Location:		
Africa	3,900	4,518
Asia	1,668	1,750
Australia	1,191	1,375
Continental Europe	1,026	932
United Kingdom	1,205	2,307
United States	1,155	1,741
	10,145	12,623
	2002	2001
	\$'000	\$'000
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	354,424	336,262
Social security costs	27,512	30,887
Other pension costs	14,572	10,592
	396,508	377,741

Disclosures on Directors' remuneration, pension entitlements, shareholdings and share options required by the Companies Act 1985 and those specified for audit by the Financial Services Authority are set out in the Remuneration Report on pages 43 to 49.

7. Exceptional Items

	Note	2002 \$'000	2001 \$'000
Exceptional operating costs			
Severance and other associated costs	(a)	(30,374)	(16,830)
Datacraft provisions	(b)	(17,900)	(8,000)
Write-off of capital assets	(c)	(4,976)	-
Onerous lease expenses	(d)	(5,865)	(3,451)
Impairment of own shares	(e)	(1,136)	(2,207)
Other		-	(8,843)
		(60,251)	(39,331)
Impairment of goodwill - subsidiaries	(f)	(1,793,067)	(1,280,610)
Protocol investments written down	(g)	(12,638)	-
		(1,805,705)	(1,280,610)
Impairment of goodwill - associates	(f)	(494)	(43,905)
Provision for put option	(h)	(38,317)	-
		(38,811)	(43,905)
Total exceptional operating costs		(1,904,767)	(1,363,846)
Other exceptional items			
Profit on sale of fixed assets and investments		366	78,754
Total other exceptional items		366	78,754
Total exceptional items before taxation and equity minority interests		(1,904,401)	(1,285,092)

(a) The Group has further rightsized its businesses globally. Staff headcount has reduced by 19% (2001: 14%).

(b) Subsequent to Datacraft's investigations into the recoverability of certain debtors in China, as announced, Datacraft has made a total provision of US\$23 million. In addition, Datacraft has also made provision of US\$2.9 million against Worldcom debtor in the light of Worldcom's financial difficulties.

(c) Write-off of capital assets as a result of the restructuring exercises undertaken in Asia and Africa.

(d) Provision has been made for lease costs relating to unutilised space or premises as a result of the rightsizing of the Group.

(e) Shares acquired by the Dimension Data Employee Share Ownership Trust have been written down further following the decline of the share price.

(f) In accordance with FRS 11 – 'Impairment of fixed assets and goodwill', the Group has updated the impairment tests performed at September 2001. This exercise resulted in an impairment charge globally of US\$1,806 million. The impairment of associates goodwill is net of a US\$7.5 million reversal of an impairment made in respect of Plessey in 2001.

(g) Recognising current investment market conditions, the Directors have deemed it prudent to write down the carrying value of Protocol's investments.

(h) Onerous contract provision raised in respect of the Plessey put option (refer to Note 33).

7. Exceptional Items (Continued)

	2002	2001
	\$'000	\$'000
Regional analysis of exceptional operating costs		
Africa	10,726	8,629
Asia	25,619	8,000
Australia	1,348	3,591
Continental Europe	4,952	3,313
United Kingdom	7,456	5,490
United States	8,490	4,510
Investment holding and management	1,660	5,798
Total exceptional operating costs	60,251	39,331

8. Investment Income

	2002	2001
	\$'000	\$'000
Preference share dividends	547	2,334
Quoted investments	-	179
Other	793	1,090
	1,340	3,603

9. Net Interest Receivable

	2002	2001
	\$'000	\$'000
Interest receivable	14,917	65,428
Interest payable	(12,313)	(13,162)
Debentures	(9,241)	(10,864)
Bank overdraft and other borrowings	(3,072)	(2,298)
Net interest receivable	2,604	52,266

10. Tax on Loss on Ordinary Activities

	2002 \$'000 Pre- exceptional	2002 \$'000 Exceptional items	2002 \$'000 Total	Restated 2001 \$'000 Total
Payable in respect of the current year				
- UK corporation tax	1,138	(235)	903	5,182
- Foreign	23,490	(2,115)	21,375	37,085
Share of associates' taxation	1,747	-	1,747	1,637
Withholding taxes	1,586	-	1,586	693
Adjustments to prior years' tax provision	(10)	-	(10)	206
Total current tax	27,951	(2,350)	25,601	44,803
Deferred taxation	(14,490)	-	(14,490)	(1,251)
Total tax charge	13,461	(2,350)	11,111	43,552

Reconciliation of expected tax charge using the standard tax rate to the actual current tax charge

The differences between the Group's expected tax charge, using the Group's standard corporation tax rate of 30% in 2002 (2001: 30%), and the Group's current tax charge, were as follows:

	2002 \$'000	Restated 2001 \$'000
Total loss before taxation	(2,579,311)	(1,660,159)
Goodwill amortisation and impairment and investment impairment	2,568,796	1,936,310
Other exceptional items	(366)	(78,754)
(Loss)/profit before goodwill amortisation and non-operating exceptional items	(10,881)	197,397
Expected tax (credit)/charge at standard tax rate on profit before goodwill and non-operating exceptional items	(3,264)	59,219
Permanent differences	(18,892)	(6,709)
Short term timing differences	33,985	6,365
Tax losses created/utilised	5,128	15,216
Prior year adjustments	(1,471)	(276)
Non-taxable profits/non-deductible losses	(1,590)	(25,982)
International corporate tax rate differentials	11,705	(3,030)
Actual current tax charge	25,601	44,803

11. Earnings/(Loss) per Ordinary Share

	2002 \$'000	Restated 2001 \$'000
Earnings before goodwill amortisation and exceptional items	30,100	163,804
Exceptional items (net of tax and minorities)	(1,889,710)	(1,275,668)
Goodwill amortisation	(724,280)	(611,795)
Loss for the year	(2,583,890)	(1,723,659)
	2002 '000	2001 '000
Weighted average number of ordinary shares in issue	1,299,075	1,255,235
Dilutive share options	(168,251)	(15,627)
Diluted weighted average number of ordinary shares	1,130,824	1,239,608
	2002 US Cents	2001 US Cents
Basic earnings per ordinary share before goodwill amortisation and exceptional items	2.3	13.0
Basic loss per ordinary share on exceptional items	(145.5)	(101.6)
Basic loss per ordinary share on goodwill amortisation	(55.7)	(48.7)
Basic loss per ordinary share	(198.9)	(137.3)
Diluted loss per ordinary share	(228.5)	(139.0)

