Notes to the Group consolidated annual financial statements

for the year ended 28 February 2019

	2019 US$'000	2018 US$'000
1. REVENUE		
Revenue from product sales	**3 566 196**	3 199 629
Revenue from sales of hardware/direct product sales	**2 734 005**	2 514 898
Revenue from sales of software/fulfilment product sales	**773 372**	624 491
Revenue from vendor resold services and product maintenance services	**58 819**	60 240
Revenue from services	**380 984**	302 693
Revenue from professional services	**380 045**	258 713
Revenue from other services	**939**	43 980
Annuity revenue	**385 201**	421 393
Revenue from cloud services	**44 049**	80 292
Revenue from other annuity services	**341 152**	341 101
	4 332 381	3 923 715

Imputed interest income included in revenue, which would result from a notional unwinding of interest inherent in trade finance for the year is US$28.0 million (FY18: US$25.9 million).

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019		2018	
	Number of awards ('000)	**Weighted average grant price**	Number of awards ('000)	Weighted average grant price ZAR
2. SHARE-BASED PAYMENTS				
The Group plans are detailed in the remuneration report on pages 72 to 95. They provide for a grant price equal or approximately equal to the market price at the date of the grant.				
Datatec Group schemes (equity-settled)				
Datatec Conditional Share Plan ("CSP")		**ZAR**		
Granted during the year	**2 267**	**20.78**		
Outstanding at the end of the year	**2 267**	**20.78**		
Exercisable at the end of the year	**–**	**–**		
The first grant under the CSP was made during FY19 when the share price was R20.78. At 28 February 2019 the CSP awards had a weighted average remaining contractual life of 2.3 years.				
Datatec Deferred Bonus Plan 2017 ("new DBP")		**ZAR**		
Shares purchased by participants in the year from pre-tax bonus of the prior year	**546**	**22.50**		
Shares purchased by the Company for participants	**546**	**–**		
Forfeitable shares at the end of the year	**1 092**	**22.50**		
Exercisable at the end of the year	**–**	**–**		
The new DBP commenced during FY19 with participants deferring a portion of their pre-tax bonuses for FY18. The sum deferred was doubled and used to purchase Datatec shares which the participants hold under the terms of the new DBP. These shares are forfeitable if the participant leaves the employment of the Group within the three-year holding period (from date of grant). At 28 February 2019, the remaining life of the award until the end of the holding period was 2.3 years.				

2. SHARE-BASED PAYMENTS continued

Datatec Group schemes (equity-settled) continued

	2019		2018	
	Number of awards ('000)	**Weighted average grant price**	Number of awards ('000)	Weighted average grant price
Datatec Share Appreciation Right Scheme ("SARs") Schemes		**ZAR**		ZAR
Outstanding at the beginning of the year	**4 712**	**31.74**	3 004	51.10
Granted during the year	**–**	**–**	866	53.87
Exercised during the year – weighted average share price on exercise: N/A (FY18: N/A)	**–**	**–**	–	–
Forfeited during the year	**–**	**–**	(1 094)	50.85
Modification in respect of special dividend	**–**	**–**	1 936	(23.00)
Outstanding at the end of the year	**4 712**	**31.74**	4 712	31.74
Exercisable at the end of the year	**1 168**	**35.79**	–	–

The SAR scheme was discontinued after the final awards in FY18. SARs outstanding at 28 February 2019 comprised grant prices in the range R27.20 to R35.79 (FY18: R23.16 to R37.74) and had a weighted average remaining contractual life of 4.3 years (FY18: 5.3 years).

	2019		2018	
	Number of awards ('000)	**Weighted average grant price**	Number of awards ('000)	Weighted average grant price
Datatec Long-Term Incentive Plan ("LTIP")		**ZAR**		ZAR
Outstanding at the beginning of the year	**4 097**		2 605	
Granted during the year	**–**		750	
Settled during the year – share price on vesting – N/A (FY18: N/A)	**–**		–	
Forfeited during the year	**(1 006)**		(941)	
Modification in respect of special dividend	**–**		1 683	
Outstanding at the end of the year	**3 091**		4 097	
Exercisable at the end of the year	**–**		–	

The LTIP was discontinued after the final awards in FY18. The LTIP awards outstanding at 28 February 2019 had been granted when the share price was in the range R27.20 to R35.79 (FY18: R23.16 to R37.74) and had a weighted average remaining contractual life of 0.7 years (FY18: 1.33 years).

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019		2018	
	Number of awards ('000)	**Weighted average grant price**	Number of awards ('000)	Weighted average grant price
2. SHARE-BASED PAYMENTS continued				
Datatec Group schemes (equity-settled) continued				
Datatec Deferred Bonus Plan 2005 ("old DBP")		**ZAR**		ZAR
Outstanding at the beginning of the year	**291**		393	
Arising during the year (performance condition)	**71**		–	
Settled during the year – share price on vesting – R20.78 (FY18: R59.29)	**(213)**		(51)	
Forfeited during the year	**–**		(51)	
Outstanding at the end of the year	**149**		291	
Exercisable at the end of the year	**–**		–	

The old DBP was discontinued with the last awards having been made in FY17. The DBP matching shares outstanding at 28 February 2019 had been granted when the share price was R27.20 (2018: range R46.16 to R60.74) and had a weighted average remaining contractual life of 0.2 years (FY18: 0.7 years).

Modification

The Datatec share-based remuneration plans were modified in FY18 to account for the special dividend paid in January 2018 so that the participants' interests were not detrimentally affected. The number of SARs and LTIP awards in existence at the time of the special dividend were increased by 69.7% and the exercise price for the SARs was reduced by R23.00. Both these adjustments are based on the amount of the special dividend. No adjustment was required for the DBP because, on settlement, the matching shares will have additional shares added in lieu of the dividends arising during the performance period.

Fair value

The CSP awards are conditional upon specific non-market conditions and the completion of a service period. The new DBP awards are solely conditional upon completion of a service period. The fair value of these awards referred to as the "unconditional" fair value is equal to the underlying share price of Datatec shares at the grant date. Fair value for awards under the previous SARs and LTIP were measured by use of an actuarial binomial model. The main inputs into the models, in addition to those recorded above, are set out in the table below.

	2019		2018	
	CSP	**DBP**		
Grant date	**1 June 2018**	**14 June 2018**	28 July 2017	
Vesting date	**1 June 2021**	**15 June 2021**	22 May 2020	
Performance period	**28 February 2018 to 28 February 2021**		28 February 2017 to 28 February 2020	
Share price and fair values			Original	Modified
Share price grant (closing price)	**R21.89**		R57.44	R34.44
Weighted fair value at grant date:				
CSP	**R21.89**			
SARs	**N/A**		R14.65	R8.63
LTIP	**N/A**		R56.00	R33.00
DBP	**R22.50**		N/A	N/A
Risk-free rate (NACA) – six year: SARs	**N/A**		7.51%	
Risk-free rate (NACA) – three year: CSP/LTIP	**7.19%**		6.80%	
Dividend yield (NACA)	**0.00%**		0.00%	
Volatility of Datatec	**N/A**		25.50%	

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is not required as an input to the valuation models for the CSP and new DBP.

	2019		2018	
	Number of awards ('000)	**Weighted average grant price**	Number of awards ('000)	Weighted average grant price
2. SHARE-BASED PAYMENTS continued				
Subsidiary schemes (cash-settled)				
Logicalis				
Logicalis CSP		**US$**		
Granted during the year	**619**	**4.84**		
Outstanding at the end of the year	**619**	**4.84**		
Exercisable at the end of the year	**–**	**–**		

The first grant under the Logicalis CSP was made during FY19 when the Logicalis share price was US$4.84. At 28 February 2019, the CSP awards had a weighted average remaining contractual life of 6.3 years.

	2019 Number of awards ('000)	2019 Weighted average grant price	2018 Number of awards ('000)	2018 Weighted average grant price
Logicalis SAR Scheme		**US$**		US$
Outstanding at the beginning of the year	**3 411**	**4.51**	3 364	5.07
Granted during the year	**493**	**4.84**	1 063	3.70
Exercised during the year – share price on exercise US$4.84 (FY18: US$3.70)	**(172)**	**4.11**	(75)	2.97
Forfeited during the year	**(770)**	**5.41**	(941)	5.73
Outstanding at the end of the year	**2 962**	**4.36**	3 411	4.51
Exercisable at the end of the year	**633**	**4.92**	486	4.55

The Logicalis SARs outstanding at 28 February 2019 comprised grant prices in the range of US$3.70 to US$5.84 (FY18: US$3.70 to US$5.57) and had a weighted average remaining contractual life of 4.4 years (FY18: 4.6 years).

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019		2018	
	Number of awards ('000)	**Weighted average grant price**	Number of awards ('000)	Weighted average grant price
2. SHARE-BASED PAYMENTS continued				
Subsidiary schemes (cash-settled) continued				
Logicalis continued				
PromonLogicalis Latin America ("PLLAL") CSP		**US$**		
Granted during the year	**119**	**8.16**		
Outstanding at the end of the year	**119**	**8.16**		
Exercisable at the end of the year	**–**	**–**		
The first grant under the PLLAL CSP was made during FY19 when the PLLAL share price was US$8.16. At 28 February 2019 the CSP awards had a weighted average remaining contractual life of 6.3 years.				
PromonLogicalis Latin America SAR Scheme		**US$**		US$
Outstanding at the beginning of the year	**1 106**	**6.62**	967	7.41
Granted during the year	**152**	**8.16**	356	6.03
Exercised during the year – share price on exercise US$8.16 (FY18: N/A)	**(90)**	**5.82**	–	–
Forfeited during the year	**(341)**	**8.66**	(217)	9.18
Outstanding at the end of the year	**827**	**6.14**	1 106	6.62
Exercisable at the end of the year	**30**	**7.58**	96	5.84
The PLLAL SARs outstanding at 28 February 2019 comprised grant prices in the range of US$5.08 to US$9.25 (FY18: US$4.22 to US$9.10) and had a weighted average remaining contractual life of 5.0 years (FY18: 4.7 years).				
Westcon International				
Westcon International Equity Appreciation Plan ("EAP")		**US$**		
Granted during the year	**159**	**125.00**		
Lapsed/forfeited during the year	**(17)**	**–**		
Outstanding at the end of the year	**142**	**125.00**		
Exercisable at the end of the year	**–**	**–**		
Units were granted under the Westcon International EAP during FY19 with a strike price of US$125 per unit. At 28 February 2019 the EAP awards had a remaining contractual life of 4.0 years.				

2. SHARE-BASED PAYMENTS continued

Subsidiary schemes (cash-settled) continued

Westcon International continued

	2019		2018	
	Number of awards ('000)	**Weighted average grant price**	Number of awards ('000)	Weighted average grant price
Westcon International SAR Scheme		**US$**		
Granted during the year	**2 319**	**1.25**		
Outstanding at the end of the year	**2 319**	**1.25**		
Exercisable at the end of the year	**–**	**–**		
Westcon International SARs were granted for the first time during FY19 with a strike price of US$1.25. At 28 February 2019 the SAR awards had a remaining contractual life of 4.3 years.				
Analysys Mason Performance Share Scheme		**GBP**		GBP
Note: a proportion of this scheme is settled in Analysys Mason equity				
Outstanding at the beginning of the year	**209**	**14.17**	212	14.72
Granted during the year	**86**	**14.64**	84	13.52
Exercised during the year – share price on exercise £14.64 (FY18: £13.52)	**(64)**	**14.67**	(21)	15.14
Forfeited during the year	**(14)**	**14.18**	(66)	14.82
Outstanding at the end of the year	**217**	**14.21**	209	14.17
Exercisable at the end of the year	**–**	**–**	–	–
The awards outstanding at 28 February 2019 had a weighted average remaining contractual life of 1.1 years (FY18: 1.2 years).				

Fair value is typically measured by use of Black-Scholes or modified binomial tree models for the cash-settled share-based payment schemes. The main inputs into the models used by subsidiaries, in addition to those recorded above, fall into the following ranges:

	2019	2018
Grant date	**14 March 2018 to 1 July 2018**	1 July 2017
Vesting date	**1 March 2019 1 March 2023**	30 June 2019 to 1 July 2020
Risk-free rate	**1.29% – 3.84%**	2.05% – 2.78%
Expected life (years)	**0.34 – 6.34**	0.34 – 6.34
Dividend yield	**Zero**	Zero
Volatility of subsidiary	**32.07% – 35.00%**	28%

The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility of subsidiaries has been determined by reference to peer group data. The fair value of the cash-settled awards is deemed to be nil on grant and nil at the end of the accounting period because the awards have not vested.

	2019 US$'000	2018 US$'000
Expense in respect of equity-settled schemes		
Datatec Limited	**4 792**	1 849
Subsidiaries	**279**	243
	5 071	2 092
Expense in respect of cash-settled schemes (all in subsidiaries)	**4 693**	4 106
	9 764	6 198

Settlements of US$1.5 million have been made relating to equity-settled schemes for the year ended 28 February 2019 (FY18: US$0.3 million).

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019 US$'000	2018 US$'000
3. OPERATING PROFIT/(LOSS)		
Operating profit/(loss) is arrived at after taking into account the following items:		
Auditors' remuneration		
Audit fees	**3 758**	3 707
Other services	**903**	280
Taxation services	**686**	193
Other services and expenses	**217**	87
Prior-year under accrual	**259**	191
Total auditors' remuneration	**4 920**	4 178
Depreciation		
Office furniture, equipment and motor vehicles	**2 950**	3 902
Computer equipment	**16 212**	18 550
Leasehold improvements	**6 629**	5 096
Land and buildings	**98**	–
	25 889	27 548
Amortisation of software	**1 260**	1 341
Amortisation of capitalised development expenditure	**972**	11 375
Amortisation of acquired intangible assets	**10 217**	11 299
Total depreciation and amortisation	**38 338**	51 563
Foreign exchange (gains)/losses	**(8 168)**	6 364
Realised	**(701)**	(4 699)
Unrealised	**(7 467)**	11 063
Impairment losses recognised on trade receivables	**6 675**	20 384
Reversal of impairment losses on trade receivables	**(2 858)**	(5 123)
Fees for professional services	**20 468**	32 977
Administrative and managerial	**255**	249
Consulting	**12 019**	25 418
Accounting and advisory	**8 194**	7 310
Operating lease rentals	**31 064**	38 254
Office furniture, equipment and motor vehicles	**1 097**	2 614
Land and buildings	**27 275**	32 717
Computer equipment	**2 692**	2 923
Loss on disposal of office furniture and equipment, computer equipment, leasehold improvements, motor vehicles and software	**93**	170
Staff costs	**642 983**	592 358
Staff costs included in cost of sales	**237 862**	210 358
Retirement benefit contributions	**13 414**	11 706
Staff costs	**391 707**	370 294
Directors' emoluments*	**5 021**	3 994
Executive directors	**4 363**	3 284
Salaries	**1 988**	1 776
Bonuses	**2 006**	1 201
Benefits	**369**	307
Non-executive directors' emoluments – fees	**658**	710

Long-term incentives for executive directors are included in the share-based payments charge reflected in Note 2.

** Full details of directors' emoluments are provided in Note 26 on pages 161 to 164.*

	2019 US$'000	2018 US$'000
4. FINANCE COSTS		
Bank overdrafts and long-term liabilities	**30 809**	26 353
Finance leases	**1 336**	720
	32 145	27 073

Imputed finance costs included in cost of sales, which would result from the discounting of payables for the year are US$23.6 million (FY18: US$20.4 million). Total finance costs, incorporating actual finance costs of US$32.1 million (FY18: US$27.1 million) and the imputed finance costs, are US$55.7 million (FY18: US$47.5 million).

	2019 US$'000	2018 US$'000
5. TAXATION		
5.1 Taxation charge		
South African normal taxation:		
Current taxation – current year	**3 901**	2 013
– prior year	**3**	103
Deferred taxation – current year	**(440)**	(110)
– prior year	**(233)**	519
	3 231	2 525
Foreign taxation:		
Current taxation – current year	**33 319**	27 796
– prior year	**1 300**	1 211
Deferred taxation – current year	**(16 886)**	(3 988)
– rate adjustment	**445**	(9 383)
– prior year	**(450)**	304
	17 728	15 940
Total taxation charge	**20 959**	18 465
5.2 Reconciliation of taxation rate to profit before taxation		
South African statutory tax rate	**28.0%**	28.0%
Reconciling items expected to reoccur:		
Equity-accounted earnings (1)	**1.4%**	0.0%
Intra-group management fees (2)*	**3.9%**	(0.6%)
Non-deductible property, plant and equipment, inventory and other asset impairments (3)	**7.8%**	(11.9%)
Other non-deductible expenses and permanent differences (4)	**4.0%**	(2.9%)
Share-based payments (5)	**6.8%**	0.1%
Exempt profits/incentives (6)	**(3.4%)**	–
Tax arising on dividend flows (7)	**(3.5%)**	–
Tax loss utilised/recognised (8)	**(19.7%)**	0.5%
Foreign taxation rate differential (9)	**38.2%**	(9.7%)
Tax losses and other deferred tax assets not recognised (10)	**34.5%**	(19.8%)
Rate adjustment (11)	**1.8%**	9.4%
Prior year adjustments (12)	**2.6%**	(2.2%)
Reconciling items that are not expected to recur:		
Disposal related to intra-group management fees (13)*	**2.7%**	(7.3%)
US goodwill (14)	**(18.7%)**	–
Costs allocated from discontinued operations (15)*	**–**	(2.0%)
Acquisition-related adjustments (16)	**0.2%**	(0.2%)
Effective taxation rate	**86.6%**	(18.6%)

** In 2018, these items were disclosed combined as (9.9%) under "intra-group management fees".*

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

5. TAXATION continued

5.2 Reconciliation of taxation rate to profit before taxation continued

Notes to the Group tax rate reconciliation

The tax rate reconciliation uses the 28% South African statutory tax rate as a starting point. The Group operates in over 50 countries and the head office is based in South Africa. Datatec Limited is listed on the JSE and the majority of the Group's shareholders are based in South Africa. The South African statutory tax rate is therefore deemed to be the most appropriate starting point. This is a key judgement applied by management.

