

# Independent auditor's report

for the year ended 28 February 2019

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## TO THE SHAREHOLDERS OF DATATEC LIMITED

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of Datatec Limited and its subsidiaries (the "Group") set out on pages 106 to 195, which comprise the consolidated statement of financial position as at 28 February 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 28 February 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors ("IRBA Code") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the matter was addressed in the audit
<p><b>SYNNEX earn-out receivable</b></p> <p>Effective 1 September 2017, Datatec Limited sold its Westcon-Comstor business in North America and Latin America ("Westcon Americas") for an amount of US\$600 million and 10% of the remaining part of Westcon ("Westcon International") to SYNNEX Corporation ("SYNNEX") for an amount US\$30 million. The Group is entitled to additional purchase consideration should the gross profit achieved by Westcon Americas be in excess of stipulated amounts for the 12-month period ended 28 February 2018.</p> <p>A dispute has arisen in respect of the earn-out receivable related to the disposal of Westcon Americas. The dispute is still ongoing and currently subject to an arbitration process. The earn-out receivable represents a financial asset and therefore is required to be recorded at fair value in terms of IFRS 13 <i>Fair Value Measurement</i>. Due to the significant judgement involved in measuring this financial asset, the valuation of the earn-out receivable of US\$11.7 million after costs has been identified as a key audit matter.</p> <p>The profit on disposal of Westcon Americas is included in discontinued operations in the statement of comprehensive income and the disclosures relating to the disposal group is contained in the critical accounting judgements and key sources of estimation accounting policy and Notes 23 and 37 of the consolidated financial statements.</p>	<p>In determining the recognition and disclosure of the earn-out receivable, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>inspected the share purchase agreement and other underlying correspondence to verify that all relevant facts were taken into account in the determination of the earn-out receivable;</li> <li>reviewed correspondence from the legal advisers with respect to the expected outcome of the arbitration;</li> <li>considered the directors' judgement in the determination of the valuation of the earn-out receivable, taking into account the various possible outcomes;</li> <li>reviewed the directors' accounting paper including the assessment made of accounting estimates;</li> <li>tested the key controls around the preparation of the earn-out receivable valuation calculation;</li> <li>considered the adequacy of disclosures in the consolidated financial statements relating to the earn-out receivable; and</li> <li>obtained specific management representations on the estimates applied in the valuation of the earn-out receivable.</li> </ul> <p>We concur with the directors' assessment in determining the valuation of the earn-out receivable. Based on the results of the above procedures, we consider the disclosures in relation to the earn-out receivable in the consolidated financial statements to be adequate.</p>

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## Other information

The directors are responsible for the other information. The other information comprises the directors' report, the Audit, Risk and Compliance Committee's report and the certificate of Company Secretary, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- conclude on the appropriateness of the directors' use of the going-concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

# Independent auditor's report continued

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## Auditor's responsibilities for the audit of the consolidated financial statements continued

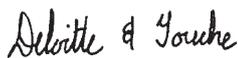
We communicate with the Audit, Risk and Compliance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit, Risk and Compliance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit, Risk and Compliance Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in *Government Gazette* Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Datatec Limited for 24 years.



### Deloitte & Touche

Registered Auditor

Per: M Rayfield

Partner

15 May 2019

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

National Executive: \*LL Bam Chief Executive Officer \*TMM Jordan Deputy Chief Executive Officer; Clients & Industries  
\*MJ Jarvis Chief Operating Officer \*AF Mackie Audit & Assurance \*N Sing Risk Advisory \*DP Ndlovu Tax & Legal  
TP Pillay Consulting \*JK Mazzocco Talent & Transformation MG Dicks Risk Independence & Legal \*KL Hodson Financial  
Advisory \*TJ Brown Chairman of the Board

A full list of partners and directors is available on request

\* Partner and registered auditor

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

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