12. Intangible Fixed Assets: Goodwill

	2002 \$'000	2001 \$'000
Cost		
At beginning of the year	5,015,611	3,458,631
Acquisitions during the year	9,350	1,563,129
Fair value adjustments	39,434	-
Other movements	1,117	(6,149)
Cost at end of the year	5,065,512	5,015,611
Accumulated amortisation		
At beginning of the year	(2,210,057)	(327,651)
Charge for the year	(719,949)	(601,796)
Impairment	(1,793,067)	(1,280,610)
At end of the year	(4,723,073)	(2,210,057)
Net carrying value at end of the year	342,439	2,805,554

13. Tangible Fixed Assets

	Leasehold land, buildings and improvements \$'000	Computer and workshop equipment \$'000	Motor vehicles \$'000	Office furniture and equipment \$'000	Total \$'000
Cost					
At 1 October 2001	22,817	183,232	1,700	61,303	269,052
Foreign exchange translation differences	115	(3,737)	(40)	1,212	(2,450)
Additions	14,611	28,399	403	4,742	48,155
Subsidiaries acquired	205	582	95	512	1,394
Disposals	(11,782)	(40,901)	(435)	(6,082)	(59,200)
At 30 September 2002	25,966	167,575	1,723	61,687	256,951
Accumulated depreciation					
At 1 October 2001	(5,566)	(96,721)	(1,161)	(29,013)	(132,461)
Foreign exchange translation differences	(59)	1,904	29	(607)	1,267
Charge for the year	(2,247)	(36,695)	(288)	(9,047)	(48,277)
Subsidiaries acquired	(18)	(266)	(28)	(269)	(581)
Asset impairments	(4,879)	(84)	-	(1,106)	(6,069)
Disposals	3,221	26,698	266	4,365	34,550
At 30 September 2002	(9,548)	(105,164)	(1,182)	(35,677)	(151,571)
Net book value					
30 September 2001	17,251	86,511	539	32,290	136,591
30 September 2002	16,418	62,411	541	26,010	105,380

14. Investments Held as Fixed Assets

Investments in associates	2002 \$'000	2001 \$'000
The carrying value consists of:		
Unquoted - share of net assets	11,573	5,662
Loans, less provisions	7,826	2,040
	19,399	7,702
Quoted - share of net assets	1,512	4,599
- goodwill	5,105	14,821
Total	26,016	27,122
Directors' values		
Unquoted	11,573	5,662
Loans, less provisions	7,826	2,040
	19,399	7,702
Market value		
Quoted	6,038	5,849
The Directors consider there to be no permanent diminution in the value of the quoted associates.		
Analysis of movements in investments in associates:		
Balance at beginning of the year	27,122	53,543
Acquired	4,706	26,370
Share of balance of undistributed earnings	2,450	3,819
Amortisation and impairment of goodwill	(12,331)	(53,904)
Reversal of prior impairment of goodwill	7,506	-
Disposals and transfers to investments in subsidiaries	(5,073)	(236)
Currency movements	(4,311)	(9,016)
Transfers from other investments	-	9,401
Movement in loans to associates	5,947	(2,855)
Balance at end of the year	26,016	27,122

Further details of associates are included in Note 35.

14. Investments Held as Fixed Assets (Continued)

Other investments	2002 \$'000	2001 \$'000
Quoted - investment in own shares	128	1,264
- other	41	934
Unquoted	30,174	17,499
	30,343	19,697
Market value of other quoted investments	41	934
Analysis of movements in other investments:		
Balance at beginning of the year	19,697	24,945
Acquired	22,003	12,383
Own shares	-	3,471
Impairment of own shares	(1,136)	(2,207)
Disposals	(8,711)	(2,719)
Transfer to investments in subsidiaries	(957)	(4,892)
Transfer to investments in associates	-	(9,401)
Currency movements	(553)	(1,883)
Balance at end of the year	30,343	19,697

The investment in own shares stated above amounts to 516,422 shares held by the Dimension Data Employee Share Ownership Trust.

15. Stock

	2002 \$'000	2001 \$'000
Resale and demonstration	62,083	74,435
Work-in-progress	14,174	9,413
Maintenance	22,843	17,182
	99,100	101,030

16. Debtors

	2002 \$'000	Restated 2001 \$'000
Amounts falling due within one year:		
Trade debtors	399,720	546,536
Other debtors	104,345	83,781
Prepayments and accrued income	40,257	74,215
Deferred taxation (Note 21)	20,914	6,490
	565,236	711,022

17. Short Term Investments

	2002 \$'000	2001 \$'000
Deposits	32,917	12,773
Short term loan	9,869	-
Cumulative redeemable preference shares - BOE Trust	-	13,341
	42,786	26,114

The deposits are short term cash deposits and loans earning interest at interbank linked rates.

The short term loan is to FMT Technologies (UK) Ltd and is repayable through client billings. The interest is at an interbank linked rate.

18. Creditors: Amounts Falling Due Within One Year

	2002 \$'000	2001 \$'000
Bank loans and overdrafts	2,168	21,009
Trade creditors	250,217	402,665
Taxation and social security	60,854	80,811
Other creditors	117,209	42,630
Accruals	99,422	126,067
Deferred income	59,378	49,433
Trading current liabilities	589,248	722,615
Debentures	101,367	103,022
Guaranteed loan notes	-	232,030
Deferred consideration	46,411	231,380
Acquisitions - USA	33,002	159,842
Acquisitions - Asia	7,200	50,254
Acquisitions - Australia	-	4,043
Acquisitions - other	6,209	17,241
Other current liabilities	147,778	566,432
Total creditors	737,026	1,289,047

The terms of the debentures are set out in Note 19.

Deferred consideration is the purchase consideration which in terms of certain purchase agreements may be paid in cash or shares at the discretion of the purchaser. These amounts are interest free and the majority will be settled in the next financial year.

19. Terms of Debentures

During 1999 100,000 guaranteed convertible debentures of US\$1,000 each were issued to investors to finance the acquisition of 49.99% of Dimension Data Network Services Ltd.

In the year to 30 September 2000, 100 guaranteed convertible debentures of US\$1,000 each were converted into 19,716 ordinary shares. In the current year 3,000 guaranteed convertible debentures of US\$1,000 each were redeemed at a price of 105.1% of their principal amount.

Dimension Data Commerce Centre Ltd is the issuer of the convertible debentures. The Company is the guarantor of the convertible debentures and the holders are entitled to convert their debentures into shares in the Company.

The debentures bear interest at a rate of 7.75% payable semi-annually in equal instalments in arrears on 30 June and 31 December. The remaining debenture holders have the right to convert the debentures into 19,696,989 ordinary shares having a par value of 1 US cent at any time on and after 18 August 1999 to the seventh day prior to 31 December 2002. The issuer may at any time after 15 January 2001 redeem all of the outstanding debentures at an early redemption amount, provided that the average closing price has been at least 130% of the conversion price for a 30-day period. Failing earlier redemptions or conversions, all outstanding debentures will be redeemed at 105% of their principal amount on 31 December 2002.