(1): Arises as the net profit after taxation from equity-accounted investments is presented as a single line item in the Group's profit before taxation.

(2): Arises as a result of the imputation of income for tax purposes where certain management fees are not billed to the entities benefiting from the services provided.

(3): Relates to fixed asset depreciation, inventory and work-in-progress write-offs and other asset impairments not deductible for tax purposes.

(4): Includes entertainment expenses, donations, gifts and other expenses not deductible for tax purposes.

(5): Reflects the differing tax treatments relating to the share-based payment charges.

(6): Relates to profits arising that are not chargeable to taxation and tax credits or additional tax deductions given in relation to certain types of expenditure.

(7): Reflects the additional tax arising or tax benefit obtained as a result of intra-group dividends which have no net impact on the consolidated statement of other comprehensive income.

(8): Relates to tax losses and other timing differences that have not previously been recognised as a deferred tax asset.

(9): The tax reconciliation starts by applying the 28% South African tax rate to the profits arising in the year. The Group has earned profits in jurisdictions with significantly higher statutory tax rates such as Brazil at 34% and has also incurred losses in jurisdictions with significantly lower statutory tax rates such as the UK at 19%. This line item reflects the additional taxation of these profits and the reduced tax benefit of these losses.

(10): Relates to those timing differences that arise in the year for which a deferred tax asset has not been recognised, typically because of the uncertainty that future taxable income will be available against which deductible temporary differences can be utilised.

(11): Refers to changes in the carrying value of deferred tax assets and liabilities as a result of a change in local statutory rates of taxation. In the prior year this was mainly due to the US federal tax rate decreasing from 35% to 21%. In the current year, it relates to the reduction in the UK tax rate from 19% to 17% effective 1 April 2020.

(12): Reflects changes to the current and deferred tax recorded in relation to prior accounting periods.

(13): Relates to costs incurred in providing services to entities that have been disposed of which are not deductible for tax purposes.

(14): The tax benefit that arises due to goodwill being deducted for tax purposes in the US, for which no previous benefit was recorded.

(15): Costs borne by entities disposed of in the year have been reallocated to the continuing business.

(16): Relates to acquisition costs or aborted acquisition costs that are not deductible for tax purposes.

In FY18, a taxation charge was incurred on a pre-tax loss.

	2019 US$'000	2018 US$'000
Taxation charge by region		
North America	**(4 963)**	(10 743)
Latin America	**14 131**	13 765
Europe	**2 748**	6 375
Asia-Pacific	**5 284**	5 679
MEA	**3 759**	3 389
Total taxation charge	**20 959**	18 465
Unutilised tax losses		
Certain subsidiaries had tax losses at the end of the financial year that are available to reduce the future taxable income of the Group and are estimated to be:	**186 810**	185 442
Future tax relief at a blended tax rate of 21.4% (FY18: 22.9%) is US$40.0 million (FY18: US$42.5 million). Deferred tax assets of US$16.3 million (FY18: US$13.2 million) have been recognised in respect of a portion of these losses as set out in Note 11.	**39 962**	42 507

	2019 US$'000	2018 US$'000
6. EARNINGS PER SHARE		
Reconciliation of attributable profit to headline earnings/(loss)		
Total profit for the year attributable to the equity holders of the parent	**13 134**	44 359
Profit/(loss) for the year from continuing operations (net of non-controlling interests)	**1 440**	(115 249)
Profit for the year from discontinued operations	**11 694**	159 608
Total headline earnings adjustments:	**(11 375)**	(80 080)
Impairment of capitalised development expenditure	**–**	55 112
Impairment of investment in joint venture	**–**	1 000
Loss on disposal of investment	**255**	–
Profit on disposal of discontinued operations	**(11 694)**	(136 341)
Loss on disposal of property, plant and equipment		
– Gross	**93**	170
– Tax effect	**(29)**	(21)
Non-controlling interests	**(101)**	(5 616)
Total headline earnings/(loss)	**1 658**	(41 337)
Reconciliation of attributable profit to headline earnings/(loss) – continuing operations		
Total profit/(loss) for the year attributable to the equity holders of the parent – continuing operations	**1 440**	(115 249)
Headline earnings adjustments – continuing operations:	**319**	56 261
Impairment of capitalised development expenditure	**–**	55 112
Impairment of investment in joint venture	**–**	1 000
Loss on disposal of investment	**255**	–
Loss on disposal of property, plant and equipment		
– Gross	**93**	170
– Tax effect	**(29)**	(21)
Non-controlling interests	**(101)**	(5 616)
Headline earnings/(loss) – continuing operations	**1 658**	(64 604)
Headline earnings – discontinued operations	**–**	23 267
Total headline earnings/(loss)	**1 658**	(41 337)
Reconciliation of total headline earnings/(loss) to underlying* earnings/(loss)		
Total headline earnings/(loss)	**1 658**	(41 337)
Headline earnings/(loss) for the year from continuing operations	**1 658**	(64 604)
Headline earnings for the year from discontinued operations	**–**	23 267
Total underlying* earnings adjustments:	**14 070**	29 181
Unrealised foreign exchange (gains)/losses**		
– Gross	**(7 467)**	11 131
– Tax effect	**1 771**	(2 470)
Acquisition-related fair value adjustments		
– Gross	**35**	(48)
– Tax effect	**(14)**	19
Amortisation of acquired intangible assets**		
– Gross	**10 217**	12 061
– Tax effect	**(3 001)**	(3 497)
Restructuring costs**		
– Gross	**17 506**	18 701
– Tax effect	**(3 460)**	(4 001)
	15 587	31 896
Non-controlling interests	**(1 517)**	(2 715)
Total underlying* earnings/(loss)	**15 728**	(12 156)

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

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

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019 US cents	2018 US cents
6. EARNINGS PER SHARE continued		
Basic earnings/(loss) per share	**5.5**	20.5
Continuing operations	**0.6**	(53.3)
Discontinued operations	**4.9**	73.8
Headline earnings/(loss) per share	**0.7**	(19.1)
Continuing operations	**0.7**	(29.9)
Discontinued operations	**–**	10.8
Underlying* earnings/(loss) per share	**6.6**	(5.6)
Continuing operations	**6.6**	(17.2)
Discontinued operations	**–**	11.6

The earnings metrics above are calculated on the weighted average number of shares in issue during the year of 237 771 003 (FY18: 216 305 987), after the deduction of the weighted average number of treasury shares of 897 614 (FY18: 517 941). As at 28 February 2019, the Group held 14 315 (122 378 weighted average) shares as treasury shares that had been acquired by the Datatec Share Incentive Trust 2005 (refer to Note 16). As at 28 February 2019, there were 1 092 513 (775 235 weighted average) shares relating to the Deferred Bonus Plan (refer to Note 2). The weighted average number of shares relating to the treasury shares and Deferred Bonus Plan were included in the calculation of the total weighted average number of shares.

	2019	2018
Diluted earnings/(loss) per share	**5.5**	20.3
Continuing operations	**0.6**	(52.6)
Discontinued operations	**4.9**	72.9
Diluted headline earnings/(loss) per share	**0.7**	(18.9)
Continuing operations	**0.7**	(29.5)
Discontinued operations	**–**	10.6
Diluted underlying* earnings/(loss) per share	**6.5**	(5.6)
Continuing operations	**6.5**	(17.0)
Discontinued operations	**–**	11.4
Weighted average number of shares	**237 771 003**	216 305 987
The diluted earnings metrics above are calculated using the weighted average number of shares in issue during the year, taking into account the dilutive effect of:		
Shares related to share-based payment schemes	**2 614 111**	2 500 786
Diluted weighted average number of shares	**240 385 114**	218 806 773

The share repurchase programme has an anti-dilutive effect on earnings and headline earnings per share.

The adoption of IFRS 9 and IFRS 15 had no impact on earnings per share or diluted earnings per share.

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

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

US$'000	2019 Cost	2019 Accumulated depreciation	2019 Net book value	2018 Cost	2018 Accumulated depreciation	2018 Net book value
7. PROPERTY, PLANT AND EQUIPMENT						
Office furniture, equipment and motor vehicles	**32 050**	**(20 872)**	**11 178**	31 564	(18 982)	12 582
Computer equipment	**135 209**	**(108 506)**	**26 703**	125 910	(100 579)	25 331
Leasehold improvements	**56 422**	**(36 088)**	**20 334**	51 777	(31 746)	20 031
Land and buildings	**2 189**	**(98)**	**2 091**	3 104	(1 317)	1 787
	225 870	**(165 564)**	**60 306**	212 355	(152 624)	59 731

A register of land and buildings is maintained at the registered office of the applicable Logicalis entities and may be inspected by shareholders or their duly authorised agents.

The fair value of property, plant and equipment approximates its net book value.

Movement of property, plant and equipment – US$'000	Office furniture, equipment and motor vehicles	Computer equipment	Leasehold improve-ments	Land and buildings	Total
Balance at 1 March 2017	13 724	34 983	23 168	1 867	73 742
Subsidiaries acquired	179	212	–	1 738	2 129
Additions	4 823	14 480	6 687	14	26 004
Translation differences	496	(1 546)	1 643	762	1 355
Disposals	(151)	(225)	(585)	–	(961)
Disposal of discontinued operations	(2 228)	(3 284)	(4 932)	(2 565)	(13 009)
Transfers	15	(37)	(298)	–	(320)
Depreciation – continuing operations	(3 902)	(18 550)	(5 096)	–	(27 548)
Depreciation – discontinued operations	(374)	(702)	(556)	(29)	(1 661)
Balance at 28 February 2018	**12 582**	**25 331**	**20 031**	**1 787**	**59 731**
Subsidiaries acquired	**200**	**1 611**	**2 688**	**–**	**4 499**
Subsidiaries disposed	**(3)**	**(3)**	**(2)**	**–**	**(8)**
Additions	**1 833**	**17 010**	**4 584**	**342**	**23 769**
Translation differences	**(423)**	**(991)**	**(128)**	**(36)**	**(1 578)**
Disposals	**(69)**	**(78)**	**(68)**	**–**	**(215)**
Transfers	**8**	**35**	**(142)**	**96**	**(3)**
Depreciation	**(2 950)**	**(16 212)**	**(6 629)**	**(98)**	**(25 889)**
Balance at 28 February 2019	**11 178**	**26 703**	**20 334**	**2 091**	**60 306**

Included in property, plant and equipment are assets held under finance lease agreements with a net book value of US$8.5 million (FY18: US$8.5 million) which are encumbered as security for liabilities under finance lease agreements in Note 17.

The net book value of assets in the above categories held under finance leases is:

US$'000	Office furniture, equipment and motor vehicles	Computer equipment	Leasehold improve-ments	Land and buildings	Total
Balance at 28 February 2018	–	8 489	–	–	8 489
Balance at 28 February 2019	**–**	**6 405**	**2 099**	**–**	**8 504**

	2019 US$'000	2018 US$'000
8. GOODWILL		
Net book value	**234 551**	227 321
At the beginning of the year	**227 321**	461 651
Arising on acquisition of subsidiaries	**13 090**	5 955
Disposal of discontinued operations	**–**	(247 268)
Translation and other	**(5 860)**	6 983
Balance at the end of the year	**234 551**	227 321
Goodwill at cost	**234 551**	227 321
Accumulated impairment	**–**	–
Per cash-generating unit:	**234 551**	227 321
Logicalis	**216 451**	209 674
Consulting	**18 100**	17 647

Goodwill impairment assessment

The Group completed its annual impairment tests which are performed at the segmental cash-generating unit level. Goodwill has been allocated for impairment testing purposes to the Logicalis and Consulting cash-generating units.

External valuations are obtained for the Logicalis and Consulting cash-generating units and compared to the corresponding net asset value including goodwill. The recoverable amount of each cash-generating unit is determined based on a value-in-use calculation. Value-in-use is based on discounted cash flow calculations and includes the following key assumptions:

Future earnings: Cash flow forecasts are prepared and derived from the most recent financial budgets for the next three years which are approved by management. Cash flows are extrapolated for a further two to three-year period with estimated annual growth reducing gradually, to a rate which is considered not to exceed the long-term market growth, in perpetuity used to calculate the terminal value.

Discount rates: Estimated discount rates used are post-tax rates of return that reflect current market assessments of the time value of money and the risks specific to the cash-generating units to which goodwill is attributable.

Growth rates: Growth rates are based on budgeted figures and management estimates/assumptions in respect of the three to six-year cash flow projections, a terminal growth rate and a discount rate. The growth rates are based on industry growth forecasts.

Expected changes to selling prices and direct costs: Changes in selling prices and direct costs are based on past practices and reasonable expectations of future changes in the market.

As a result of the impairment analyses, it was concluded that no impairments were required for the period.

The directors believe that any possible change in the key assumptions, on which recoverable amounts are based, would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating units.

The table below contains the key assumptions that were used in the value-in-use calculations:

	Logicalis %	Consulting %
Weighted average cost of capital (post-tax rate)	**14.5**	**14.3**
Revenue growth rate in discrete period	**3.0 – 15.0**	**4.5 – 6.9**
Terminal growth rate	**3.0**	**2.0**

	2019 US$'000	2018 US$'000

9. INTANGIBLE ASSETS

9.1 Capitalised development expenditure

Capitalised development expenditure in Westcon International related to SAP-related development expenditure, included in amounts capitalised below, was US$4.6 million (FY18: US$5.0 million). US$10.9 million of capitalised development expenditure relates to Westcon International and US$1.8 million of capitalised development expenditure relates to Logicalis.

	2019 US$'000	2018 US$'000
Net book value	**12 711**	1 665
At the beginning of the year	**1 665**	80 843
Amounts capitalised	**11 264**	20 043
Arising on acquisition of subsidiaries	**734**	–
Disposals	**–**	(66)
Disposal of discontinued operations	**–**	(32 648)
Impairment	**–**	(55 112)
Transfers from property, plant and equipment	**–**	298
Translation	**20**	20
Amortisation – continuing operations	**(972)**	(11 375)
Amortisation – discontinued operations	**–**	(338)
Balance at the end of the year	**12 711**	1 665
Capitalised development expenditure at cost	**24 121**	67 280
Accumulated amortisation and impairment	**(11 410)**	(65 615)

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

9.2 Acquired intangible assets and software

9.2.1 Trademarks, customer and vendor relationships

	2019 US$'000	2018 US$'000
Net book value	**33 577**	36 984
At the beginning of the year	**36 984**	46 246
Arising on acquisition of subsidiaries	**8 070**	6 892
Disposal of discontinued operations	**–**	(4 842)
Translation	**(1 260)**	749
Amortisation – continuing operations	**(10 217)**	(11 299)
Amortisation – discontinued operations	**–**	(762)
Balance at the end of the year	**33 577**	36 984
Acquired intangible assets at cost	**97 786**	93 392
Accumulated amortisation and impairment	**(64 209)**	(56 408)

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

Notes to the Group consolidated annual financial statements continued

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	2019 US$'000	2018 US$'000
9. INTANGIBLE ASSETS continued		
9.2 Acquired intangible assets and software continued		
9.2.2 Software		
Net book value	**4 038**	3 677
At the beginning of the year	**3 677**	2 374
Arising on acquisition of subsidiaries	**61**	–
Additions	**1 853**	2 668
Transfers from property, plant and equipment	**3**	22
Translation	**(287)**	(16)
Disposals	**(9)**	(30)
Amortisation	**(1 260)**	(1 341)
Balance at the end of the year	**4 038**	3 677
Software at cost	**13 162**	12 115
Accumulated amortisation	**(9 124)**	(8 438)
Software is amortised using the straight-line method over their useful lives, which range from two to six years.		
Total acquired intangible assets and software	**37 615**	40 661

10. INVESTMENTS

10.1 Equity-accounted investments

The investments comprise an interest in a joint venture and associates that are equity accounted. Details of the Group's investments are:

			Effective ownership		**Carrying value**	
	Country	**Nature of business**	**2019 %**	2018 %	**2019 US$'000**	2018 US$'000
Equity-accounted:						
Neteks	Turkey	Distribution	**45.0**	45.0	**1 585**	3 721
Esource Resources, LLC.	USA	ICT Solutions	**45.0**	45.0	**733**	265
Mason Advisory Limited	UK	Consulting	**44.7**	44.7	**1 014**	742
					3 322	4 728

Significant joint venture

Neteks is an Istanbul-based networking and security distributor. An agreement is in place whereby both Westcon International and Turkish-listed group Index, have joint control of the entity. Westcon International and Index have rights to the net assets of the arrangement rather than rights to the assets and joint obligations for the liabilities. Accordingly, it is considered a joint venture, and is therefore equity accounted.

The carrying value of the equity-accounted investments approximates its fair value at year-end.

Summarised financial information in respect of the above equity-accounted joint venture is set out on the following page. The summarised financial information on the following page represents amounts in the joint venture's financial statements prepared in accordance with IFRS.

10. INVESTMENTS continued

10.1 Equity-accounted investments continued

	2019 US$'000	2018 US$'000
Non-current assets	**1 250**	368
Current assets	**47 640**	77 499
Non-current liabilities	**(11)**	(12)
Current liabilities	**(48 887)**	(73 570)
Net assets	**(8)**	4 285
The above assets and liabilities include the following:		
Cash and cash equivalents	**18 729**	26 850
Current financial liabilities (excluding trade and other payables and provisions)	**30 489**	22 511
Revenue	**119 717**	88 537
Loss for the year – continuing operations	**(4 286)**	(879)
Total comprehensive loss	**(4 286)**	(879)
The above loss includes the following:		
Depreciation and amortisation	**(37)**	(45)
Interest income	**303**	121
Interest expense	**(2 142)**	(1 104)
Income tax	**799**	80
Reconciliation of the above summarised financial information to the carrying amount:		
Net (liabilities)/assets	**(8)**	4 285
Group's share of net (liabilities)/assets	**(4)**	2 143
Control premium paid on purchase	**1 589**	1 578
Carrying amount	**1 585**	3 721
Group's share of losses after tax	**(2 143)**	(440)
Associates that are not material		
Share of profit for the period – continuing operations	**740**	164
Carrying amount	**1 747**	1 007
Total share of equity-accounted investment (losses)/profits		
Neteks	**(2 143)**	(440)
Esource Resources, LLC.	**468**	(51)
Mason Advisory Limited	**272**	215
	(1 403)	(276)

Notes to the Group consolidated annual financial statements continued

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10. INVESTMENTS continued

	2019 US$'000	2018 US$'000
10.2 Bonds (Angola government bonds)	**18 960**	21 885
ISIN: AOTNX0315G17	**4 001**	5 001
ISIN: AOTNX0322G17	**5 001**	5 001
ISIN: AOTNX0318A17	**1 800**	1 800
ISIN: AOTNTX529D15	**882**	882
ISIN: AOTNX0519L18	**7 276**	–
ISIN: AOTNTX219L16	**–**	7 500
ISIN: AOTNTX206S16	**–**	1 200
ISIN: AOTNTX206S16	**–**	501

Westcon International

The Angolan government bonds are indexed to the US Dollar. The amount of US$18.96 million is fixed and the Kwanza equivalent of this will be repaid at maturity. The prevailing National Bank of Angola official US Dollar rate at the maturity date will be used for conversion. Bonds to the value of US$0.88 million were purchased in December 2015 and mature in December 2020. The coupon rate on these bonds is 7.8%. Bonds to the value of US$9.00 million were purchased in August 2017 and mature in August 2020. Bonds to the value of US$1.80 million were purchased in April 2017 and mature in April 2020. The coupon rate on these bonds is 7.0%. Bonds to the value of US$7.28 million were purchased in July 2018 and mature in July 2023. The coupon rate on the bonds is 5.0%.

The weakened economic outlook for Angola, which arose in prior years, mainly as a consequence of the fall in the price of crude oil, has led to a decline in the exchange rate of the Kwanza to the US Dollar. The National Bank of Angola has instituted capital controls that render the timing and quantum of conversion from Kwanza to US Dollar unpredictable. Management has instituted a series of actions to control the exposure and seek to reduce further losses, including the purchase of the bonds referenced above. The intention is to reinvest the proceeds from these bonds rather than redeem them at maturity.

Expected credit losses for the year amount to US$nil.

The bonds are classified as level 1 financial instruments and are valued using quoted market rates.

	2019 US$'000	2018 US$'000
Equity-accounted investments	**3 332**	4 728
Other investments	**90**	–
Bonds	**18 960**	21 885
Total investments	**22 382**	26 613

	2019 US$'000	2018 US$'000

11. DEFERRED TAX ASSETS/(LIABILITIES)

11.1 Movement of deferred tax assets

	2019 US$'000	2018 US$'000
At the beginning of the year	**41 104**	67 644
Arising on acquisition of subsidiaries	**2 234**	610
Credit to profit or loss from continuing operations	**11 361**	2 823
Charge to profit or loss from discontinued operations	**–**	(10 337)
Disposal of discontinued operations	**–**	(19 930)
Translation and other movements	**(2 565)**	294
	52 134	41 104
Analysis of deferred tax assets		
Capital allowances	**5 931**	5 588
Expense accruals and similar items	**25 674**	17 058
Effect of tax losses*	**16 343**	13 209
Goodwill	**18**	72
Other temporary differences	**4 168**	5 177
	52 134	41 104

11.2 Movement of deferred tax liabilities

	2019 US$'000	2018 US$'000
At the beginning of the year	**(30 240)**	(78 959)
Arising on acquisition of subsidiaries	**(3 841)**	(1 688)
Disposal of discontinued operations	**–**	14 111
Charge to profit or loss from continuing operations	**6 203**	9 835
Charge to profit or loss from discontinued operations (including rate adjustment)	**–**	25 394
Credit to other comprehensive income	**(616)**	1 029
Translation and other movements	**(122)**	38
	(28 616)	(30 240)
Analysis of deferred tax liabilities		
Capital allowances	**(2 482)**	(1 358)
Goodwill	**(16 887)**	(22 446)
Intangible assets	**(6 848)**	(4 365)
Other temporary differences	**(2 399)**	(2 071)
	(28 616)	(30 240)

** Deferred tax assets of US$13.7 million (included in the US$16.3 million above) have been recognised in respect of losses incurred by entities that were loss making in either the current or prior year. Of this, US$6.7 million relates to entities that were loss making in both the current and prior year. The recognition of the deferred tax asset on tax losses is based on the strong probability that future profits will arise based on budgets, in excess of the profits arising on the reversal of existing taxable differences, against which these losses can be offset.*

Potential deferred tax assets of US$23.7 million on assessed/estimated losses have not been recognised in the current financial year. Included in this amount is US$2.2 million relating to Angola that will expire by February 2022 and US$1.6 million relating to Kenya that will expire by February 2029.

Notes to the Group consolidated annual financial statements continued

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	2019 US$'000		2018 US$'000	
	Minimum lease payments	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
12. FINANCE LEASE RECEIVABLES				
Current portion receivable within one year	**6 654**	**5 807**	6 007	5 479
Receivable between two and five years	**14 531**	**13 363**	13 116	12 283
	21 185	**19 170**	19 123	17 762
Less: Unearned finance income	**(2 015)**	**–**	(1 361)	–
Present value of minimum lease assets	**19 170**	**19 170**	17 762	17 762
Current portion		**5 807**		5 479
Long-term portion		**13 363**		12 283
Finance lease receivables		**19 170**		17 762

Unguaranteed residual values of assets leased under finance leases at the end of the year are US$3.4 million (FY18: US$nil).

The carrying value of finance lease receivables approximates fair value.

Logicalis

One of Logicalis' Latin American subsidiaries has entered into a finance lease, bearing interest at 6.48%. The lease is repayable on 31 March 2019. At 28 February 2019, US$0.03 million was receivable.

One of Logicalis' Latin American subsidiaries has entered into various finance leases, bearing interest between 0.00% and 14.20%. These leases are repayable at various dates between 31 March 2019 and 28 May 2023. At 28 February 2019, US$3.4 million was receivable.

One of Logicalis' European subsidiaries has entered into various finance leases, bearing interest between 0.63% and 14.02%. These leases are repayable at various dates between 30 August 2021 and 28 February 2023. At 28 February 2019, US$15.5 million was receivable.

Datatec Financial Services

Datatec Financial Services' Australian subsidiary has entered into various finance leases, bearing interest at between 2.70% and 12.90%. These leases are repayable at various dates between 30 April 2019 and 30 November 2019. At 28 February 2019, US$0.07 million was receivable.

Datatec Financial Services' US subsidiary has entered into various finance leases, bearing interest at between 11.30% and 12.70%. These leases are repayable at various dates between 31 March 2019 and 30 April 2019. At 28 February 2019, US$0.2 million was receivable.

Expected credit losses for the year amount to US$nil. Finance lease receivables are classified as level 3 financial instruments.

	2019 US$'000	2018 US$'000
13. INVENTORIES		
Merchandise for resale	**323 232**	235 244
Spares/maintenance inventory	**10 184**	10 341
Work-in-progress	**16 802**	12 931
	350 218	258 516
Inventory provisions	**(17 962)**	(19 979)
	332 256	238 537

Obsolete inventory amounting to US$2.0 million (FY18: US$3.1 million) was written off during the year.

During the year, inventories of US$2.5 billion (FY18: US$2.4 billion from continuing operations) were recognised as part of cost of sales. There were no inventories that were encumbered as at 28 February 2019 (FY18: US$nil).

Westcon International has certain inventory return arrangements with its major vendors to reduce the risk of technological obsolescence.

One of Westcon International's European subsidiaries has an inventory purchase financing agreement with a financing company for a specific vendor's purchases for a maximum availability of US$204.0 million (FY18: US$219.0 million) which extends payment terms from 30 to 60 days. The agreement may be cancelled at any time with a 60-day notice by either Westcon International or the vendor. As at 28 February 2019, US$160.6 million (FY18: US$139.9 million) was outstanding and is included in trade payables per Note 18. Purchases within 0 to 30 days are described as unfunded and are also included in trade payables.

Westcon International's Singapore subsidiary has an inventory purchase financing agreement for purchases with a vendor for a maximum of US$40.5 million (FY18: US$35.5 million) which extends payment terms from 30 days to 90 days. The agreement may be cancelled at any time with a 90-day notice by either Westcon International or the vendor. As at 28 February 2019, US$25.8 million (FY18: US$24.9 million) was outstanding and is included in trade payables per Note 18.

Some of Westcon International's other Asia-Pacific subsidiaries have inventory purchase financing agreements for specific vendors' purchases for a maximum of US$14.1 million (FY18: US$25.7 million). These agreements may be cancelled at any time with a 60-day or 90-day notice by either Westcon International or the vendors. As at 28 February 2019, US$10.2 million (FY18: US$14.0 million) was outstanding and is included in trade payables per Note 18.

Westcon International's Middle East subsidiary has an inventory purchase financing agreements in place for a maximum of US$16.0 million (FY18: US$11.0 million) which extends payment terms up to a maximum of 90 days. Borrowings under this agreement are collateralised by a pledge of 100% of the subsidiary's inventory. The agreements may be cancelled at any time with a 60-day notice by either Westcon International or the vendor. As at 28 February 2019, US$15.8 million (FY18: US$11.7 million) was outstanding and is included in trade payables per Note 18.

	2019 US$'000	2018 US$'000
14. TRADE RECEIVABLES		
Trade receivables	**1 290 514**	1 226 377
Expected credit loss allowance	**(31 661)**	(34 140)
	1 258 853	1 192 237

All trade receivables represent financial assets of the Group, are classified as loans and receivables and are measured at amortised cost.

The carrying value of trade receivables balances approximates its fair value.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group always recognises lifetime expected credit losses for trade receivables, which are estimated using a provision matrix which takes into consideration the payment profiles of trade receivables over a period of 12 months in preceding financial years, the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. The concentration of credit risk is limited due to the customer base being large and geographically diverse. Accordingly, the directors believe that no further credit loss allowance is required.

Particular focus is placed on trade receivables older than 90 days and impaired after considering insurance held, any other securities and payment plans in place.

Certain trade receivables are held as security for short-term interest-bearing funding (refer to Note 18.2).

Before accepting any new customer, use is made of local external credit agencies where necessary, to assess the potential customer's credit quality and to define credit limits by customer. Limits attributed to customers are reviewed regularly.

There is one customer in Latin America, with a gross value of US$141.7 million, which represents more than 5% of the total balance of trade receivables (FY18: US$145.2 million).

The Group does not hold any collateral over its trade receivables balances.

The effect of discounting of trade receivables is not material.

The weighted average write-off rate over recent years across all classes of trade receivables is 0.37% (FY18: 0.37%). The Group is therefore confident that it has provided adequately for any possible bad debt write-offs.

14. TRADE RECEIVABLES continued

The following table details the credit risk profile of trade receivables based on the Group's provision matrix.

Days past due:

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Current	73 983	223 037	506 445	133 049	86 787	1 023 301
1 – 30 days past due	3 835	11 858	58 135	42 010	15 534	131 372
31 – 60 days past due	1 927	8 151	16 939	12 776	6 877	46 670
61 – 90 days past due	1 902	1 545	4 737	4 904	3 694	16 782
91 – 120 days past due	389	1 956	2 978	2 751	7 203	15 277
Over 120 days	2 208	6 815	14 457	11 766	21 866	57 112
Gross trade accounts receivable	84 244	253 362	603 691	207 256	141 961	1 290 514
Credit loss allowance	(533)	(927)	(8 822)	(4 556)	(16 823)	(31 661)
Net trade receivables	83 711	252 435	594 869	202 700	125 138	1 258 853
Expected credit loss rate (%)	0.11	0.04	0.38	0.34	1.59	0.42

Reconciliation of the expected credit loss allowance account:

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
Balance on 1 March 2017	(2 394)	(11 462)	(5 342)	(1 501)	(16 748)	(37 447)
Impairment losses recognised on trade receivables – continuing operations	(600)	(2 841)	(6 636)	(3 257)	(7 050)	(20 384)
Impairment losses recognised on trade receivables – discontinued operations	(866)	(557)	–	–	–	(1 423)
Impairment losses reversed	(39)	2 281	2 230	651	–	5 123
Bad debt write-offs	59	691	995	494	2 695	4 934
Acquisition of subsidiary	–	–	(7)	–	–	(7)
Disposal of discontinued operations	3 525	9 305	–	–	–	12 830
Net exchange gains or losses	(515)	1 394	71	96	1 188	2 234
Balance at 28 February 2018	(830)	(1 189)	(8 689)	(3 517)	(19 915)	(34 140)
Impairment losses recognised on trade receivables	(86)	(650)	(3 835)	(1 563)	(541)	(6 675)
Impairment losses reversed	426	738	1 422	159	113	2 858
Bad debt write-offs	–	21	2 201	281	1 999	4 502
Net exchange gains or losses	(43)	153	79	84	1 521	1 794
Balance at 28 February 2019	(533)	(927)	(8 822)	(4 556)	(16 823)	(31 661)

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019 US$'000	2018* US$'000
15. CONTRACT ASSETS AND CONTRACT COSTS		
Non-current		
Non-current costs to obtain contracts^	**86**	–
Current		
Current contract assets	**98 741**	–
Current costs to obtain contracts	**57**	–
Total current contract assets and contract costs	**98 798**	–
Total contract assets and contract costs	**98 884**	–
Significant changes during the period:		
Changes due to adoption of IFRS 15+	**81 537**	–
Change in the time frame for a right to consideration to become unconditional	**(4 732)**	–
Amounts recognised during the year	**21 880**	–
Translation	**46**	–
Other	**67**	–
Total revenue contract assets and contract costs	**98 798**	–

^ Included in other receivables and contract costs.
+ Previously included in other receivables.
** The Group has initially applied IFRS 15 at 1 March 2018. It has applied IFRS 15 using the cumulative effect method, under which the comparative information is not restated.*

Expected credit losses for the year amount to US$nil.

Contract costs are amortised on a straight-line basis over three years.

	2019 US$'000	2018 US$'000
16. STATED CAPITAL		
Authorised share capital		
400 000 000 (FY18: 400 000 000) ordinary shares		
Issued share capital		
219 200 000 (FY18: 242 960 000) ordinary shares, including treasury and DBP shares		
Stated capital	**172 998**	258 461
	172 998	258 461

16. STATED CAPITAL continued

	Number of shares	Stated capital US$'000
Balance at 1 March 2017	**211 967 622**	151 947
Issue of shares for special scrip distribution	**43 770 095**	108 286
Cancellation of shares repurchased	**(12 777 717)**	(34 629)
Effects of foreign currency translation	**–**	32 857
Balance at 28 February 2018	**242 960 000**	258 461
Cancellation of shares repurchased	**(23 760 000)**	(43 881)
Deferred bonus plan shares and treasury shares	**(1 106 828)**	(1 776)
Effects of foreign currency translation	**–**	(39 806)
Balance at 28 February 2019	**218 093 172**	172 998

Stated capital is in the Rand denominated accounts of the holding company and is translated into US$ each year in the Group accounts in accordance with the accounting policy.

During the year ended 28 February 2019, no (FY18: 43 770 095) shares were issued as a scrip distribution to shareholders.

The Company repurchased the following shares during the year:

- 4 971 012 shares under the terms of a general authority given by shareholders at a general meeting on 24 July 2018;
- 11 888 988 shares under the terms of a general authority given by shareholders at the Annual General Meeting on 20 September 2018; and
- 6 900 000 shares up to 28 February 2019 under the terms of a general authority given by shareholders at a general meeting on 15 January 2019.

In total, the Company repurchased 23 760 000 shares during the FY19 financial year at a total cost of US$43.9 million.

As at 28 February 2019, the Group held 14 315 (FY18: 517 941) shares as treasury shares that had been acquired by the Datatec Share Incentive Trust 2005. These treasury shares have been set off against stated capital.

As at 28 February 2019, there were 1 092 513 shares relating to the deferred bonus plan (refer to Note 2). These shares have been set off against stated capital.