20. Creditors: Amounts Falling Due After More Than One Year

	2002 \$'000	2001 \$'000
Loans	17,045	-
	17,045	-

The loan, to be used to purchase equipment, is unsecured and is repayable on 31 May 2008. Interest is payable semi-annually in arrears and is linked to South African interbank rates.

21. Provisions for Liabilities and Charges

	Restructuring and redundancy \$'000	Deferred taxation \$'000	Other \$'000	Total \$'000
Restated balance at 1 October 2001	75,521	2,063	9,799	87,383
Currency movements	210	-	(186)	24
Utilised	(56,852)	-	(2,698)	(59,550)
Charge/(credit) to the profit and loss account	5,115	(66)	38,317	43,366
Fair value adjustments	17,000	-	-	17,000
Balance at 30 September 2002	40,994	1,997	45,232	88,223

Restructuring and redundancy provisions include an amount of US\$17.9 million provided for by Proxicom pre-acquisition and a fair value provision of US\$16.3 million, both of which relate to onerous lease commitments. These provisions are expected to be utilised in the next financial year.

Other provisions include fair value provisions on the acquisition of subsidiaries. These provisions are expected to be utilised against liabilities identified at the time of the acquisitions.

Other provisions also include US\$38.3 million in respect of the Plessey onerous contract (refer to Note 33).

The amounts of deferred taxation and timing differences provided and unprovided in the accounts are as follows:

	Provided 2002 \$'000	Unprovided 2002 \$'000	Provided 2001 \$'000	Unprovided 2001 \$'000
Provisions	(1,252)	(2,433)	(1,252)	(4,909)
Deferred income	-	-	-	(2,770)
Prepayments	336	-	336	1,222
Assets	1,177	(33,138)	1,177	(34,332)
Losses	(17,126)	(125,045)	(3,120)	(86,129)
Other	(2,052)	(11,182)	(1,568)	(5,460)
	(18,917)	(171,798)	(4,427)	(132,378)
Analysed as:				
Deferred tax asset (Note 16)	(20,914)		(6,490)	
Deferred tax provision	1,997		2,063	
	(18,917)		(4,427)	

22. Called Up Share Capital

	Number of shares 2002	\$'000 2002	Number of shares 2001	\$'000 2001
Authorised:				
Deferred shares of £1 each	50,000	75	50,000	75
Ordinary shares of 1 US cent each	2,000,000,000	20,000	2,000,000,000	20,000
		20,075		20,075
Called up, allotted and fully paid:				
Deferred shares of £1 each	50,000	75	50,000	75
Ordinary shares of 1 US cent each	1,299,477,238	12,995	1,298,812,422	12,988
		13,070		13,063
Ordinary shares issued during the year ended 30 September 2002			Number	Nominal value \$'000
Opening balance			1,298,812,422	12,988
Acquisitions			465,903	5
Employee share option scheme			198,913	2
			1,299,477,238	12,995

465,903 ordinary shares were issued for various prior acquisitions for a total consideration of US\$1.1 million.

65,500 ordinary shares were issued in terms of the Share Option Scheme. 133,413 ordinary shares were issued to employees of Dimension Data Australia Pty Ltd (formerly Com Tech Communications Pty Ltd) ('DD Australia') as they were substituted for Dimension Data shares in terms of the acquisition of DD Australia in 2000. The total consideration was US\$0.08 million.

In terms of the agreement for the acquisition of the outstanding interests in DD Australia in 2000, DD Australia option holders are now entitled to Dimension Data shares, on an agreed ratio, when their options vest. The maximum number of Dimension Data shares that will be issued is 1,028,834 and the latest date is July 2005.

The terms of the deferred shares appear in the Directors' Report on page 34.

Employee Share Schemes	2002	2001
Number of options outstanding		
Opening balance	103,243,599	96,353,406
Granted	61,745,004	42,647,677
Exercised and paid	(65,500)	(27,577,675)
Lapsed	(42,718,586)	(8,179,809)
Closing balance	122,204,517	103,243,599

Prior to the Company's listing on the LSE, options related to shares in Dimension Data Holdings Ltd. Subsequent to the listing the options were varied to enable participants to acquire shares in the Company in place of Dimension Data Holdings Ltd.

22. Called Up Share Capital (Continued)

Options outstanding at year end	Latest expiry date	Number of share options	
		2002	2001
At R7.15	12/08/2001	-	8,000
At R9.04	01/10/2001	-	19,400
At R14.00	01/04/2007	20,000	117,500
At R16.00	04/06/2002	-	36,000
At R17.95	29/07/2007	15,000	20,000
At R18.00	11/08/2007	1,000	2,400
At R18.65	12/01/2008	10,000	10,000
At R19.50	08/09/2008	76,500	93,000
At R19.60	01/10/2007	1,200,000	1,305,725
At R20.50	01/01/2008	10,000	10,000
At R20.75	05/01/2008	364,000	394,500
At R22.00	01/10/2008	20,002,972	22,676,689
At R22.70	01/09/2008	120,000	190,000
At R22.80	12/08/2009	60,000	60,000
At R22.80	03/07/2006	-	5,000
At R23.35	08/08/2009	300,000	600,000
At R23.70	20/08/2009	150,000	150,000
At R24.00	17/05/2009	7,410,000	7,415,000
At R24.10	12/10/2008	381,183	437,283
At R24.30	01/10/2009	24,626,401	28,331,918
At R25.05	01/03/2009	55,000	55,000
At R25.20	13/02/2008	19,000	19,500
At R25.30	05/01/2009	6,500	6,500
At R25.50	05/11/2008	85,000	85,000
At R25.90	07/05/2009	40,000	40,000
At R26.00	20/02/2008	20,000	20,000
At R27.00	12/02/2009	45,000	45,000
At R27.40	31/03/2009	115,200	157,200
At R27.80	01/04/2009	30,000	30,000
At R28.10	20/04/2009	10,000	10,000
At R29.20	01/11/2009	30,000	30,000
At R29.80	03/11/2009	70,000	70,000
At R32.10	03/12/2009	20,000	20,000
At R32.80	01/07/2008	98,750	106,250
At R33.75	07/12/2009	30,000	30,000
At R35.10	03/04/2008	52,000	52,000
At R38.00	15/12/2009	48,107	53,084
At R38.50	17/04/2010	497,500	497,500
At R39.00	14/12/2009	5,000	5,000
At R41.80	31/01/2010	29,000	29,000
At R43.50	03/05/2010	296,778	315,117
At R44.00	14/04/2010	38,643	89,582
At R44.80	01/02/2010	101,225	101,225
At R44.95	25/04/2010	55,000	55,000
At R45.20	19/04/2010	25,000	25,000
At R46.00	10/05/2010	30,000	40,000
At R46.10	23/02/2010	60,000	60,000
At R46.20	11/05/2010	5,000	5,000
At R47.00	29/05/2010	40,000	40,000
At R48.35	01/06/2010	396,666	462,055
At R48.65	22/05/2005	-	367,000
At R48.70	18/02/2010	5,000	5,000
At R51.20	06/04/2010	2,000	2,000
At R51.80	05/06/2010	20,000	20,000