Share cancellation expenses for the year amounted to US$0.2 million (FY18 share issue and cancellation expenses: US$0.3 million), and were accounted for in equity.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019 US$'000	2018 US$'000
17. LONG-TERM INTEREST-BEARING LIABILITIES		
Liabilities under capitalised finance leases	**30 982**	25 109
Secured loans	**14 458**	17 134
Other long-term liabilities – unsecured	**30 948**	39 365
	76 388	81 608
Less: Current portion included in trade payables (Note 18)	**(45 005)**	(19 885)
Long-term portion	**31 383**	61 723
Repayable between one and two years	**16 796**	43 486
Repayable between two and three years	**7 716**	11 239
Repayable between three and four years	**4 610**	4 162
Repayable between four and five years	**1 754**	2 339
Repayable after five years	**507**	497
	31 383	61 723

17.1 Liabilities under capitalised finance leases

	2019 US$'000		2018 US$'000	
	Minimum lease payments	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
Current portion repayable within one year	**10 704**	**9 049**	8 707	7 647
Repayable between two and five years	**23 795**	**21 517**	18 650	17 262
Repayable after five years	**441**	**416**	205	200
	34 940	**30 982**	27 562	25 109
Less: Future finance charges	**(3 958)**	**–**	(2 453)	–
Present value of capitalised finance lease liabilities	**30 982**	**30 982**	25 109	25 109

The Group leased certain property, plant and equipment under finance leases. The book value of secured property, plant and equipment is US$8.5 million (Note 7). The majority of leases comprise back to back leasing arrangements. The average lease term for the Group's material leases is three to five years. The Group's lease obligations under finance leases are secured by the lessors' rights over the leased assets.

Interest rates underlying material finance leases range from 1.48% to 14.02%.

Finance lease liabilities are classified as level 3 financial instruments held at amortised cost.

17. LONG-TERM INTEREST-BEARING LIABILITIES continued

17.2 Secured loans and other long-term liabilities

Counterparty	Currency	Interest rate	Final repayment date	Repayment terms	Principal amount US$'000	Total capital amount outstanding US$'000
Unsecured:						**30 948**
Logicalis						**30 732**
Cisco Systems Capital Corporation	US$	2.00%	August 2020*	Quarterly instalments	20 569	**12 569**
Financed invoices	EUR	1.40%	October 2021*	Biannual instalments	4 741	**4 209**
Cisco Systems Capital Corporation	US$	2.00%	March 2019*	Semesterly instalments	3 987	**3 270**
Cisco Systems Capital Corporation	US$	4.42%	October 2020*	Quarterly instalments	3 465	**2 469**
Cisco Systems Capital Corporation	US$	2.00%	March 2019*	Semesterly instalments	3 002	**2 462**
Cisco Systems Capital Corporation	US$	2.00%	July 2020*	Quarterly instalments	3 369	**1 418**
Cisco Systems Capital Corporation	US$	3.00%	November 2019*	Semesterly instalments	930	**923**
Cisco Systems Capital Corporation	US$	2.00%	March 2019*	Semesterly instalments	1 122	**921**
Other	Various	Interest-free to 16.50%	Between September 2019 and December 2025	Monthly, quarterly and annual instalments	11 612	**2 491**
Datatec Financial Services						**216**
KeyBank and IBM	US$ and AUD	Between 0.83% and 6.24%	Between April 2019 and January 2020*	Monthly instalments	2 693	**216**
Secured:						**14 458**
Westcon International						**14 458**
Futuregrowth Asset Management	ZAR	10.16%	September 2019*	Full capital repayable every three years; quarterly interest instalments	17 007	**14 348**
Other	US$	5.19%	August 2024*	Monthly instalments	137	**110**

** The amount due within 12 months is included in current portion of long-term liabilities.*

The Futuregrowth Asset Management liability is secured by trade receivables to the value of US$21.5 million (FY18: US$29.4 million).

The carrying value of long-term liabilities approximates its fair value.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019 US$'000	2018 US$'000
18. TRADE AND OTHER PAYABLES AND SHORT-TERM INTEREST-BEARING LIABILITIES		
18.1 Trade and other payables	**1 358 928**	1 199 384
Trade payables	**1 056 451**	894 192
VAT/sales tax	**29 868**	14 994
Accruals	**195 882**	197 934
Sundry creditors	**70 026**	88 837
Short-term portion of share-based payments	**6 701**	3 427
18.2 Short-term interest-bearing liabilities	**109 751**	105 999
Unsecured short-term funding – Cisco Systems Capital Corporation	**45 240**	65 060
Unsecured short-term funding – Banco Bradesco	**8 277**	–
Unsecured short-term funding – Banco Votorantim	**2 762**	5 566
Unsecured short-term funding – Banco Santander	**1 148**	12 024
Unsecured short-term funding – Banco AV Villas	**553**	–
Unsecured short-term funding – Dell Bank International	**–**	2 614
Secured short-term funding – Futuregrowth Asset Management	**717**	850
Secured short-term funding – Factoring Security S.A.	**5 251**	–
Secured short-term funding – BCI Factoring S.A.	**698**	–
Secured short-term funding – Banco Internacional and Banco de Chile	**100**	–
Current portion of other long-term liabilities (Note 17)	**45 005**	19 885
	1 468 679	1 305 383

The carrying value of trade and other payables and short-term interest-bearing liabilities approximates its fair value. Trade accounts payable will be settled in the normal course of business.

Short-term interest-bearing liabilities

Unsecured loans

One of Logicalis' subsidiaries has entered into various loans with Cisco Systems Capital Corporation, between US$0.1 million and US$11.0 million each, bearing interest at 3.00%. These loans are repayable at various dates between March 2019 and February 2020. At 28 February 2019, US$45.2 million was outstanding.

One of Logicalis' subsidiaries has entered into various loans with Banco Bradesco, between US$0.004 million and US$0.5 million each, bearing interest at between 4.50% and 4.65%. These loans are repayable at various dates between March 2019 and April 2019. At 28 February 2019, US$8.3 million was outstanding.

One of Logicalis' subsidiaries has entered into various loans with Banco Votorantim, between US$0.02 million and US$0.5 million each, bearing interest at 4.53%. These loans are repayable in March 2019. At 28 February 2019, US$2.8 million was outstanding.

One of Logicalis' subsidiaries has entered into various loans with Banco Santander, between US$0.001 million and US$0.4 million each, bearing interest at 4.50%. These loans are repayable in April 2019. At 28 February 2019, US$1.1 million was outstanding.

One of Logicalis' subsidiaries has entered into various loans with Banco AV Villas, between US$0.2 million and US$0.4 million, bearing interest at between 8.29% and 8.32%. These loans are repayable in April 2019. At 28 February 2019, US$0.6 million was outstanding.

18. TRADE AND OTHER PAYABLES AND SHORT-TERM INTEREST-BEARING LIABILITIES continued

18.2 Short-term interest-bearing liabilities continued

Secured loans

One of Westcon International's subsidiaries entered into a US$0.7 million loan with Futuregrowth Asset Management, bearing interest at 9.65%. The loan is repayable on 20 March 2019. At 28 February 2019, US$0.7 million was outstanding. The liability is secured by trade receivables to the value of US$1.0 million.

One of Logicalis' subsidiaries entered into various funding arrangements with Factoring Security, S.A., between US$0.002 million and US$1.4 million each, bearing interest at between 5.16% and 7.20%. These loans are repayable at various dates between March 2019 and May 2019. At 28 February 2019, US$5.3 million was outstanding. The liability is secured by invoices to the value of US$5.3 million.

One of Logicalis' subsidiaries entered into various funding arrangements with BCI Factoring, S.A., between US$0.01 million and US$0.3 million each, bearing interest at between 4.32% and 4.68%. These loans are repayable from March 2019. At 28 February 2019, US$0.7 million was outstanding. The liability is secured by invoices to the value of US$0.7 million.

One of Logicalis' subsidiaries entered into various loans with Banco Internacional and Banco de Chile, between US$0.02 million and US$0.05 million each, bearing interest at between 3.96% and 4.85%. These loans are repayable from March 2019. At 28 February 2019, US$0.1 million was outstanding. The liability is secured by invoices to the value of US$0.1 million.

Refer to Note 13 for details of inventory purchase financing arrangements. Amounts outstanding under these arrangements are included in trade payables.

	2019 US$'000	2018 US$'000
19. AMOUNTS OWING TO VENDORS		
Long-term portion	**1 393**	211
Short-term portion	**936**	1 029
	2 329	1 240

Amounts owing to vendors represent purchase considerations owing in respect of acquisitions. The purchase considerations are to be settled with the vendors in cash or shares on achievement of agreed performance criteria. The amounts owing are interest free.

Effective 1 May 2015, Logicalis acquired Trovus ("White Label Intelligence Limited"), a UK business intelligence consultancy, which provides business insight solutions, professional services and managed services to large enterprise clients. The consideration payable comprised an initial cash consideration of US$1.6 million and deferred cash consideration of up to GBP0.4 million, split into three payments over three years. The payment of the deferred cash consideration is dependent on certain targets being met. The first payment portion of US$0.2 million was partially paid in FY18 and US$0.05 million was released to the statement of comprehensive income. During the year, a payment of US$0.1 million was made and US$0.03 million was released to the statement of comprehensive income. An amount of US$0.3 million lapsed during the year as the full target achievement was not met.

Effective 4 September 2017, Logicalis acquired Packets Systems Indonesia ("PSI"), a leading ICT systems integrator and services company. The consideration payable comprised an initial cash consideration of US$6.8 million and deferred cash consideration of up to US$0.8 million, split into two payments over two years. The payment of deferred cash consideration is dependent on certain targets being met for each of these two periods.

19. AMOUNTS OWING TO VENDORS continued

Effective 8 October 2018, Logicalis acquired Computer Networks Integration Pty Ltd ("CNI"), a Microsoft-certified gold partner based in Melbourne. The consideration payable comprised an initial cash consideration of US$1.8 million (AU$2.5 million) and deferred cash consideration of up to US$1.3 million (the equivalent of AU$1.8 million) split into three payments over three years. The payment of the deferred consideration is dependent on certain targets being met for each of these three periods.

Effective 1 June 2017, Analysys Mason acquired Nexia Management Consulting AS, a telecoms management consultancy based in Norway. The consideration payable comprised an initial consideration of NOK34.0 million (US$4.1million equivalent) paid as a mix of cash and Analysys Mason shares, and deferred cash consideration of up to NOK7.1 million (US$0.9 million equivalent). NOK1.1 million (US$0.1 million equivalent) of the deferred consideration was paid in FY18. The remaining US$0.7 million was paid during the year based on specific targets being met.

Effective 17 July 2018, Analysys Mason acquired Access Markets International Partners, Inc., a global research and consulting firm based in the US. The consideration payable comprised an initial cash consideration of US$3.3 million and a deferred cash consideration of up to US$0.2 million. The deferred cash consideration is dependent on certain targets being met.

Amounts owing to vendors are classified as financial liabilities designated at fair value through profit or loss. They are classified as level 3 financial instruments, whose fair value measurements are derived from inputs that are unobservable for the liability.

20. PROVISIONS

US$'000	Restructuring	Legal claims and costs	VAT/ sales tax	Pension obligations	Dilapidations/ asset retirement obligations	Other	Total
Balance at 1 March 2018	**7 203**	**466**	**1 846**	**4 565**	**7 112**	**5 519**	**26 711**
Acquisitions of subsidiaries	–	10	–	–	–	1 264	1 274
Amounts added	7 219	1 667	2 399	–	217	5 729	17 231
Utilised	(5 287)	(167)	(3 535)	–	(89)	(5 842)	(14 920)
Amounts reversed	(248)	–	–	–	(91)	(298)	(637)
Translation and other	(341)	(237)	–	886	(131)	(1 269)	(1 092)
Balance at 28 February 2019	**8 546**	**1 739**	**710**	**5 451**	**7 018**	**5 103**	**28 567**
Expected maturity:							
Within one year	8 546	1 371	710	1 914	622	4 385	17 548
Between two to five years	–	368	–	1 294	2 318	570	4 550
More than five years	–	–	–	2 243	4 078	148	6 469
	8 546	1 739	710	5 451	7 018	5 103	28 567

	2019 US$'000	2018 US$'000
Long-term portion	**11 019**	10 685
Short-term portion	**17 548**	16 026
	28 567	26 711

20. PROVISIONS continued

Restructuring provisions include expected costs for certain restructuring activities of the Group where the details have already been announced to affected parties. Legal claims and costs are provisions for anticipated settlements including costs, for various legal matters that the Group is defending. VAT/sales tax provisions relate to provisions for potential taxes in foreign jurisdictions. Pension obligations relate to a pension scheme operated by Logicalis Group, for which a full defined benefit pension disclosure has not been disclosed due to its immaterial value. Dilapidations and asset retirement obligations relate to provisions where the Group is expected to restore certain leased property and assets to its original condition. Other provisions include asset vendor credits, onerous contracts, employee settlement claims and waste reserves, which are individually insignificant.

The timing of restructuring provisions is fairly certain and is expected to be settled within 12 months. There is uncertainty with regards to the amounts as they are subject to final agreement.

The VAT/sales tax provision relates to tax exposures in foreign jurisdictions and external tax consultants are being utilised to investigate these taxes.

The amount of pension obligations is determined by external actuaries. The uncertainty relates to assumptions which include discount rates, retirement age and estimates of growth in retirement funding.

The timing of dilapidations/asset retirement obligations is fairly certain and based on the lease agreement end dates. There is uncertainty with regards to the amount as it is subject to the properties' condition, the position and behaviour of the landlord and the local rates prevailing at the time.

	2019 US$'000	2018* US$'000
21. CONTRACT LIABILITIES		
Current contract liabilities	**3 476**	–
Significant changes during the period:		
Changes due to adoption of IFRS 15+	**3 800**	–
Change in the time frame for a right to consideration to become unconditional	**(3 800)**	–
Amounts recognised during the year	**3 435**	–
Translation	**41**	–
Current contract liabilities	**3 476**	–
The aggregate amount of the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations is US$3.5 million.		
Expected to be recognised:		
Within one year	**3 476**	–
	3 476	–

** The Group has initially applied IFRS 15 at 1 March 2018. It has applied IFRS 15 using the cumulative effect method, under which the comparative information is not restated.*
+ Previously included in trade and other payables.

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019 US$'000	2018 US$'000
22. BANK OVERDRAFTS		
Total bank overdrafts at the end of the year	**304 019**	314 900

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	Overdraft US$'000
Westcon International					**199 113**
UK	HSBC	US$	220 000	2.95% above the US$, Euro or Sterling base rates (5.325%, 2.95% and 3.70% as at 28 February 2019)	**157 147**
• The facility matures in June 2020. • Advances under this arrangement are available up to 75% of the subsidiary's eligible accounts receivable. • The facility contains certain affirmative and negative covenants, including, but not limited to, covenants that restrict Westcon International's ability to grant guarantees or incur debt with third parties other than to immediate affiliates (as defined) subject to specific thresholds dependent on the nature of the debt, restrict the creation of liens, debentures and mortgages and restrict acquisitions higher than US$7.5 million value without the bank's prior consent.					
Germany	HSBC	US$	60 000	2.95% above the US$ and Euro base rates (5.325% and 2.95% as at 28 February 2019)	**23 279**
• The facility matures in June 2020. • Advances under this arrangement are available up to 75% of the subsidiary's eligible accounts receivable. • The facility contains certain affirmative and negative covenants, including, but not limited to, covenants that restrict Westcon International's ability to grant guarantees or incur debt with third parties other than to immediate affiliates (as defined) subject to specific thresholds dependent on the nature of the debt, restrict the creation of liens, debentures and mortgages and restrict acquisitions higher than US$7.5 million value without the bank's prior consent.					
UAE	HSBC	US$	15 000	London Interbank Offered ("LIBOR") + 2.25% (4.89% as at 28 February 2019)	**9 664**
Singapore	HSBC	US$	16 000	For US Dollar drawings, LIBOR + 1.60% For SGD drawings, Singapore interbank rate + 1.60% (4.16% as at 28 February 2019)	**4 147**
• Borrowings under this facility are collateralised by current and future assets.					
Singapore	HSBC	US$	8 000	For US Dollar drawings, LIBOR + 1.60% For SGD drawings, Singapore interbank rate + 1.60% (3.48% as at 28 February 2019)	**3 529**
• Borrowings under this facility are collateralised by current and future assets.					
Singapore	HSBC	US$	11 000	For the US$ drawings, LIBOR + 1.60% (4.14% as at 28 February 2019)	**1 347**

Westcon International has total facilities of US$390.9 million, of which US$199.1 million was drawn at year-end. Restrictions of US$50.0 million apply to the facilities. The net availability of the facilities, taking into account restrictions, is US$141.8 million. The net availability does not include any cash sources in Westcon International.

Datatec has US$30 million of cash as collateral for Westcon Asia facilities.

22. BANK OVERDRAFTS continued

Region	Provider	Facility currency	Facility limit US$'000	Interest rate	Overdraft US$'000
Logicalis					**104 906**
US	Comerica	US$	75 000	Applicable margin plus greater of: • Prime rate • Federal funds effective rate plus 1.00% • Daily adjusting LIBOR rate plus 1.00% The applicable margin is dependent on the previous quarter's average facility availability and ranges between negative 45 and negative 70 basis points (as at 28 February 2019: LIBOR + 1.3%/revolver 4.43%)	**25 000**
Brazil	Banco Bradesco	BRL	17 650	CDI + 2.67% (2.92% as at 28 February 2019)	**17 650**
Chile	Banco Itaú Unibanco	US$	11 426	7.70% as at 28 February 2019	**11 426**
Brazil	Banco Santander	US$	10 515	5.32% as at 28 February 2019	**10 515**
Singapore	HSBC	SGD	13 767	For US Dollar drawings, LIBOR + 1.60% For SGD drawings, Singapore interbank rate + 1.60%	**7 788**
• Each drawdown has a specific maturity date.					
Brazil	Banco Votorantim	US$	4 874	6.00% as at 28 February 2019	**4 874**
Brazil	Banco Bradesco	US$	3 557	5.31% at 28 February 2019	**3 557**
Brazil	Banco Itaú Unibanco	US$	10 058	CDI + 2.60% (2.85% at 28 February 2019)	**3 355**
Peru	Banco Itaú Unibanco	US$	5 894	LIBOR + 4.35%	**2 897**
Brazil	De Lage Landen	BRL	2 725	13.40% as at 28 February 2019	**2 725**
Brazil	Société Générale Brasil	BRL	2 081	0.165% as at 28 February 2019	**2 081**
Mexico	HSBC	US$	1 999	10.71% per annum	**1 782**
China	HSBC	CNY	1 791	6.10% as at 28 February 2019	**1 611**
UK	HSBC	GBP/US$/EUR	24 000	Covered: Applicable GBP/US$/EUR bank rate – 0.4% Uncovered: Applicable GBP/US$/EUR bank rate +1% or Applicable GBP/US$/EUR bank rate +1.5%	**1 559**
• This facility is secured by Logicalis' trade receivables.					

Notes to the Group consolidated annual financial statements continued

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Region	Provider	Facility currency	Facility limit US$'000	Interest rate	Overdraft US$'000
22. BANK OVERDRAFTS continued					
Logicalis continued					
Colombia	Banco Itaú Unibanco	COP	1 997	IBR M.V. + 4.764% (8.876% nominal rate at 28 February 2019)	**1 550**
Australia	HSBC	AU$	1 436	AUS BBSY + 1.85% (3.45% at 28 February 2019)	**1 436**
• The overall facility is subject to two financial covenants: an interest cover ratio and a leverage ratio.					
Australia	HSBC	AU$	1 077	AUS BBSY + 1.85% (3.45% at 28 February 2019)	**1 077**
Indonesia	HSBC	US$	9 000	IDR – 4.9%, US$ – 7.25% as at 28 February 2019	**1 065**
Other	Various	Various	Various	Between 1.93% and 45.00%	**2 958**

Logicalis has total facilities of US$252.2 million, of which US$104.9 million was drawn at year-end. Restrictions of US$18.0 million apply to the facilities. The net availability of the facilities, taking into account restrictions, is US$129.3 million. The net availability does not include any cash sources in Logicalis.

23. CONTINGENT ASSET – EARN-OUT RELATING TO DISPOSAL OF WESTCON AMERICAS TO SYNNEX

Pursuant to the sale of Westcon Americas to SYNNEX in the 2018 financial year, an earn-out payment would be made if certain gross profit targets for Westcon Americas had been met for the 12 months ended 28 February 2018.

The earn-out payment has not yet been agreed between the parties, who are currently engaged in an arbitration process. The results contain an estimate of the fair value of the receivable of US$11.7 million after costs, which is estimated to be the minimum amount receivable and which is included in profit from discontinued operations in accordance with IFRS 5. The Group has recognised an asset for the fair value of the receivable, included in other receivables under current assets.

Due to the uncertainty of the final earn-out amount, a contingent asset arises for any potential upside above the amount of the receivable recognised.

	2019 US$'000	2018 US$'000
24. COMMITMENTS		
24.1 Capital commitments		
Capital expenditure authorised and contracted for	**14 986**	19 973
Property, plant and equipment	**5 512**	7 324
Intangible assets	**9 474**	12 649
Capital expenditure authorised but not yet contracted for	**31 793**	3 156
Total capital commitments	**46 779**	23 129

This expenditure will be incurred in the ensuing year and will be financed from existing cash resources and available borrowing facilities.

	2019 US$'000	2018 US$'000
24. COMMITMENTS continued		
24.2 Operating lease commitments		
Due within one year:		
Property	**28 527**	27 572
Office furniture, equipment and motor vehicles	**2 877**	3 636
Computer equipment	**1 288**	503
Total operating lease commitments due within one year	**32 692**	31 711
Due between one and two years:		
Property	**22 599**	23 086
Office furniture, equipment and motor vehicles	**1 458**	2 077
Computer equipment	**451**	254
Total operating lease commitments due between one and two years	**24 508**	25 417
Due between two and three years:		
Property	**19 814**	18 763
Office furniture, equipment and motor vehicles	**677**	602
Computer equipment	**71**	49
Total operating lease commitments due between two and three years	**20 562**	19 414
Due between three and four years:		
Property	**15 144**	16 931
Office furniture, equipment and motor vehicles	**156**	125
Computer equipment	**4**	–
Total operating lease commitments due between three and four years	**15 304**	17 056
Due between four and five years:		
Property	**9 851**	12 893
Office furniture, equipment and motor vehicles	**23**	35
Computer equipment	**–**	–
Total operating lease commitments due between four and five years	**9 874**	12 928
Due after five years:		
Property	**20 785**	22 263
Office furniture, equipment and motor vehicles	**–**	–
Computer equipment	**–**	–
Total operating lease commitments due after five years	**20 785**	22 263
Total non-cancellable operating lease commitments	**123 725**	128 789

The fair value of the operating lease commitments is approximately equal to its carrying value.

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25. CONTINGENT LIABILITIES, GUARANTEES AND LITIGATION

Datatec and its subsidiaries have issued, in the ordinary course of business, guarantees and letters of comfort to third parties in respect of finance and trading facilities, performance commitments to customers and lease commitments. In addition, the vendor inventory purchase financing referred to in Note 13 was generally guaranteed by Westcon International.

In connection with Westcon International's investment in the Turkish joint venture, Neteks, Westcon International has guaranteed 50%, up to a maximum of US$7.9 million (FY18: US$15.0 million), related to the joint venture's finance facility with a bank. The guarantee would require Westcon International to pay 50% of the outstanding balance in the event of default by the joint venture. The maximum liability under this guarantee at 28 February 2019 was US$4.0 million (FY18: US$6.2 million).

Logicalis has a contingent liability in respect of a possible tax liability at its PromonLogicalis Latin America Limited ("PromonLogicalis") subsidiary in Brazil. In April 2011, a Brazilian state tax authority claimed that PromonLogicalis should have paid a higher rate of state tax on its equipment sales up to October 2010 than actually paid. PromonLogicalis management, supported by a legal opinion, strongly disagrees with the state tax authority's assessment and have formally appealed against it. Datatec management supports PromonLogicalis management's view and believes it unlikely that PromonLogicalis will have to pay any additional tax.

The Group has certain contingent liabilities resulting from litigation and claims, including breach of warranties, where operations have been acquired or disposed of, generally involving commercial and employment matters, which are incidental to the ordinary conduct of its business. Management believes, after taking legal advice where appropriate on the probable outcome of these contingencies, that none of these contingencies will materially affect the financial position or the results of operations of the Group.

26. RELATED-PARTY TRANSACTIONS

Sales and purchases between Group companies are concluded at arm's length in the ordinary course of business. For the year ended 28 February 2019, the inter-group sales of goods and provision of services amounted to US$40.4 million (FY18: US$40.5 million), which are eliminated on consolidation. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the year, the Group entered into the following material trading transactions with SYNNEX, a related party that is not a member of the Group:

	Sale of goods US$'000	Purchases of goods US$'000
Trading transactions		
SYNNEX Corporation Limited – FY18	371	40 303
SYNNEX Corporation Limited – FY19	**73**	**113 146**

The following balances were outstanding at the end of the reporting period	Amounts owed by related party	Amounts owed to related party
SYNNEX Corporation Limited – FY18	60	1 381
SYNNEX Corporation Limited – FY19	**290**	**2 621**

SYNNEX became a related party to the Datatec Group on 1 September 2017 when they purchased 10% of Westcon International. Sales of goods to SYNNEX Corporation Limited were made at arm's length. Logicalis has an inventory purchase agreement with SYNNEX Corporation Limited where Logicalis has agreed to purchase inventory from SYNNEX in return for a rebate. During the year, US$113.1 million of inventory was purchased from SYNNEX in return for rebate of US$0.4 million (included in the statement of comprehensive income). The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses have been recognised in the current year for doubtful debts in respect of amounts owed by the related party.

	2019 US$'000	2018 US$'000

26. RELATED-PARTY TRANSACTIONS continued

Key management personnel compensation	2019 US$'000	2018 US$'000
Short-term employee benefits	**7 551**	7 278
Post-employment benefits	**300**	274
Share-based payments	**222**	545
	8 073	8 097

Key management personnel compensation comprises the compensation of 12 (FY18: 12) senior executives of the Group's divisions. The remuneration of Datatec's executive directors is included in Note 3 and in the tables below. There were no other prescribed officers in the Company.

Directors' emoluments

The following tables set out the remuneration of individual directors who held office during FY19 and FY18:

	Guaranteed package						
FY19 – US$'000	**Basic salary**	**Pension**	**Other benefits**	**Fees**	**STI**	**LTI**	**Total**
Executive directors							
JP Montanana	**1 428**	**214**	**28**	**–**	**1 624**	**2 170**	**5 464**
IP Dittrich	**560**	**84**	**43**	**–**	**382**	**421**	**1 490**
Total executive directors	**1 988**	**298**	**71**	**–**	**2 006**	**2 591**	**6 954**
Non-executive directors							
SJ Davidson	**–**	**–**	**–**	**202**	**–**	**–**	**202**
O Ighodaro (to 31 October 2018)	**–**	**–**	**–**	**62**	**–**	**–**	**62**
JF McCartney	**–**	**–**	**–**	**90**	**–**	**–**	**90**
M Makanjee (from 1 November 2018)	**–**	**–**	**–**	**28**	**–**	**–**	**28**
MJN Njeke	**–**	**–**	**–**	**110**	**–**	**–**	**110**
CS Seabrooke (to 20 September 2018)	**–**	**–**	**–**	**50**	**–**	**–**	**50**
E Singh-Bushell (from 1 June 2018)	**–**	**–**	**–**	**71**	**–**	**–**	**71**
NJ Temple (to 20 September 2018)	**–**	**–**	**–**	**45**	**–**	**–**	**45**
Total non-executive directors	**–**	**–**	**–**	**658**	**–**	**–**	**658**
Total directors' emoluments	**1 988**	**298**	**71**	**658**	**2 006**	**2 591**	**7 612**

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

26. RELATED-PARTY TRANSACTIONS continued

Directors' emoluments continued

FY18 – US$'000	Basic salary	FY18 bonus	Deal completion bonus	Fees	Pension	Other benefits	Total
Executive directors							
JP Montanana	1 340	1 005	3 500	–	201	26	6 072
IP Dittrich	436	196	1 750	–	65	15	2 462
Total executive directors	1 776	1 201	5 250	–	266	41	8 534
Non-executive directors							
SJ Davidson	–	–	–	202	–	–	202
O Ighodaro	–	–	–	88	–	–	88
JF McCartney – Datatec fees	–	–	–	85	–	–	85
JF McCartney – Westcon fees (to 31 August 17)	–	–	–	31	–	–	31
MJN Njeke	–	–	–	98	–	–	98
CS Seabrooke	–	–	–	116	–	–	116
NJ Temple	–	–	–	90	–	–	90
Total non-executive directors	–	–	–	710	–	–	710
Total directors' emoluments	1 776	1 201	5 250	710	266	41	9 244
Operating expenses	1 776	1 201	–	710	266	41	3 994
Profit on disposal of Westcon Americas	–	–	5 250	–	–	–	5 250
	1 776	1 201	5 250	710	266	41	9 244

During FY18, the Remuneration Committee awarded a deal completion bonus of US$3 500 000 to Jens Montanana and US$1 750 000 to Ivan Dittrich, following the successful completion of the disposal of Westcon Americas to SYNNEX.

Other benefits include private medical insurance, permanent health insurance, life assurance and fuel for private vehicle.

During FY19, Ekta Singh-Bushell joined the Board on 1 June 2018 and Maya Makanjee joined the Board on 1 November 2018. Chris Seabrooke and Nick Temple retired from the Board on 20 September 2018 and Funke Ighodaro resigned from the Board on 31 October 2018.

There has been no change in the directors holding office up to the date of approval of these financial statements.

Non-executive directors' fees shown above exclude VAT.

Conditional share plan ("CSP")

During FY19, the first grants were made under the CSP including the following awards to directors:

CSP	FY19 grant date	Number of awards	Fair value of awards on grant US$'000	Grant fair value as percentage of base pay %	Fair value of awards at 28 Feb 19 US$'000
JP Montanana	01/06/2018	1 291 148	2 142	150	2 704
IP Dittrich	01/06/2018	405 066	672	120	848

26. RELATED-PARTY TRANSACTIONS continued

Directors' emoluments continued

Deferred bonus plan ("new DBP")

Executive directors deferred part of their FY18 bonuses under the terms of the new DBP in June 2018. This was the first time the new DBP came into operation. In accordance with the policy, a multiplier of x2 was applied to the deferred bonus amount and Datatec shares purchased which are held for the benefit of the participants but forfeited if they should leave the employment of Datatec within the following three years.

	Grant date	Amount of bonus deferred %	Amount of bonus deferred US$'000	Company contribution (x2 multiplier) US$'000	Total invested in shares US$'000	Total number of shares purchased	Fair value of awards on grant US$'000	Fair value of awards at 28 February 2019 US$'000
JP Montanana	12 and 14 June 2018	83.3	837	837	1 675	1 000 000	1 675	2 094
IP Dittrich	14 June 2018	20.4	40	40	80	47 000	80	98

The fair value of these awards at date of grant was the share price at which the DBP shares were purchased on the dates shown in the table. The fair value at 28 February 2019 is R29.19 being the 30-day volume weighted average share price on 28 February 2019.

Jens Montanana has elected to defer 50% of his FY19 bonus, being US$812 000 into the new DBP to purchase forfeitable shares in May/June 2019. The Company will contribute the same amount of forfeitable shares and the Company's contribution is included in the LTI element of remuneration for FY19 shown above.

Ivan Dittrich has elected to defer 25% of his FY19 bonus, being US$96 000 into the new DBP to purchase forfeitable shares in May/June 2019. The Company will contribute the same amount of forfeitable shares and the Company's contribution is included in the LTI element of remuneration for FY19 shown above.

Westcon International Equity Appreciation Plan ("WI – EAP")

During FY19, Datatec executive directors received awards of units in the Westcon International EAP as follows:

Westcon EAP	Grant date	Number of awards	Fair value of awards on grant US$'000	Grant fair value as percentage of base pay %	Fair value of awards at 28 Feb 19 US$'000
JP Montanana	14/03/2018	30 000	–	–	88
IP Dittrich	14/03/2018	15 000	–	–	44

In addition to the above, Jens Montanana received an award of 10 000 units in the WI – EAP conditional on a sale of Westcon International for in excess of US$300 million being achieved. The fair value of this award on grant date was nil and at 28 February 2019 was US$14 000.

Discontinued long-term incentives ("old LTI")

Directors holding office during FY19 held the following share appreciation rights under the rules of the SAR scheme:

	Grant date	Grant price (ZAR)	SARs held at beginning of year	Exercised during the year	Lapsed during the year	SARs held at year-end
JP Montanana	14/05/2015	35.79	629 000	–	–	629 000
	12/05/2016	27.20	1 122 269	–	–	1 122 269
	28/07/2017	34.94	748 955	–	–	748 955
Sub-total			2 500 224	–	–	2 500 224
IP Dittrich	12/05/2016	27.20	308 665	–	–	308 665
	28/07/2017	34.94	230 039	–	–	230 039
Sub-total			538 704	–	–	538 704
Total			3 038 928	–	–	3 038 928

Notes to the Group consolidated annual financial statements continued

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26. RELATED-PARTY TRANSACTIONS continued

Directors' emoluments continued

Directors holding office during FY19 held the following conditional awards under the LTIP:

	Grant date	Awards held at beginning of year	Vested and settled during the year	Lapsed/ forfeit during the year	Awards held at year-end
JP Montanana	14/05/2015	629 000	–	(629 000)	–
	12/05/2016	1 122 269	–	–	1 122 269
	28/07/2017	748 955	–	–	748 955
Sub-total		2 500 224	–	(629 000)	1 871 224
IP Dittrich	12/05/2016	231 499	–	–	231 499
	28/07/2017	172 529	–	–	172 529
Sub-total		404 028	–	–	404 028
Total		2 904 252	–	(629 000)	2 275 252

The total shareholder return ("TSR") performance condition for the vesting of the 2015 conditional awards under the LTIP was not met and accordingly the awards did not vest and lapsed in May 2018.

The 2016 LTIP awards are expected to vest 50% in May/June 2019 as the EPS performance condition has been met. Accordingly the value of the vesting is included in the directors' FY19 LTI remuneration figure disclosed above.