22. Called Up Share Capital (Continued)

Options outstanding at year end	Latest expiry date	Number of share options	
		2002	2001
At R55.40	14/07/2010	115,000	115,000
At R56.20	22/11/2005	-	10,401,666
At R56.60	04/07/2010	5,000	5,000
At R58.10	31/03/2010	15,000	15,000
At R60.10	01/03/2010	6,000	6,000
At R62.00	28/02/2010	10,000	10,000
At R63.30	08/03/2010	15,000	15,000
At R65.50	11/09/2010	5,000	5,000
At R68.00	31/08/2010	5,000	5,000
At GBP0.27	01/08/2012	1,200,000	-
At GBP0.34	12/07/2012	80,000	-
At GBP0.39	08/07/2012	5,000	-
At GBP0.41	01/07/2012	40,000	-
At GBP0.51	11/06/2012	100,000	-
At GBP0.55	04/04/2012	150,000	-
At GBP0.61	03/05/2012	120,000	-
At GBP0.63	18/03/2012	25,000	-
At GBP0.67	06/03/2012	1,000	-
At GBP0.69	14/05/2012	100,000	-
At GBP0.70	28/09/2011	32,872,093	-
At GBP0.70	01/10/2011	3,397,189	-
At GBP0.72	03/10/2011	100,000	-
At GBP0.74	08/10/2011	60,000	-
At GBP0.79	22/10/2011	1,000	-
At GBP0.80	02/01/2012	429,881	-
At GBP0.88	17/09/2011	10,000	10,000
At GBP1.02	06/09/2011	10,000	-
At GBP1.09	22/08/2011	2,892,695	4,683,041
At GBP1.10	05/09/2011	5,000	5,000
At GBP1.27	20/07/2011	19,680,129	3,441,760
At GBP2.60	23/09/2012	50,000	-
At GBP2.93	22/06/2011	1,000	12,000
At GBP2.95	25/06/2011	1,000	1,000
At GBP3.14	07/05/2011	6,500	6,500
At GBP3.27	11/06/2011	5,000	23,000
At GBP3.31	30/04/2011	1,500	1,500
At GBP3.32	01/05/2011	65,000	66,000
At GBP3.60	23/05/2011	2,000	2,000
At GBP3.60	21/05/2006	-	1,000
At GBP4.03	05/03/2011	5,000	5,000
At GBP4.10	02/01/2011	208,770	208,770
At GBP4.24	02/01/2011	17,500	17,500
At GBP4.31	02/02/2011	2,000	2,000
At GBP4.58	15/05/2006	-	1,000
At GBP4.58	22/01/2011	5,000	5,000
At GBP5.05	22/11/2010	3,129,395	19,219,494
At GBP5.25	01/03/2011	85,940	85,940
At GBP5.25	18/12/2010	500	500
At GBP5.54	20/11/2010	1,000	1,000
At GBP6.00	30/10/2010	1,000	1,000
At GBP6.09	10/10/2010	1,500	1,500
At GBP6.33	02/10/2010	31,500	34,000
		122,204,517	103,243,599

23. Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities

	2002 \$'000	2001 \$'000
Group operating loss	(2,544,943)	(1,745,767)
Depreciation	48,277	45,292
Goodwill amortisation and impairment and investment impairment	2,525,654	1,882,406
Loss on sale of tangible fixed assets	8,956	2,242
Decrease in stock	3,411	49,858
Decrease in debtors	169,754	51,906
Decrease in creditors	(184,483)	(96,726)
Other non-cash items	2,326	(2,869)
Net cash inflow from operating activities	28,952	186,342

24. Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

	Note	2002 \$'000	2001 \$'000
Returns on investments and servicing of finance			
Interest and other investment income received		15,874	65,667
Interest paid		(10,811)	(10,040)
Dividends received		93	2,498
		5,156	58,125
Taxation			
Reconciliation to taxation paid:			
Taxation charge		(23,852)	(43,166)
Movement in taxation payable		(10,944)	14,651
Taxation acquired with subsidiaries	26	662	(21,544)
		(34,134)	(50,059)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(48,155)	(66,010)
Receipts from sales of fixed assets		4,138	1,207
Purchase of fixed asset investments		(24,931)	(10,570)
Sale of fixed asset investments		-	91,035
		(68,948)	15,662
Acquisitions and disposals			
Purchase of subsidiary undertakings	26	(7,320)	(889,408)
- current acquisitions		(10,637)	-
- prior acquisitions		(145,971)	(80,941)
Deferred consideration paid		(145,971)	(80,941)
Net cash acquired with subsidiaries	26	294	49,394
Purchase of associates		(9,994)	(23,140)
Sale of associates		112	-
		(173,516)	(944,095)
Management of liquid resources			
Purchase of current asset investments		(20,884)	(10,269)
		(20,884)	(10,269)
Financing			
Issue of ordinary share capital net of expenses		77	68,299
Net repayment of borrowings		(217,435)	(44,057)
		(217,358)	24,242

25. Analysis of Net Cash

	At 1 October 2001 \$'000	Cash flow \$'000	Other non-cash changes \$'000	Exchange movements \$'000	At 30 September 2002 \$'000
Cash at bank and in hand	893,966	(499,573)	-	(21,827)	372,566
Bank overdraft	(21,009)	18,841	-	-	(2,168)
	872,957	(480,732)	-	(21,827)	370,398
Debt due within one year	(335,052)	234,480	(1,498)	703	(101,367)
Debt due more than five years	-	(17,045)	-	-	(17,045)
Short term investments	26,114	20,884	-	(4,212)	42,786
Total	564,019	(242,413)	(1,498)	(25,336)	294,772

26. Acquisitions

	Total \$'000
Net assets/(liabilities) acquired:	
Tangible fixed assets	813
Stock	1,481
Debtors	4,868
Cash at bank and in hand	294
Creditors	(8,010)
Taxation	662
Minority interests	126
	234
Goodwill	9,350
	9,584
Satisfied by:	
- Cash	7,320
Deferred consideration	
- Cash	2,264
	9,584

Acquisitions include InTime Netbuilding BV, Planet CTI, Fluant (Pty) Ltd and the minorities in Insight Customer Satisfaction (Pty) Ltd.

All the above acquisitions were accounted for on the acquisition basis. No provisional fair value adjustments were made for these acquisitions but any necessary adjustments to fair values will be made in the next financial year.

27. Operating Lease Commitments

At the end of the year the Group was committed to making the following payments during the next year in respect of operating leases:

	2002 \$'000	2001 \$'000
Within one year	22,250	17,707
Within two to five years	92,184	31,350
After five years	279,544	33,893
	393,978	82,950

28. Financial Instruments

The Group's funding, liquidity and exposure to interest rate and foreign exchange rate risks are managed by the Group's treasury operations. Treasury operations are conducted within a framework of policies and guidelines authorised by the Board. The Group uses derivative instruments for risk management purposes only, and these are transacted by specialist treasury personnel. The internal control environment is reviewed regularly.

The Group hedges its transactional foreign exchange rate risk, using forward exchange contracts. The gain or loss on the hedge is recognised at the same time as the underlying transaction.

Credit risk: a large number of major international financial institutions are counterparties to the foreign exchange contracts and deposits transacted by the Group. The Group continually monitors its position and the credit ratings of its counterparties and credit exposure to each counterparty.

Speculative use of financial instruments or derivatives is not permitted and none has occurred during any period presented.

The Group has transactional currency exposures arising from sales or purchases by an operating unit in currencies other than the unit's functional currency. Under the Group's foreign exchange policy, such transaction exposures are hedged once they are known mainly through the use of forward foreign exchange contracts.

Short term debtors and creditors have been omitted from all disclosures.

28(a) Maturity profile of financial liabilities

30 September 2002			
	Bank borrowings, debentures and loans	Other	Total
	\$'000	\$'000	\$'000
Within one year or less or on demand	103,535	46,411	149,946
More than five years	17,045	-	17,045
Gross financial liabilities	120,580	46,411	166,991

30 September 2001			
	Bank borrowings, debentures and loan notes	Other	Total
	\$'000	\$'000	\$'000
Within one year or less or on demand	356,061	231,380	587,441
Gross financial liabilities	356,061	231,380	587,441

Included in the US\$120.6 million are guaranteed convertible debentures of US\$101.4 million (2001: US\$103.0 million) and loan notes of nil (2001: US\$232.0 million), the terms of which are detailed in Note 19 and US\$17.0 million loans (2001: nil) (Note 20).

The amount in Other relates to deferred consideration in respect of acquisitions where the Company has the option of paying cash or shares and is disclosed in Note 18.

28. Financial Instruments (Continued)

28(b) Interest rate profile

The interest rate and currency profiles of the Group's financial liabilities are as follows:

Financial liabilities				
	Fixed rate financial liabilities \$'000	Floating rate financial liabilities \$'000	Non-interest bearing financial liabilities \$'000	Total \$'000
Currency				
At 30 September 2002				
US dollars	101,367	-	40,202	141,569
Sterling	-	2,098	-	2,098
South African rand	-	17,115	-	17,115
Euro	-	-	6,209	6,209
Gross financial liabilities	101,367	19,213	46,411	166,991
At 30 September 2001				
US dollars	103,022	14,954	223,051	341,027
Sterling	-	236,800	-	236,800
South African rand	-	1,285	7,469	8,754
Euro	-	-	860	860
Gross financial liabilities	103,022	253,039	231,380	587,441

The fixed rate financial liability relates to the US dollar guaranteed convertible debentures which bear interest at 7.75%, as detailed in Note 19. The non-interest bearing financial liabilities relate to deferred consideration in respect of acquisitions which will be paid in either cash or shares at the discretion of the purchaser. Such amounts are mainly due for settlement on demand or within one year of the balance sheet date. Floating rate balances relate to bank loans, overdrafts and loans. Interest is based on the relevant interbank rate.

Financial assets			
	Floating rate financial assets \$'000	Equity investments \$'000	Total \$'000
Currency			
At 30 September 2002			
US dollars	141,516	3,895	145,411
Sterling	30,851	1,087	31,938
South African rand	112,391	16,356	128,747
Australian dollars	68,891	-	68,891
Swiss francs	5,330	-	5,330
Euro	54,990	9,005	63,995
Swedish krona	1,383	-	1,383
Gross financial assets	415,352	30,343	445,695
At 30 September 2001			
US dollars	388,992	1,050	390,042
Sterling	259,103	1,038	260,141
South African rand	176,286	14,605	190,891
Australian dollars	49,945	-	49,945
Swiss francs	2,981	-	2,981
Euro	42,773	3,004	45,777
Gross financial assets	920,080	19,697	939,777

28. Financial Instruments (Continued)**28(b) Interest rate profile (continued)**

Floating rate financial assets comprise cash at bank and in hand and deposits. Interest on floating rate bank deposits is based on the relevant interbank rate.

The equity investments are both quoted and unquoted equities, as detailed in Note 14.

28(c) Fair values of financial assets and liabilities

Primary financial instruments held or issued to finance the Group's operations	Carrying amount	
	2002 \$'000	2001 \$'000
Short term investments	42,786	26,114
Other investments	30,343	19,697
Cash resources	372,566	893,966
Gross financial assets	445,695	939,777

Primary financial instruments held or issued to finance the Group's operations	Estimated fair value	
	2002 \$'000	2001 \$'000
Short term investments	42,786	26,114
Other investments	29,754	19,697
Cash resources	372,566	893,966
Gross financial assets	445,106	939,777

28. Financial Instruments (Continued)

28(c) Fair values of financial assets and liabilities (continued)

Primary financial instruments held or issued to finance the Group's operations	Carrying amount	
	2002 \$'000	2001 \$'000
Overdrafts	2,168	21,009
Loans	17,045	-
Deferred consideration	46,411	231,380
Loan notes	-	232,030
Guaranteed convertible debentures	101,367	103,022
Gross financial liabilities	166,991	587,441

Primary financial instruments held or issued to finance the Group's operations	Estimated fair value	
	2002 \$'000	2001 \$'000
Overdrafts	2,168	21,009
Loans	17,837	-
Deferred consideration	46,411	231,380
Loan notes	-	232,030
Guaranteed convertible debentures	101,367	103,022
Gross financial liabilities	167,783	587,441

Derivative financial instruments held to manage the Group's currency profile	Unrealised losses		Estimated face value	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
US dollars	(481)	(241)	41,503	39,500
South African rand	(2,012)	(501)	14,789	28,771
Euro	-	-	10,515	10,416
Forward exchange contracts	(2,493)	(742)	66,807	78,687

The carrying value of derivative financial instruments at each year end is nil.

The Group has entered into certain forward exchange contracts which do not relate to specific items appearing in the balance sheet. These contracts were entered into to cover foreign commitments not yet due. Market values have been used to determine the fair values of these forward exchange contracts.