Directors holding office during FY18 held the following Datatec shares acquired and pledged under the terms of the deferred bonus plan 2005 ("old DBP"):

	Date of purchase of pledged shares	Matching share commitment at beginning of year	Performance condition achieved (50%)	Shares added in lieu of dividends during three-year pledge period	Matched during the year	Matching share commitment at end of year
JP Montanana	11/06/2015	130 000	65 000	156 987	(351 987)	–
	28/06/2016	100 000	50 000	111 823	–	261 823
Sub-total		230 000	115 000	268 810	(351 987)	261 823
IP Dittrich	29/06/2016	45 745	22 873	51 153	–	119 771
Sub-total		45 745	22 873	51 153	–	119 771
Total		275 745	137 873	319 963	(351 987)	381 594

The value of the 351 987 matching shares delivered to Jens Montanana in FY19 (on 25 May 2018) was US$577 000 (FY18: US$124 000).

The matching shares at the end of FY19 are expected to be delivered to directors in May/June 2019 and the value of the performance condition based part of these matching shares (valued at the 30-day VWAP on 28 February 2019) is: Jens Montanana: US$183 000; Ivan Dittrich: US$84 000.

27. FINANCIAL INSTRUMENTS

27.1 Financial risk management objectives

The management of financial risks relating to the operations of the Group is in line with the Group's decentralised business model with oversight through divisional audit, risk and compliance committee meetings. This is achieved through the use of internal risk analyses which analyse exposures by likelihood and magnitude of risks. These risks include market risk (including currency and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by matching assets and liabilities as far as possible or using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's internal policies applicable at subsidiary level. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

When appropriate, management reports regularly to the Group's Audit, Risk and Compliance Committee.

The Group's financial assets and liabilities consist mainly of cash and cash equivalents, accounts receivable, accounts payable and borrowings and derivative instruments.

27.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's overall strategy with respect to the debt and equity balance remains unchanged from FY18. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 17 and 22, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital (see Note 16), reserves and retained earnings.

Gearing ratio

The Group's capital structure is reviewed on at least a semi-annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year-end was as follows:

	2019 US$'000	2018 US$'000
Long-term interest-bearing liabilities	**(31 383)**	(61 723)
Short-term interest-bearing liabilities	**(109 751)**	(105 999)
Net cash and cash equivalents	**40 381**	161 342
Net debt	**(100 753)**	(6 380)
Total equity attributable to the parent	**648 927**	721 603
Gearing ratio: debt-to-equity ratio (%)	**(16)**	(1)

27.3 Categories of financial instruments

	2019 US$'000	2018 US$'000
Financial assets		
Financial assets at fair value through profit or loss*	**14 012**	2 373
Loans and receivables (including cash and cash equivalents) at amortised cost	**1 709 059**	1 827 920
Financial liabilities		
Financial liabilities at fair value through profit or loss	**(2 407)**	(3 368)
Financial liabilities at amortised cost	**(1 675 838)**	(1 530 934)
Other financial liabilities at fair value through profit or loss (designated)	**(2 329)**	(1 240)

** Included in financial assets at fair value through profit or loss is the net earn-out receivable (refer to Note 37).*

Notes to the Group consolidated annual financial statements continued

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27. FINANCIAL INSTRUMENTS continued

27.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of accounts receivable and, where possible and appropriate, credit guarantee insurance cover is purchased. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group defines counterparties as having similar characteristics if they are related entities.

There is one customer in Latin America, with a gross value of US$141.7 million (FY19: US$145.2 million), which represents more than 5% of the total balance of trade receivables. There has not been any change in the credit quality of this receivable and the amount is considered recoverable. The majority of the balance receivable is current and this receivable therefore presents a low risk. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with appropriate credit ratings assigned by international or recognised credit-rating agencies. Concentration risk is monitored and addressed by management on an ongoing basis.

The carrying amount of financial assets recorded in the financial statements (see Note 27.3), which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. Further information on the concentration of credit risk is detailed in the following table:

US$'000	North America	Latin America	Europe	Asia-Pacific	MEA	Total
FY19						
Gross trade accounts receivable	**84 244**	**253 362**	**603 691**	**207 256**	**141 961**	**1 290 514**
Less: Expected credit loss allowances	**(533)**	**(927)**	**(8 822)**	**(4 556)**	**(16 823)**	**(31 661)**
Bonds	**–**	**–**	**–**	**–**	**18 960**	**18 960**
Loans granted to third parties and other long-term assets due	**53**	**–**	**2 562**	**157**	**1 866**	**4 638**
Finance lease receivables	**174**	**3 469**	**15 527**	**–**	**–**	**19 170**
Other receivables	**15 537**	**17 374**	**32 508**	**6 401**	**2 912**	**74 732**
Derivative financial assets (level 2)	**–**	**2 318**	**–**	**–**	**–**	**2 318**
Cash and cash equivalents at financial institutions	**26 061**	**62 683**	**112 809**	**83 220**	**59 627**	**344 400**
Maximum on statement of financial position exposure	**125 536**	**338 279**	**758 275**	**292 478**	**208 503**	**1 723 071**
Financial guarantees	**–**	**–**	**3 963**	**–**	**–**	**3 963**
FY18						
Gross trade accounts receivable	82 514	252 517	573 970	181 765	135 611	1 226 377
Less: Expected credit loss allowances	(830)	(1 189)	(8 689)	(3 517)	(19 915)	(34 140)
Bonds	–	–	–	–	21 885	21 885
Loans granted to third parties and other long-term assets due	2 418	–	3 233	170	2 171	7 992
Finance lease receivables	1 503	353	15 375	531	–	17 762
Other receivables	10 794	35 202	26 001	36 984	2 821	111 802
Derivative financial assets (level 2)	–	1 341	977	55	–	2 373
Cash and cash equivalents at financial institutions	170 770	44 484	73 279	69 134	118 575	476 242
Maximum on statement of financial position exposure	267 169	332 708	684 146	285 122	261 148	1 830 293
Financial guarantees	–	–	6 170	–	–	6 170

27. FINANCIAL INSTRUMENTS continued

27.4 Credit risk management continued

The internal risk rating of loans granted to third parties and other long-term assets due and other receivables is "low risk" and these financial assets are considered to be performing.

The external credit risk ratings of bonds ranges from B– to B.

When measuring expected credit losses, the Group uses publicly available, reasonable forward-looking information. Expected credit losses are based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

For trade receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. The Group determines the expected credit losses on these items by using a provision matrix, which takes into consideration the payment profiles of trade receivables over a period of 12 months in preceding financial years, the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. A default on a trade receivable occurs when the receivable fails to make contractual payments when they fall due. The Group's trade receivables share similar risk characteristics by nature. The default percentages on outstanding trade receivables are determined based on the geographical regions of the trade receivables.

No expected credit losses have been recognised for finance lease receivables or contract assets and all balances are included in the "current" ageing per the Group's past due matrix. Note 14 includes further details on the loss allowance for trade receivables.

US$22.5 million of trade receivables are held as collateral against long-term and short-term interest-bearing funding (refer to Notes 17.2 and 18.2). US$204.4 million of financial assets are held as collateral over trade receivables in the form of credit guarantees. There has not been any deterioration or changes in the collateral policies during the year, nor are there any financial instruments for which a loss allowance has not been recognised because of the collateral.

All significant customers are vetted by an external credit agency. In certain instances, customers with low credit ratings are investigated further and requests for collateral are made. Credit guarantees are sought for receivables over a certain credit limit in MEA.

No expected credit losses have been recognised for any financial assets, other than trade receivables.

The Group does not consider there to be any significant credit risk, which has not been adequately provided for at the reporting date.

Furthermore, there has been no material change to the Group's exposure to credit risks or the manner in which it manages and measures the risk.

Derivative financial assets relate to forward exchange contracts, automatic rolling collar and interest rate swaps and are classified as level 2 financial instruments.

27. FINANCIAL INSTRUMENTS continued

27.5 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities and by continuously monitoring forecast and actual cash flows.

The Group is dependent on its bank overdrafts and trade finance facilities to operate. These facilities generally consist of either a fixed term or fixed period but are repayable on demand, are secured against the assets of the Company to which the facility is made available and contain certain covenants including financial covenants such as minimum liquidity, maximum leverage and pre-tax earnings coverage. In certain circumstances, if these covenants are violated and a waiver is not obtained for such violation, this may, among other things, mean that the facility may be repayable on demand. Included in Note 22 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

There have been no defaults or breaches during the year, nor any that exist at year-end.

The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

US$'000	0 – 1 year	1 – 2 years	2 – 5 years	After 5 years	Total
FY19					
Trade payables	**(1 056 451)**	**–**	**–**	**–**	**(1 056 451)**
Other payables and other financial liabilities	**(174 234)**	**–**	**–**	**–**	**(174 234)**
Long-term interest-bearing liabilities and finance leases	**(45 005)**	**(16 796)**	**(14 080)**	**(507)**	**(76 388)**
Short-term interest-bearing liabilities	**(64 746)**	**–**	**–**	**–**	**(64 746)**
Amounts owing to vendors	**(936)**	**(1 393)**	**–**	**–**	**(2 329)**
Bank overdrafts	**(304 019)**	**–**	**–**	**–**	**(304 019)**
Derivative financial liabilities (level 2)	**(2 349)**	**(58)**	**–**	**–**	**(2 407)**
	(1 647 740)	**(18 247)**	**(14 080)**	**(507)**	**(1 680 574)**
Financial guarantees/commitments	**(802)**	**–**	**–**	**(14)**	**(816)**
FY18					
Trade payables	(894 192)	–	–	–	(894 192)
Other payables and other financial liabilities	(151 369)	(2 751)	–	–	(154 120)
Long-term interest-bearing liabilities and finance leases	(4 755)	(27 581)	(47 122)	(2 150)	(81 608)
Short-term interest-bearing liabilities	(86 114)	–	–	–	(86 114)
Amounts owing to vendors	(1 029)	(211)	–	–	(1 240)
Bank overdrafts	(314 900)	–	–	–	(314 900)
Derivative financial liabilities (level 2)	(3 368)	–	–	–	(3 368)
	(1 455 727)	(30 543)	(47 122)	(2 150)	(1 535 542)
Financial guarantees/commitments	(505)	(165)	–	–	(670)

The Group continues to actively monitor its exposure to liquidity risks and the manner in which it manages and measures the risk, particularly the inherent counterparty risk which may arise through the Group's dealings with financial institutions.

27. FINANCIAL INSTRUMENTS continued

27.6 Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note 27.7) and interest rates (see Note 27.8). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including:

- forward foreign exchange contracts ("FECs") to hedge the exchange rate risk arising on transactions denominated in foreign currency;
- a zero cost collar which offers protection against adverse currency moves beyond a certain level; and
- interest rate swaps to mitigate the risk of rising interest rates.

There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

27.7 Foreign exchange risk management

The Group operates in the global business environment and undertakes many transactions denominated in foreign currencies which exposes it to the risk of fluctuating exchange rates. The day-to-day management of foreign currency exchange risk is performed on a decentralised basis, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise FECs and zero cost collars. FECs require a future purchase or sale of foreign currency at a specified price. The Group does not trade in FECs for speculative purposes.

Fluctuations in exchange rates also affect the translation of the profits of subsidiaries whose functional currency is not the US Dollar. The most significant other currencies in which the Group trades are the Pound Sterling, the Euro, the Brazilian Real, the Australian Dollar and the South African Rand.

27.7.1 Foreign currency exposure analysis

The Group's operating companies have financial assets and liabilities that are denominated in multiple currencies, in many instances currencies other than their functional currencies. Differences arising from the translation of these foreign currency denominated financial assets and liabilities are recognised in the statement of comprehensive income as foreign exchange gains and/or losses.

Westcon International

Westcon International operates in the global business environment and undertakes many transactions denominated in foreign currencies. Westcon International is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price.

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of Westcon International. In addition the foreign exchange gains or losses in the statement of comprehensive income were reviewed to identify the regions with potential exposures. Where no natural hedges occur, Westcon International is adequately hedged in most regions. There were foreign exchange exposures found in Africa. However, the impact on the statement of comprehensive income was not found to be material.

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27. FINANCIAL INSTRUMENTS continued

27.7 Foreign exchange risk management continued

27.7.1 Foreign currency exposure analysis continued

Logicalis

Logicalis operates in the global business environment and undertakes many transactions denominated in foreign currencies. Logicalis is exposed to the risk of fluctuating exchange rates and seeks to actively manage this exposure, within approved policy parameters and through the use of derivative instruments. These instruments primarily comprise forward exchange contracts. Forward exchange contracts require a future purchase or sale of foreign currency at a specified price.

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of Logicalis. In addition, the foreign exchange gains or losses in the statement of comprehensive income were reviewed to identify the regions with potential exposures. Where no natural hedges occur, Logicalis is adequately hedged in most regions. The total exposure is US$97.5 million. A 10% movement will result in a US$9.8 million movement in the statement of comprehensive income.

Corporate, Consulting and Financial Services

Datatec management has performed a review of foreign currency exposures of the financial assets and liabilities of the Corporate, Consulting and Financial Services segment. There were no material foreign exchange exposures identified.

27.7.2 Forward foreign exchange contracts

It is the policy of the Group to enter into FECs to cover certain specific foreign currency payments and receipts based on the known exposure generated. The Group also enters into FECs to manage the risk associated with anticipated sales and purchase transactions, with FECs ranging up to approximately six months and with cover up to 100% of the anticipated exposure generated. Obligations under open FEC contracts are detailed in Notes 27.4 and 27.5, as derivative financial assets and derivative financial liabilities respectively.

27.8 Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group maintaining an appropriate mix between fixed and floating rate borrowings. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates and defined risk appetite (see Note 27.5).

Interest rate sensitivity analyses

The analyses below sets out the sensitivity of the Group's variable rate financial assets and liabilities to movements in the applicable interest rates based on an average outstanding asset or liability calculated for the year. The applicable increase or decrease that represents management's assessment of the reasonably possible change in interest rates, is a 10% increase in the applicable variable interest rates across the Group.

Datatec Group

- Profit for the year ended 28 February 2019 would decrease by a net amount of US$0.94 million (FY18: US$0.69 million decrease).

Westcon International

- Profit for the year ended 28 February 2019 would decrease by a net amount of US$0.76 million (FY18: US$0.76 million decrease).

Logicalis

- Profit for the year ended 28 February 2019 would increase by a net amount of US$0.12 million (FY18: US$0.30 million decrease).

Corporate, Consulting and Financial Services

- Profit for the year ended 28 February 2019 would decrease by a net amount of US$0.30 million (FY18: US$0.37 million)

	2019 US$'000	2018 US$'000
28. CASH GENERATED FROM OPERATIONS		
Profit before taxation**	**35 909**	58 919
Adjustment for:		
Unrealised foreign exchange (gains)/losses**	**(7 467)**	11 131
Share-based payments**	**9 764**	6 599
Share of equity-accounted investment losses	**1 403**	276
Depreciation and amortisation**	**38 338**	54 324
Loss on disposal of property, plant and equipment	**93**	170
Profit on disposal of discontinued operations	**(11 694)**	(136 341)
Net movement in provisions	**581**	10 792
Loss on disposal of investment	**255**	–
Net movements on expected credit loss allowances**	**3 817**	11 757
Acquisition-related fair value adjustments	**35**	(48)
Impairment of capitalised development expenditure	**–**	55 112
Impairment of investment in joint venture	**–**	1 000
Cash payments to settle share-based payment obligations	**(1 513)**	(5 043)
Interest income**	**(9 568)**	(9 078)
Finance costs*, **	**32 145**	34 377
Other non-cash items	**(3 167)**	(2 672)
Operating profit before working capital changes	**88 931**	91 275
Working capital changes:	**(21 228)**	(60 184)
(Increase)/decrease in inventories	**(95 518)**	28 831
Increase in receivables	**(90 937)**	(258 056)
Increase in payables	**171 592**	169 041
Increase in revenue-related assets***	**(17 234)**	–
Increase in revenue-related liabilities***	**10 869**	–
Increase in finance lease receivables	**(1 408)**	(18 378)
Other non-current assets and liabilities	**2 695**	4 912
	68 990	17 625

* *Includes non-cash accruals.*

** *Includes both continuing and discontinued operations.*

*** *The Group has initially applied IFRS 15 at 1 March 2018. It has applied IFRS 15 using the cumulative effect method, under which the comparative information is not restated.*

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

	2019 US$'000	2018 US$'000
29. TAXATION PAID		
Net taxation (liability)/asset – at the beginning of the year	**(6 069)**	6 690
Subsidiaries acquired	**(199)**	(592)
Subsidiaries disposed	**–**	(9 927)
Charge to profit or loss for continuing operations (excluding deferred tax)	**(38 523)**	(31 123)
Charge to profit or loss for discontinued operations (excluding deferred tax)	**–**	(13 720)
Charge to other comprehensive income	**–**	(721)
Other movements and translation differences	**1 876**	(122)
Net taxation liability – at the end of the year	**4 384**	6 069
	(38 531)	(43 446)
Net taxation		
Current tax assets	**11 442**	9 492
Current tax liabilities	**(15 826)**	(15 561)
	(4 384)	(6 069)
30. CASH FLOWS FOR ACQUISITIONS		
The fair value of assets acquired and the liabilities assumed on the acquisition of subsidiary companies (Note 35) is:		
Property, plant and equipment and software	**4 560**	2 129
Capitalised development expenditure	**734**	–
Provisions	**(1 274)**	–
Trade and other receivables	**23 212**	17 978
Inventories	**3 538**	11 882
Net cash and cash equivalents	**390**	1 931
Trade and other payables	**(19 998)**	(18 480)
Net taxation liability	**(199)**	(592)
Other non-current liabilities	**(2 835)**	(4 137)
Net deferred tax liability	**(1 607)**	(1 078)
Net fair value of tangible assets acquired	**6 521**	9 633
Goodwill arising on acquisitions	**13 090**	5 955
Intangible assets	**8 070**	6 892
Non-controlling interest acquired	**459**	(6 845)
Total fair value of acquisitions	**28 140**	15 635
Net cash acquired	**(390)**	(1 931)
Deferred purchase consideration	**(2 300)**	(858)
Subsidiary company shares	**–**	(2 097)
Net cash outflow for acquisitions	**25 450**	10 749