28. Financial Instruments (Continued)

28(d) Hedging

The Group's policy is to hedge all material transactional currency exposure and currency exposure on future expected purchases using forward currency contracts.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised.

There were no speculative positions in foreign currencies at the year ends, and there were no material gains or losses from such positions for any period presented.

The Group enters into forward exchange contracts to eliminate the currency exposure arising on sales and purchases denominated in foreign currencies as soon as there is a firm contractual commitment. It also uses interest rate swaps to manage its interest rate profile.

An analysis of the unrecognised gains and losses is as follows:

	Gains \$'000	Losses \$'000	Total net gains/(losses) \$'000
Unrecognised gains and losses on hedges at 1 October 2001	84	(826)	(742)
Gains and losses arising in previous years that were recognised this year	(84)	826	742
Gains and losses arising before 1 October 2001 that were not recognised in the year	-	-	-
Gains and losses arising in the year to 30 September 2002 that were not recognised in that year	23	(2,516)	(2,493)
Unrecognised gains and losses on hedges at 30 September 2002 expected to be recognised in the year to 30 September 2003	23	(2,516)	(2,493)

28(e) Currency profile

The main functional currency of the Group is the US dollar, being the currency in which the majority of purchases are denominated and to which most of the selling prices are linked. Other major currencies are the South African rand, sterling, Australian dollar, Singapore dollar and the Euro. Monetary assets and liabilities are hedged and therefore there are no transactional exposures which would give rise to net currency gains or losses in the profit and loss account.

29. Pension Schemes

In most countries, the employing company provides either defined contribution or insured retirement plans to their employees. The relevant company, and in some cases the employees, pay regular contributions to the plans. Once contributions are made, the relevant company has no liability in respect of these plans.

Employees in France, Japan and Korea are entitled to lump-sum termination indemnity payments upon leaving. Provisions have been established in respect of these liabilities.

30. Related Party Transactions

Related parties are entities with common direct or indirect shareholders and/or directors. The principal shareholders of the Group are listed on page 55. The Group and its subsidiaries, in the ordinary course of business, enter into various sales, purchase, service and investment transactions with associates and others in which the Group has an interest. These transactions are under terms that are no less favourable than those arranged with third parties.

There were no significant related party transactions during the current year which require disclosure.

31. Contingencies

	2002 \$'000	2001 \$'000
Guarantees	20,111	16,340
Contract performance	-	1,301
Other	161	134
	20,272	17,775

Dimension Data (South Africa) (Pty) Ltd ('DDH SA') has a 15 year lease commitment for the Campus office premises located in Sandton, South Africa. In terms of the Call Option Agreement DDH SA has the right to exercise the call option from early 2003 either in full or in tranches up to 49% for the shares in Aconcagna 34 Investments (Pty) Ltd. Aconcagna is the holder of the Bare Dominium over the Campus property. The option will cost R20 million (US\$1.9 million) to exercise in year one but this will escalate by 25% per annum until the end of the lease at which time it will expire.

Under UK GAAP, if DDH SA exercises any part of the option up to a 49% shareholding in Aconcagna, the amount paid for the shares will be treated as an investment/associate. Once the remaining option is exercised, the company will be consolidated and the building and finance lease liability will appear in the Group accounts.

32. Capital Commitments

	2002 \$'000	2001 \$'000
Authorised, contracted for	12,761	749
Authorised but not yet contracted	4,972	25,281
	17,733	26,030

33. Subsequent Events

33(a) Plessey put option

On 4 October 2002 the Company announced that 42,400,000 ordinary shares in the Company had been issued and were admitted to trading on the London Stock Exchange and the JSE Securities Exchange.

The shares were issued pursuant to the shareholders' agreement dated 10 December 1998 between Dimension Data (South Africa) (Pty) Ltd ('DDH SA') and Worldwide African Investment Holdings (Pty) Ltd ('WAIH') relating to Plessey (Pty) Ltd ('Plessey') whereby WAIH had the option to put their 51% shareholding in Plessey to DDH SA. WAIH exercised this option and in terms of the agreement elected that the consideration receivable by WAIH would be satisfied by the payment of R375.4 million (US\$35.9 million) in cash together with the issue of 42,400,000 Dimension Data ordinary shares at R2.50 each, the consideration in respect of the shares amounting to R106.0 million (US\$10.2 million).

In a separate agreement, WAIH repurchased a 51% stake in Plessey from DDH SA for a cash consideration of R81.6 million (US\$7.8 million). The net cash outflow was R293.8 million (US\$28.1 million).

In terms of accepted accounting practice it was necessary to record the above transaction as an onerous contract as at 30 September 2002, by creating a provision of US\$38.3 million and charging the profit and loss account – associate asset impairment (refer to Notes 7 and 21).

33(b) VenFin bond issue

The Company announced on 5 November 2002 that it had agreed terms in principle for the subscription by VenFin Limited ('VenFin') to a new US\$100 million seven year unsecured convertible bond to be issued by the Group. If converted, the bond would provide VenFin with an equity holding equivalent to about 12.3% of the enlarged fully diluted share capital of the Company. VenFin is an investment holding company listed on the JSE Securities Exchange.

The bond will carry a coupon of 5.375% and will be convertible at 53.17 US cents per share. The bond will be unlisted and, if not previously redeemed or converted into ordinary shares of the Company, will be redeemed at 103.12% of its principal amount in 2009. The transaction is subject to the approval of shareholders at an Extraordinary General Meeting of the Company, which will be held on 13 December 2002. The Issuer has a call option in place after three years and thereafter and the Investor has a put option after five years and thereafter, subject to certain conditions.

34. Financial Statements of Dimension Data Holdings plc

Profit of parent

As permitted by section 230 of the Companies Act 1985, the profit and loss account is not presented as part of these accounts.

Balance sheet as at 30 September 2002

	Note	2002 \$'000	2001 \$'000
Fixed assets			
Investment in subsidiaries	(a)	230,152	4,264,734
Investment in own shares	(a)	128	1,264
		230,280	4,265,998
Debtors	(b)	145,906	2,955
Cash at bank and in hand		8,721	471
Creditors: amounts falling due within one year	(c)	(1,809)	(825,697)
Net current assets/(liabilities)		152,818	(822,271)
Total net assets		383,098	3,443,727
Capital and reserves			
Called up share capital	(d),(e)	13,070	13,063
Share premium account	(e)	4,766,332	4,765,195
Other reserves	(e)	(62,168)	(1,368)
Profit and loss account	(e)	(4,334,136)	(1,333,163)
Equity shareholders' funds		383,098	3,443,727

The financial statements were approved by the Board of Directors on 20 November 2002.