	2019 US$'000	2018 US$'000
31. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT		
Maintenance of operations:		
Office furniture, equipment and motor vehicles	**1 554**	3 301
Computer equipment	**8 932**	5 428
Leasehold improvements	**3 712**	5 253
Land and buildings	**8**	14
Expansion of operations:		
Office furniture, equipment and motor vehicles	**279**	1 522
Computer equipment	**8 078**	9 052
Leasehold improvements	**872**	1 434
Land and buildings	**334**	–
	23 769	26 004

32. CASH FLOW ADDITIONAL NOTES

32.1 Translation difference on cash and cash equivalents

	2019 US$'000	2018 US$'000
The translation difference on the net cash/(overdraft) position is calculated on the combined cash resources and bank overdrafts of companies that hold cash in currencies other than the US Dollar.	**(15 116)**	4 099

32.2 Reconciliation of liabilities arising from financing activities

				Non-cash changes		
US$'000	**Opening balance as at 1 March 2018**	**Financing cash (inflows)***	**Financing cash outflows***	**Acquisition of subsidiary**	**Foreign currency and other changes**	**Closing balance as at 28 February 2019**
Amounts owing to vendors	(1 240)	–	927	(2 300)	284	**(2 329)**
Long-term interest-bearing liabilities**	(81 608)	(13 366)	10 462	(2 835)	10 959	**(76 388)**
Unsecured loans	(39 365)	(5 663)	9 159	–	4 921	**(30 948)**
Liabilities under capitalised finance leases	(25 109)	(7 703)	1 286	(2 835)	3 379	**(30 982)**
Secured loans	(17 134)	–	17	–	2 659	**(14 458)**
Short-term interest-bearing liabilities	(86 114)	(65 203)	77 830	–	8 741	**(64 746)**

* *The cash flows from bank loans and other borrowings make up the net amount of proceeds and repayments in terms of short-term and long-term liabilities in the Group statement of cash flows under financing liabilities.*
** *Includes current position (US$45.0 million).*

	2019 US$'000	2018 US$'000
33. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash resources	**344 400**	476 242
Bank overdrafts	**(304 019)**	(314 900)
	40 381	161 342

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

34. SEGMENTAL REPORT

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

Principal activities are as follows:

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

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

	Westcon International	
Condensed statement of comprehensive income	**2019 US$'000**	2018 US$'000
Revenue	**2 544 774**	2 316 650
EBITDA	**5 565**	(48 123)
North America	**–**	–
Latin America	**–**	–
Europe	**18 248**	6 620
Asia-Pacific	**10 836**	3 004
MEA	**4 905**	(11 436)
Datatec Group and divisional central costs	**(28 424)**	(46 311)
Depreciation and amortisation	**(9 791)**	(23 699)
Impairment of investment in joint venture	**–**	(1 000)
Impairment of capitalised development expenditure	**–**	(55 112)
Operating (loss)/profit	**(4 226)**	(127 934)
Interest income	**1 491**	1 609
Finance costs	**(13 683)**	(12 833)
Share of equity-accounted investment (losses)/earnings	**(2 143)**	(440)
Acquisition-related fair value adjustments	**–**	–
Other (expenses)/income	**(97)**	–
Loss on disposal of investment	**(255)**	–
(Loss)/profit before taxation	**(18 913)**	(139 598)
Taxation	**(3 271)**	(7 649)
(Loss)/profit for the year from continuing operations	**(22 184)**	(147 247)
(Loss)/profit for the year from discontinued operations	**–**	(433 629)
(Loss)/profit for the year	**(22 184)**	(580 876)

During FY19 and FY18, there were no customers that individually accounted for over 10% of the Group's revenue.

	Logicalis		Corporate, Consulting and Financial Services		Datatec Group total	
	2019 US$'000	2018 US$'000	**2019 US$'000**	2018 US$'000	**2019 US$'000**	2018 US$'000
	1 741 064	1 563 714	**46 543**	43 351	**4 332 381**	3 923 715
	93 366	86 165	**(12 170)**	(11 345)	**86 761**	26 697
	21 898	16 516	**(259)**	(463)	**21 639**	16 053
	55 801	46 943	**109**	170	**55 910**	47 113
	8 265	15 496	**619**	668	**27 132**	22 784
	20 156	16 769	**196**	438	**31 188**	20 211
	(290)	(797)	**440**	314	**5 055**	(11 919)
	(12 464)	(8 762)	**(13 275)**	(12 472)	**(54 163)**	(67 545)
	(27 417)	(26 682)	**(1 130)**	(1 182)	**(38 338)**	(51 563)
	–	–	**–**	–	**–**	(1 000)
	–	–	**–**	–	**–**	(55 112)
	65 949	59 483	**(13 300)**	(12 527)	**48 423**	(80 978)
	1 693	1 444	**6 384**	5 617	**9 568**	8 670
	(18 455)	(14 227)	**(7)**	(13)	**(32 145)**	(27 073)
	468	(51)	**272**	215	**(1 403)**	(276)
	(35)	48	**–**	–	**(35)**	48
	–	–	**159**	257	**62**	257
	–	–	**–**	–	**(255)**	–
	49 620	46 697	**(6 492)**	(6 451)	**24 215**	(99 352)
	(12 317)	(7 311)	**(5 371)**	(3 505)	**(20 959)**	(18 465)
	37 303	39 386	**(11 863)**	(9 956)	**3 256**	(117 817)
	–	26 340	**11 694**	566 897	**11 694**	159 608
	37 303	65 726	**(169)**	556 941	**14 950**	41 791

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

34. SEGMENTAL REPORT continued

US$'000	Westcon International 2019 North America	Latin America	Europe	Asia-Pacific	MEA	Central	Total
Revenue	–	–	1 613 905	593 450	337 419	–	2 544 774
Revenue from product sales	–	–	1 565 345	581 958	332 104	–	2 479 407
Revenue from sales of hardware/direct product sales	–	–	1 136 097	412 585	223 897	–	1 772 579
Revenue from sales of software/fulfilment product sales	–	–	410 258	175 661	102 117	–	688 036
Revenue from vendor resold services and product maintenance service	–	–	40 065	11 089	6 665	–	57 819
Inter-segmental	–	–	(21 075)	(17 377)	(575)	–	(39 027)
Nature of revenue	–	–	1 565 345	581 958	332 104	–	2 479 407
Principal	–	–	1 586 420	599 335	332 679	–	2 518 434
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	(21 075)	(17 377)	(575)	–	(39 027)
Timing of revenue	–	–	1 565 345	581 958	332 104	–	2 479 407
At a point in time	–	–	1 586 420	599 335	332 679	–	2 518 434
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	(21 075)	(17 377)	(575)	–	(39 027)
Revenue from services	–	–	48 560	11 492	5 315	–	65 367
Revenue from professional services	–	–	48 560	11 492	4 376	–	64 428
Revenue from other services	–	–	–	–	939	–	939
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue	–	–	48 560	11 492	5 315	–	65 367
Principal	–	–	48 560	11 492	5 315	–	65 367
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue	–	–	48 560	11 492	5 315	–	65 367
At a point in time	–	–	48 560	11 492	5 315	–	65 367
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Annuity revenue	–	–	–	–	–	–	–
Revenue from cloud services	–	–	–	–	–	–	–
Revenue from other annuity services	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue	–	–	–	–	–	–	–
Principal	–	–	–	–	–	–	–
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue	–	–	–	–	–	–	–
At a point in time	–	–	–	–	–	–	–
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–

Westcon International						
2018						
North America	Latin America	Europe	Asia-Pacific	MEA	Central	Total
–	–	1 479 710	497 521	339 419	–	2 316 650
–	–	1 423 777	459 678	322 258	–	2 205 713
–	–	1 044 323	343 254	241 265	(3 026)	1 625 816
–	–	356 664	126 557	75 190	–	558 411
–	–	39 113	13 552	6 077	–	58 742
–	–	(16 323)	(23 685)	(274)	3 026	(37 256)
–	–	1 423 777	459 678	322 258	–	2 205 713
–	–	1 440 100	483 363	322 532	(3 026)	2 242 969
–	–	–	–	–	–	–
–	–	(16 323)	(23 685)	(274)	3 026	(37 256)
–	–	1 423 777	459 678	322 258	–	2 205 713
–	–	1 440 100	483 363	322 532	(3 026)	2 242 969
–	–	–	–	–	–	–
–	–	(16 323)	(23 685)	(274)	3 026	(37 256)
–	–	48 319	10 748	7 062	–	66 129
–	–	17 329	3 144	1 676	–	22 149
–	–	30 990	7 604	5 386	–	43 980
–	–	–	–	–	–	–
–	–	48 319	10 748	7 062	–	66 129
–	–	48 319	10 748	7 062	–	66 129
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	48 319	10 748	7 062	–	66 129
–	–	48 319	10 748	7 062	–	66 129
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	7 614	27 095	10 099	–	44 808
–	–	7 614	27 095	10 099	–	44 808
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	7 614	27 095	10 099	–	44 808
–	–	7 614	27 095	10 099	–	44 808
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	7 614	27 095	10 099	–	44 808
–	–	7 614	27 095	10 099	–	44 808
–	–	–	–	–	–	–
–	–	–	–	–	–	–

Notes to the Group consolidated annual financial statements continued

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34. SEGMENTAL REPORT continued

	Logicalis						
	2019						
US$'000	**North America**	**Latin America**	**Europe**	**Asia-Pacific**	**MEA**	**Central**	**Total**
Revenue	406 172	639 826	450 276	242 458	2 332	–	1 741 064
Revenue from product sales	298 507	399 193	243 176	145 495	418	–	1 086 789
Revenue from sales of hardware/direct product sales	255 743	398 696	199 723	137 187	308	–	991 657
Revenue from sales of software/fulfilment product sales	43 223	497	43 243	8 410	110	–	95 483
Revenue from vendor resold services and product maintenance service	736	–	264	–	–	–	1 000
Inter-segmental	(1 195)	–	(54)	(102)	–	–	(1 351)
Nature of revenue	298 507	399 193	243 176	145 495	418	–	1 086 789
Principal	298 966	398 543	241 039	145 979	418	–	1 084 945
Agent	736	650	2 191	(382)	–	–	3 195
Inter-segmental	(1 195)	–	(54)	(102)	–	–	(1 351)
Timing of revenue	298 507	399 193	243 176	145 495	418	–	1 086 789
At a point in time	299 702	399 193	243 230	145 597	418	–	1 088 140
Over time	–	–	–	–	–	–	–
Inter-segmental	(1 195)	–	(54)	(102)	–	–	(1 351)
Revenue from services	39 939	115 689	82 675	30 456	315	–	269 074
Revenue from professional services	39 939	115 689	82 675	30 456	315	–	269 074
Revenue from other services	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue	39 939	115 689	82 675	30 456	315	–	269 074
Principal	39 939	115 677	82 675	30 456	315	–	269 062
Agent	–	12	–	–	–	–	12
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue	39 939	115 689	82 675	30 456	315	–	269 074
At a point in time	–	–	–	–	–	–	–
Over time	39 939	115 689	82 675	30 456	315	–	269 074
Inter-segmental	–	–	–	–	–	–	–
Annuity revenue	67 726	124 944	124 425	66 507	1 599	–	385 201
Revenue from cloud services	18 932	1 031	11 486	11 941	659	–	44 049
Revenue from other annuity services	48 794	123 913	112 939	54 566	940	–	341 152
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue	67 726	124 944	124 425	66 507	1 599	–	385 201
Principal	51 223	124 238	110 136	63 119	1 418	–	350 134
Agent	16 503	706	14 289	3 388	181	–	35 067
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue	67 726	124 944	124 425	66 507	1 599	–	385 201
At a point in time	–	–	–	–	–	–	–
Over time	67 726	124 944	124 425	66 507	1 599	–	385 201
Inter-segmental	–	–	–	–	–	–	–

Logicalis 2018						
North America	Latin America	Europe	Asia-Pacific	MEA	Central	Total
382 637	536 652	432 742	211 705	(22)	–	1 563 714
284 732	362 627	226 205	121 973	(1 621)	–	993 916
240 178	361 049	198 524	117 802	(1 621)	–	915 932
43 436	1 578	27 301	4 171	–	–	76 486
1 118	–	380	–	–	–	1 498
–	–	–	–	–	–	–
284 732	362 627	226 205	121 973	(1 621)	–	993 916
278 674	362 627	224 267	121 973	(1 621)	–	985 920
6 058	–	1 938	–	–	–	7 996
–	–	–	–	–	–	–
284 732	362 627	226 205	121 973	(1 621)	–	993 916
284 732	362 627	226 205	121 973	(1 621)	–	993 916
–	–	–	–	–	–	–
–	–	–	–	–	–	–
35 985	54 374	78 969	23 885	–	–	193 213
39 139	54 385	79 013	23 894	–	–	196 431
–	–	–	–	–	–	–
(3 154)	(11)	(44)	(9)	–	–	(3 218)
35 985	54 374	78 969	23 885	–	–	193 213
39 139	54 385	79 013	23 894	–	–	196 431
–	–	–	–	–	–	–
(3 154)	(11)	(44)	(9)	–	–	(3 218)
35 985	54 374	78 969	23 885	–	–	193 213
–	–	–	–	–	–	–
39 139	54 385	79 013	23 894	–	–	196 431
(3 154)	(11)	(44)	(9)	–	–	(3 218)
61 920	119 651	127 568	65 847	1 599	–	376 585
16 377	852	7 068	11 187	–	–	35 484
45 543	118 799	120 500	54 660	1 599	–	341 101
–	–	–	–	–	–	–
61 920	119 651	127 568	65 847	1 599	–	376 585
45 708	119 166	111 977	64 013	1 599	–	342 463
16 212	485	15 591	1 834	–	–	34 122
–	–	–	–	–	–	–
61 920	119 651	127 568	65 847	1 599	–	376 585
–	–	–	–	–	–	–
61 920	119 651	127 568	65 847	1 599	–	376 585
–	–	–	–	–	–	–

Notes to the Group consolidated annual financial statements continued

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34. SEGMENTAL REPORT continued

	Corporate, Consulting and Financial Services						
	2019						
US$'000	**North America**	**Latin America**	**Europe**	**Asia-Pacific**	**MEA**	**Central**	**Total**
Revenue	4 285	1 944	24 530	7 939	7 845	–	46 543
Revenue from product sales	–	–	–	–	–	–	–
Revenue from sales of hardware/direct product sales	(1 195)	–	(15 650)	(12 961)	(425)	–	(30 231)
Revenue from sales of software/fulfilment product sales	–	–	(5 479)	(4 518)	(150)	–	(10 147)
Revenue from vendor resold services and product maintenance service	–	–	–	–	–	–	–
Inter-segmental	1 195	–	21 129	17 479	575	–	40 378
Nature of revenue	–	–	–	–	–	–	–
Principal	(1 195)	–	(21 129)	(17 479)	(575)	–	(40 378)
Agent	–	–	–	–	–	–	–
Inter-segmental	1 195	–	21 129	17 479	575	–	40 378
Timing of revenue	–	–	–	–	–	–	–
At a point in time	(1 195)	–	(21 129)	(17 479)	(575)	–	(40 378)
Over time	–	–	–	–	–	–	–
Inter-segmental	1 195	–	21 129	17 479	575	–	40 378
Revenue from services	4 285	1 944	24 530	7 939	7 845	–	46 543
Revenue from professional services	4 285	1 944	24 530	7 939	7 845	–	46 543
Revenue from other services	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue	4 285	1 944	24 530	7 939	7 845	–	46 543
Principal	4 285	1 944	24 530	7 939	7 845	–	46 543
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue	4 285	1 944	24 530	7 939	7 845	–	46 543
At a point in time	–	–	–	–	169	–	169
Over time	4 285	1 944	24 530	7 939	7 676	–	46 374
Inter-segmental	–	–	–	–	–	–	–
Annuity revenue	–	–	–	–	–	–	–
Revenue from cloud services	–	–	–	–	–	–	–
Revenue from other annuity services	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue	–	–	–	–	–	–	–
Principal	–	–	–	–	–	–	–
Agent	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue	–	–	–	–	–	–	–
At a point in time	–	–	–	–	–	–	–
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–