Jeremy Ord
Executive Chairman

Malcolm Rutherford
Chief Financial Officer

34. Financial Statements of Dimension Data Holdings plc (Continued)**Note**

- (a)** Investment in subsidiaries represents the investments in Spectrum Holdings Inc, Dimension Data (South Africa) (Pty) Ltd, Dimension Data Network Services Ltd, Dimension Data International Ltd, Dimension Data US II Inc, Datacraft Asia Ltd and the preference share in Dimension Data Commerce Centre Ltd. Movements in the investment in own shares are disclosed in Note 14.

	2002 \$'000	2001 \$'000
Analysis of movements in investments in subsidiaries:		
Balance at beginning of the year	4,264,734	4,080,910
Net acquisitions and transfers	(1,209)	1,511,019
Disposal	(1,034,179)	-
Impairment	(2,999,194)	(1,327,195)
Balance at end of the year	230,152	4,264,734

(b) Debtors

	2002 \$'000	2001 \$'000
Amounts due from subsidiary undertakings	143,553	-
Dividends receivable	1,420	1,668
Other debtors	933	1,287
	145,906	2,955

(c) Creditors: Amounts falling due within one year

	2002 \$'000	2001 \$'000
Guaranteed loan notes	-	232,030
Amounts owed to subsidiary undertakings	-	591,231
Other creditors	1,399	1,103
Accruals	410	1,333
	1,809	825,697

34. Financial Statements of Dimension Data Holdings plc (Continued)

(d) Called up share capital

	Number of shares 2002	\$'000 2002	Number of shares 2001	\$'000 2001
Authorised:				
Deferred shares of £1 each	50,000	75	50,000	75
Ordinary shares of 1 US cent each	2,000,000,000	20,000	2,000,000,000	20,000
		20,075		20,075
Called up, allotted and fully paid:				
Deferred shares of £1 each	50,000	75	50,000	75
Ordinary shares of 1 US cent each	1,299,477,238	12,995	1,298,812,422	12,988
		13,070		13,063

Details of ordinary shares issued during the year appear in Note 22.

The terms of the deferred shares appear in the Directors' Report on page 34.

(e) Statement of movement in shareholders' funds and movement of reserves

	Issued share capital \$'000	Share premium account \$'000	Other reserves \$'000	Profit and loss account \$'000	Total \$'000
Balance at 1 October 2001	13,063	4,765,195	(1,368)	(1,333,163)	3,443,727
Loss for the financial year	-	-	-	(3,000,973)	(3,000,973)
Currency adjustments	-	-	(60,800)	-	(60,800)
Shares issued	7	1,138	-	-	1,145
Share issue expenses	-	(1)	-	-	(1)
Balance at 30 September 2002	13,070	4,766,332	(62,168)	(4,334,136)	383,098

Other reserves comprise translation reserves.

The Company is proposing a capital reduction at its forthcoming Annual General Meeting. The details thereof appear in the Directors' Report on page 35.

35. Principal Subsidiaries and Associates

Subsidiary undertakings

Name	Country of incorporation/ registration and operation	Activity	Effective interest 2002 %	Effective interest 2001 %
Comtech Holdings SA	Belgium	Investment Holding and Management	100	100
Colorado Computer Training Institute Inc	United States of America	Application Networks	100	100
Conscripti (Pty) Ltd	South Africa	Application Networks	80	80
Datacraft Asia Limited	Singapore	Application Networks	51.83	51.82
Didata Inc	United States of America	Application Networks	100	100
Didata (DC) Inc	United States of America	Application Networks	100	100
Didata (NY) Inc	United States of America	Application Networks	100	100
Dimension Data (Pty) Ltd	South Africa	Application Networks	100	100
Dimension Data (South Africa) (Pty) Ltd	South Africa	Investment Holding and Management	100	100
Dimension Data Advanced Infrastructure Ltd	United Kingdom	Application Networks	100	100
Dimension Data Advanced Infrastructure (Pty) Ltd	South Africa	Application Networks	100	100
Dimension Data Australia Pty Ltd	Australia	Application Networks	100	100
Dimension Data Australian Holdings SA	Belgium	Investment Holding and Management	100	100
Dimension Data Belgium SA	Belgium	Application Networks	100	100
Dimension Data Botswana (Pty) Ltd	Botswana	Application Networks	100	100
Dimension Data Commerce Centre Ltd	Isle of Man	Application Networks	100	100
Dimension Data Deutschland Holdings GmbH	Germany	Investment Holding and Management	100	100
Dimension Data España SL	Spain	Application Networks	100	100
Dimension Data France SA	France	Application Networks	100	100
Dimension Data Germany AG & Co	Germany	Application Networks	100	100
Dimension Data Holdings France SA	France	Investment Holding and Management	100	100
Dimension Data Holdings Nederland BV	Netherlands	Investment Holding and Management	100	100
Dimension Data i-Commerce (Pty) Ltd	South Africa	Application Networks	100	100
Dimension Data Interactive Communications (Pty) Ltd	South Africa	Application Networks	100	100
Dimension Data International Ltd	Malta	Investment Holding and Management	100	100
Dimension Data Italia SRL	Italy	Application Networks	100	100
Dimension Data Learning Solutions South Africa (Pty) Ltd	South Africa	Application Networks	100	100
Dimension Data Luxembourg SA	Luxembourg	Application Networks	100	100
Dimension Data Management Services (Pty) Ltd	South Africa	Investment Holding and Management	100	100
Dimension Data Network Services Ltd	United Kingdom	Application Networks	100	100
Dimension Data Nederland BV	Netherlands	Application Networks	100	100

35. Principal Subsidiaries and Associates (Continued)

Subsidiary undertakings

Name	Country of incorporation/ registration and operation	Activity	Effective interest 2002 %	Effective interest 2001 %
Dimension Data Protocol BV	Netherlands	Protocol	100	100
Dimension Data Sverige AB	Sweden	Application Networks	100	100
Dimension Data Switzerland SA	Switzerland	Application Networks	100	100
Dimension Data (US) Inc	United States	Investment Holding	100	100
	of America	and Management		
Dimension Data (US) II Inc	United States	Investment Holding	100	100
	of America	and Management		
Fluant (Pty) Ltd	South Africa	Application Networks	100	-
GK Communications Group Ltd	United Kingdom	Application Networks	100	100
Howper 266 Ltd	United Kingdom	Investment Holding	100	100
		and Management		
Insight Customer Satisfaction (Pty) Ltd	South Africa	Application Networks	100	80
Internet Solutions (Pty) Ltd	South Africa	Application Networks	60	60
Linx Holdings (Pty) Ltd	South Africa	Application Networks	60	60
Merchants SA (Pty) Ltd	South Africa	Application Networks	100	100
Netpartner AG	Switzerland	Application Networks	100	100
Planet CTI	Belgium	Application Networks	100	-
Plessey Corporation Ltd	South Africa	Investment Holding	100	100
		and Management		
Plessey South Africa Ltd	South Africa	Investment Holding	100	100
		and Management		
Plessey Systems (Pty) Ltd	South Africa	Application Networks	100	100
Premier Systems Integrators LLC	United States	Application Networks	100	100
	of America			
Protocol Venture Capital (Pty) Ltd	South Africa	Protocol	100	100
Proxicom Inc	United States	Application Networks	100	100
	of America			
Spectrum Holdings Inc	British Virgin Islands	Investment Holding	100	100
		and Management		
The Merchants Group Ltd	United Kingdom	Application Networks	100	100
Wynberg Executive Travel	South Africa	Investment Holding	50	50
(Epsom Downs) (Pty) Ltd		and Management		

Associated undertakings

Choice Technologies (Pty) Ltd	South Africa	Application Networks	49	49
Dimension Data Messaging (Pty) Ltd				
(trading as Automate)	South Africa	Application Networks	45	100
Paracon Holdings Ltd	South Africa	IT contracting and	28.3	31.2
		e-business solutions		
Plessey (Pty) Ltd	South Africa	Application Networks	49	49
Plessey Solutions (Pty) Ltd	South Africa	Application Networks	70	70

glossary of technical terms

Application Network (Architecture)

The Application Network is an architectural framework which enables Dimension Data to develop and deploy solutions and services to optimise and manage the performance of dynamic IT infrastructures. It enables our clients to take advantage of the convergence of two previously separate IT areas – the application layer and network infrastructure. Optimised infrastructures are a fundamental prerequisite for other technological developments, (e.g. 'on demand computing', web services) which make it simpler and less expensive for businesses to work together seamlessly.

Customer Interactive Solutions (CIS)

Our Customer Interactive Solutions (CIS) enable organisations to interact with their customers through multiple communications channels and so retain and increase the value of their customer base.

Connectivity Services

Dimension Data's Connectivity Services assists clients in designing, deploying and operating their information technology infrastructures.

Contact Centre

A central point in an enterprise from which all customer contacts are managed. A contact centre is generally part of an enterprise's overall customer relationship management strategy.

Contact Centre Integration (CCI)

Our CCI Solution offers services and leading technologies used to improve contact centre capabilities and value through integrated channels, business processes and systems. Our CCI solution recognises the value of using a traditional call centre as the starting point for integrating customer service across front end and back end, using all the available communication channels.

DD Way

A focused, planned and resourced programme for accelerating the implementation of the DD Strategy across the global organisation.

Enterprise Content Management (ECM)

Our Enterprise Content Management Solution aggregates, structures and employs workflow related to an organisation's documents, web pages, media assets and other content in order to maximise their potential and make production, review and publishing more efficient. Our Enterprise Content Management Solution also stores metadata (information about the content), which allows it to be categorised for searching, or repurposing for the web and other interactive channels.

Enterprise Infrastructure

Our core business which includes storage and networks, networking operating systems, desktop systems, unified messaging.

Enterprise Storage

Our Enterprise Storage Solution combines database, server, storage and network technologies to form a set of highly scalable and available information storage solutions. It comprises services and solutions for Storage Management, Storage Architecture, Storage Backup and Storage Consolidation.

GSOA

Global Services Operating Architecture is an operating architecture comprising third party software and proprietary software which enables Dimension Data to support and manage global networks and applications on-line.

iBOSS

Integrated Business and Operations Support Systems.

Insite

Insite is a comprehensive real-time, remote information technology monitoring facility. It is available around the clock through our Operations Centres across the globe. A detailed matrix illustrates all the deliverables of the complete Insite service.

Integration Services

Dimension Data specialises in making it simpler to deploy and integrate applications, systems and networks in complex technology environments.

Internet Protocol (IP)

The procedure that governs the break-up of data messages into multiple smaller packets and their reassembly on arrival as they travel from point to point across the Internet.

IP Convergence

Our IP Convergence solutions enable organisations to achieve productivity enhancements, support mobility and realise infrastructure efficiencies by creating customised business applications that integrate into and take advantage of consolidated voice, fax, video and data IP networks.

IP Telephony

Our IP Telephony Solution enables voice, video, faxes and applications to be transported over traditional data networks (any IP-based LAN, WAN, Intranet or Internet), eliminating the need for separate voice and data networks. IP Telephony delivers next generation, standards-based applications that increase productivity and offer advanced services, which the Public Switched Telephone Network (PSTN) cannot provide. Our IP Telephony solution includes enterprise telephony services as well as pre-packaged XML applications.

IP VPN

Our IP Virtual Private Network Solution provides a secure transport layer over physical infrastructure, IP connectivity and routing between physical locations. By employing innovative and proven technologies, our IP VPN Solution addresses communications provider issues such as the cost of legacy systems, network growth and service level management.

Multi-Sourcing

Multi-Sourcing coordinates a combination of local, onshore and offshore resources to deliver Dimension Data solutions to clients. By matching resources and locations. Multi-Sourcing brings together best skills and proven expertise to create competitive advantages for Dimension Data regions and their clients.

Perimeter Security

Our perimeter security solution secures the perimeter of an organisations' internal network from unauthorised access and use by external users and applications. It also enables the organisation to control their employee's access to the external internet. It is comprised of a firewall, an intrusion detection system, an URL filtering system, a content inspection system, a strong authentication mechanism and a reporting facility which are all integrated into a highly available and scalable system.

Security

Our Security solutions and services enable organisations to realise the true value of their information currency, by ensuring it flows in a secure, trusted, and controlled environment without contamination. Bringing together best-of-breed technologies and extensive expertise, we provide clients with the highest level of security through services ranging from assessment through solution build to operational services.

Service Provider Solutions (SPS)

Our Service Provider Solutions address the technology and business needs of communications service providers and other organisations that manage networks. These solutions address network build-out and management, operational and business support systems and customer-focused value added services. Our solutions enable communications service providers to develop more valuable customer interactions and services.

Speech Self-Service

Our fully automated speech self-service solutions provides an enhanced user experience by blending speech recognition, speech synthesis, speaker authentication and VoiceXML initiatives.

Surveyor

A Surveyor engagement analyses and assesses a specific IT and business environment and provides the client with a report. Dimension Data's Surveyors can be more business oriented i.e. using a standard approach to gather relevant information which will be analysed by a business analyst and then reported back to the client, or technically focused, i.e. using a suite of technology tools that extracts the raw data and forms the basis of the analysis and the report-back to the client.

Uptime

Uptime is Dimension Data's support and maintenance service. The service consists of different levels of support and hence provides the flexibility to the client on service choices. Uptime is made up of the following: parts, labour, operations and systems.

VoIP

Voice over Internet Protocol.

contacts and corporate information

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