Corporate, Consulting and Financial Services						
2018						
North America	Latin America	Europe	Asia-Pacific	MEA	Central	Total
3 238	3 053	23 300	8 123	5 637	–	43 351
–	–	–	–	–	–	–
–	–	(12 079)	(17 527)	(270)	3 026	(26 850)
–	–	(4 244)	(6 158)	(4)	–	(10 406)
–	–	–	–	–	–	–
–	–	16 323	23 685	274	(3 026)	37 256
–	–	–	–	–	–	–
–	–	(16 323)	(23 685)	(274)	3 026	(37 256)
–	–	–	–	–	–	–
–	–	16 323	23 685	274	(3 026)	37 256
–	–	–	–	–	–	–
–	–	(16 323)	(23 685)	(274)	3 026	(37 256)
–	–	–	–	–	–	–
–	–	16 323	23 685	274	(3 026)	37 256
3 238	3 053	23 300	8 123	5 637	–	43 351
84	3 042	23 256	8 114	5 637	–	40 133
–	–	–	–	–	–	–
3 154	11	44	9	–	–	3 218
3 238	3 053	23 300	8 123	5 637	–	43 351
84	3 042	23 256	8 114	5 637	–	40 133
–	–	–	–	–	–	–
3 154	11	44	9	–	–	3 218
3 238	3 053	23 300	8 123	5 637	–	43 351
796	–	321	281	–	–	1 398
(712)	3 042	22 935	7 833	5 637	–	38 735
3 154	11	44	9	–	–	3 218
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

34. SEGMENTAL REPORT continued

	Datatec Group total						
	2019						
US$'000	**North America**	**Latin America**	**Europe**	**Asia-Pacific**	**MEA**	**Central**	**Total**
Revenue	410 457	641 770	2 088 711	843 847	347 596	–	4 332 381
Revenue from product sales	298 507	399 193	1 808 521	727 453	332 522	–	3 566 196
Revenue from sales of hardware/direct product sales	254 548	398 696	1 320 170	536 811	223 780	–	2 734 005
Revenue from sales of software/fulfilment product sales	43 223	497	448 022	179 553	102 077	–	773 372
Revenue from vendor resold services and product maintenance service	736	–	40 329	11 089	6 665	–	58 819
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue	298 507	399 193	1 808 521	727 453	332 522	–	3 566 196
Principal	297 771	398 543	1 806 330	727 835	332 522	–	3 563 001
Agent	736	650	2 191	(382)	–	–	3 195
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue	298 507	399 193	1 808 521	727 453	332 522	–	3 566 196
At a point in time	298 507	399 193	1 808 521	727 453	332 522	–	3 566 196
Over time	–	–	–	–	–	–	–
Inter-segmental	–	–	–	–	–	–	–
Revenue from services	44 224	117 633	155 765	49 887	13 475	–	380 984
Revenue from professional services	44 224	117 633	155 765	49 887	12 536	–	380 045
Revenue from other services	–	–	–	–	939	–	939
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue	44 224	117 633	155 765	49 887	13 475	–	380 984
Principal	44 224	117 621	155 765	49 887	13 475	–	380 972
Agent	–	12	–	–	–	–	12
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue	44 224	117 633	155 765	49 887	13 475	–	380 984
At a point in time	–	–	48 560	11 492	5 484	–	65 536
Over time	44 224	117 633	107 205	38 395	7 991	–	315 448
Inter-segmental	–	–	–	–	–	–	–
Annuity revenue	67 726	124 944	124 425	66 507	1 599	–	385 201
Revenue from cloud services	18 932	1 031	11 486	11 941	659	–	44 049
Revenue from other annuity services	48 794	123 913	112 939	54 566	940	–	341 152
Inter-segmental	–	–	–	–	–	–	–
Nature of revenue	67 726	124 944	124 425	66 507	1 599	–	385 201
Principal	51 223	124 238	110 136	63 119	1 418	–	350 134
Agent	16 503	706	14 289	3 388	181	–	35 067
Inter-segmental	–	–	–	–	–	–	–
Timing of revenue	67 726	124 944	124 425	66 507	1 599	–	385 201
At a point in time	–	–	–	–	–	–	–
Over time	67 726	124 944	124 425	66 507	1 599	–	385 201
Inter-segmental	–	–	–	–	–	–	–

Datatec Group total						
2018						
North America	Latin America	Europe	Asia-Pacific	MEA	Central	Total
385 875	539 705	1 935 752	717 349	345 034	–	3 923 715
284 732	362 627	1 649 982	581 651	320 637	–	3 199 629
240 178	361 049	1 230 768	443 529	239 374	–	2 514 898
43 436	1 578	379 721	124 570	75 186	–	624 491
1 118	–	39 493	13 552	6 077	–	60 240
–	–	–	–	–	–	–
284 732	362 627	1 649 982	581 651	320 637	–	3 199 629
278 674	362 627	1 648 044	581 651	320 637	–	3 191 633
6 058	–	1 938	–	–	–	7 996
–	–	–	–	–	–	–
284 732	362 627	1 649 982	581 651	320 637	–	3 199 629
284 732	362 627	1 649 982	581 651	320 637	–	3 199 629
–	–	–	–	–	–	–
–	–	–	–	–	–	–
39 223	57 427	150 588	42 756	12 699	–	302 693
39 223	57 427	119 598	35 152	7 313	–	258 713
–	–	30 990	7 604	5 386	–	43 980
–	–	–	–	–	–	–
39 223	57 427	150 588	42 756	12 699	–	302 693
39 223	57 427	150 588	42 756	12 699	–	302 693
–	–	–	–	–	–	–
–	–	–	–	–	–	–
39 223	57 427	150 588	42 756	12 699	–	302 693
796	–	48 640	11 029	7 062	–	67 527
38 427	57 427	101 948	31 727	5 637	–	235 166
–	–	–	–	–	–	–
61 920	119 651	135 182	92 942	11 698	–	421 393
16 377	852	14 682	38 282	10 099	–	80 292
45 543	118 799	120 500	54 660	1 599	–	341 101
–	–	–	–	–	–	–
61 920	119 651	135 182	92 942	11 698	–	421 393
45 708	119 166	119 591	91 108	11 698	–	387 271
16 212	485	15 591	1 834	–	–	34 122
–	–	–	–	–	–	–
61 920	119 651	135 182	92 942	11 698	–	421 393
–	–	7 614	27 095	10 099	–	44 808
61 920	119 651	127 568	65 847	1 599	–	376 585
–	–	–	–	–	–	–

Notes to the Group consolidated annual financial statements continued

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34. SEGMENTAL REPORT continued

Condensed statement of financial position	Westcon International 2019 US$'000	Westcon International 2018 US$'000
Total assets	**1 226 057**	1 088 316
North America	**37 792**	(211 537)
Latin America	**–**	–
Europe	**758 520**	890 635
Asia-Pacific	**273 016**	258 985
MEA	**156 729**	150 233
Non-current assets (excluding financial instruments and deferred tax assets)	**29 995**	26 200
North America	**12 644**	(193 785)
Latin America	**–**	–
Europe	**11 444**	203 042
Asia-Pacific	**3 649**	13 607
MEA	**2 258**	3 336
Net cash resources	**(94 360)**	(113 818)
North America	**18 657**	12 114
Latin America	**–**	–
Europe	**(171 792)**	(162 774)
Asia-Pacific	**53 559**	21 545
MEA	**5 216**	15 297
Inventories	**239 955**	172 663
North America	**–**	500
Latin America	**–**	–
Europe	**175 919**	107 445
Asia-Pacific	**44 947**	45 791
MEA	**19 089**	18 927
Trade accounts receivable	**768 932**	715 538
North America	**(41)**	–
Latin America	**–**	–
Europe	**494 429**	466 124
Asia-Pacific	**153 408**	135 088
MEA	**121 136**	114 326
Total liabilities	**(1 046 305)**	(957 802)
North America	**(6 808)**	(13 976)
Latin America	**–**	–
Europe	**(706 106)**	(626 897)
Asia-Pacific	**(198 327)**	(186 430)
MEA	**(135 064)**	(130 499)
Trade and other payables and short-term interest-bearing liabilities	**(792 174)**	(681 249)
North America	**(4 551)**	(26 443)
Latin America	**–**	–
Europe	**(497 772)**	(420 868)
Asia-Pacific	**(190 556)**	(155 839)
MEA	**(99 295)**	(78 099)
Number of employees at the end of the year*	**3 171**	2 930

** Includes both permanent employees and contractors.*

Logicalis		Corporate, Consulting and Financial Services		Datatec Group total	
2019 US$'000	2018 US$'000	**2019 US$'000**	2018 US$'000	**2019 US$'000**	2018 US$'000
1 318 226	1 253 824	**178 024**	319 458	**2 722 307**	2 661 598
276 961	242 541	**4 982**	2 824	**319 735**	33 828
602 503	537 380	**328**	404	**602 831**	537 784
245 504	303 037	**123 634**	207 929	**1 127 658**	1 401 601
187 455	169 877	**4 112**	3 768	**464 583**	432 630
5 803	989	**44 968**	104 533	**207 500**	255 755
296 969	286 751	**21 727**	21 155	**348 691**	334 106
133 725	155 623	**34**	7	**146 403**	(38 155)
49 831	35 517	**–**	–	**49 831**	35 517
86 920	68 461	**21 636**	21 084	**120 000**	292 587
22 886	26 988	**17**	(35)	**26 552**	40 560
3 607	162	**40**	99	**5 905**	3 597
16 443	7 122	**118 298**	268 038	**40 381**	161 342
(20 145)	(18 343)	**2 548**	1 328	**1 060**	(4 901)
(2 328)	(10 419)	**–**	–	**(2 328)**	(10 419)
32 015	35 460	**76 564**	167 753	**(63 213)**	40 439
6 103	(115)	**1 199**	1 252	**60 861**	22 682
798	539	**37 987**	97 705	**44 001**	113 541
92 301	65 874	**–**	–	**332 256**	238 537
5 367	3 212	**–**	–	**5 367**	3 712
55 285	29 990	**–**	–	**55 285**	29 990
9 944	13 465	**–**	–	**185 863**	120 910
21 659	19 207	**–**	–	**66 606**	64 998
46	–	**–**	–	**19 135**	18 927
478 273	467 142	**11 648**	9 557	**1 258 853**	1 192 237
83 038	81 257	**714**	438	**83 711**	81 695
252 285	251 208	**149**	120	**252 434**	251 328
94 676	93 387	**5 764**	6 177	**594 869**	565 688
47 616	41 290	**1 677**	1 452	**202 701**	177 830
658	–	**3 344**	1 370	**125 138**	115 696
(943 441)	(890 820)	**(20 331)**	(22 156)	**(2 010 077)**	(1 870 778)
(191 291)	(162 138)	**5 479**	5 802	**(192 620)**	(170 312)
(414 968)	(392 162)	**(75)**	(186)	**(415 043)**	(392 348)
(204 098)	(247 871)	**(24 051)**	(28 354)	**(934 255)**	(903 122)
(131 533)	(88 249)	**(1 207)**	(828)	**(331 067)**	(275 507)
(1 551)	(400)	**(477)**	1 410	**(137 092)**	(129 489)
(657 628)	(600 751)	**(18 877)**	(23 383)	**(1 468 679)**	(1 305 383)
(139 365)	(117 667)	**(3 955)**	(2 150)	**(147 871)**	(146 260)
(287 345)	(264 089)	**–**	(234)	**(287 345)**	(264 323)
(166 368)	(153 541)	**(17 579)**	(24 432)	**(681 719)**	(598 841)
(63 379)	(65 112)	**(654)**	(350)	**(254 589)**	(221 301)
(1 171)	(342)	**3 311**	3 783	**(97 155)**	(74 658)
6 690	5 446	**269**	240	**10 130**	8 616

Notes to the Group consolidated annual financial statements continued

for the year ended 28 February 2019

35. ACQUISITIONS OF SUBSIDIARIES

Subsidiaries acquired	Principal activity	Date of acquisition	Proportion of shares acquired %
Access Markets International Partners, Inc. (US) ("AMI Partners")	Consulting	17/07/2018	100
Coasin Chile S.A. ("Coasin")	ICT solutions	03/09/2018	100
Clarotech Holdings(Pty) Limited ("Clarotech")	ICT solutions	03/09/2018	100
Computer Network Integration Pty Ltd ("CNI")	ICT solutions	08/10/2018	100

	AMI Partners Fair value on acquisition US$'000	Coasin Fair value on acquisition US$'000	Clarotech Fair value on acquisition US$'000	CNI and other acquisition-related adjustments Fair value on acquisition US$'000	Total Fair value on acquisition US$'000
Current assets	1 782	27 170	1 433	(243)	30 142
Cash and cash equivalents	1 325	1 087	604	343	3 359
Current tax assets	33	–	–	–	33
Trade receivables and other receivables	424	21 650	683	455	23 212
Inventories	–	4 433	146	(1 041)	3 538
Non-current assets	606	12 981	1 069	942	15 598
Plant and equipment	42	4 244	202	11	4 499
Software	1	50	10	–	61
Capitalised development expenditure	–	734	–	–	734
Deferred tax assets	–	2 183	–	51	2 234
Intangible assets	563	5 770	857	880	8 070
Current liabilities	(386)	(22 616)	(942)	(529)	(24 473)
Provisions	–	(1 274)	–	–	(1 274)
Trade and other payables	(386)	(18 373)	(829)	(410)	(19 998)
Bank overdraft	–	(2 969)	–	–	(2 969)
Taxation liabilities	–	–	(113)	(119)	(232)
Non-current liabilities	(118)	(6 013)	(240)	(305)	(6 676)
Deferred tax liabilities	(118)	(3 178)	(240)	(305)	(3 841)
Other non-current liabilities	–	(2 835)	–	–	(2 835)
	1 884	11 522	1 320	(135)	14 591
Goodwill on acquisition	1 621	5 816	2 085	3 568	13 090
Non-controlling interests recognised	–	–	–	459	459
Fair value of acquisition	3 505	17 338	3 405	3 892	28 140
Add net (cash)/overdraft acquired	(1 325)	1 882	(604)	(343)	(390)
Deferred purchase consideration	(200)	–	–	(2 100)	(2 300)
Net cash outflow for acquisition	1 980	19 220	2 801	1 449	25 450

The above acquisitions represent the subsidiaries acquired during the year.

The revenue and EBITDA included from these acquisitions in FY19 were US$55.2 million and US$4.1 million respectively; profit after tax included from these acquisitions was US$2.9 million. Had the acquisition date been 1 March 2018, the revenue would have been approximately US$110 million. It is not practical to establish EBITDA and profit after tax that would have been contributed to the Group if they had been included for the entire year.

The initial at acquisition accounting for all four of the acquisitions have been finalised at the date of the finalisation of these consolidated financial statements.

None of the goodwill raised on the above acquisitions will be deductible for tax purposes.

All identifiable intangible assets have been recognised and accounted for at fair value.

35. ACQUISITIONS OF SUBSIDIARIES continued

The following acquisitions were concluded during the financial year ended 28 February 2019 and included on the previous page:

Logicalis Group

Effective 3 September 2018, Logicalis Chile S.A. acquired 100% of the issued share capital of Coasin for US$17.3 million in cash, a Chilean ICT services and solutions provider, which also owns 100% of C2 Mining Solutions S.A.C. based in Peru. The acquisition will bring significant capabilities and scale to Logicalis' existing operations in Chile and Peru. Coasin's experience in the mining and financial services verticals creates opportunities for Logicalis to better serve its multinational clients while broadening its services scope to new customer groups.

Effective 3 September 2018, Logicalis SA (Pty) Ltd acquired 100% of the share capital in Clarotech Holdings (Pty) Ltd and its subsidiary Clarotech Consulting (Pty) Ltd for US$3.4 million cash. This acquisition enables Logicalis to combine a focused managed services operation with its existing business in South Africa, to support SMBs as well as larger corporates. Clarotech has been providing first rate solutions and services to its clients and will bring a strong capability to Logicalis' business and provide the opportunity to upsell an increased portfolio of services to our clients, not just in South Africa but also around the globe.

Effective 8 October 2018, Logicalis' subsidiary Thomas Duryea Logicalis Pty Ltd acquired 100% of the share capital of CNI for a maximum of US$3.1 million (including US$1.3 million deferred purchase consideration), a Microsoft certified gold partner based in Melbourne. The acquisition of CNI brings Logicalis a full suite of leading Microsoft cloud service capabilities, significantly strengthening our position in this growing market segment and enabling us to deliver a broader scope of services to new and existing customers.

Additional goodwill of US$1.3 million relating to Packet Systems Indonesia was raised in the current period (within its measurement period of 12 months) as new information relating to inventory obsolescence and deferred consideration of US$0.8 million were identified in terms of facts and circumstances that existed at the acquisition date.

Analysys Mason

Effective 17 July 2018, Analysys Mason Limited acquired 100% of the issued share capital of Access Markets International Partners, Inc. (US) based in the US for US$3.5 million; a SMB ICT focused global research and consulting firm that specialises in GTM opportunity assessment, tracking buying behaviour, customer segmentation, channel partner ecosystem dynamics and sales enablement enhanced with predictive analytics. AMI Partners also own 100% of the issued share capital of Access Markets International Partners Pte. Limited.

36. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

		Ownership rights and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests – Datatec Group	
	Country of incorporation	**2019 %**	2018 %	**2019 US$'000**	2018 US$'000	**2019 US$'000**	2018 US$'000
PromonLogicalis Latin America Limited	UK	**35**	35	**8 113**	6 631	**47 649**	45 977
Westcon International, Limited*	UK	**10**	10	**(4 043)**	2 810	**5 861**	8 530
Westcon Southern Africa Holdings (Pty) Ltd	SA	**40.005**	40.005	**133**	20	**(3 422)**	406

** From 1 September 2018.*

Summarised information in respect of the above subsidiaries is shown on the following page as at 28 February 2019 and 28 February 2018. The summarised financial information on the following page represents amounts before inter-group eliminations.

Notes to the Group consolidated annual financial statements continued

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36. NON-WHOLLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS continued

	PromonLogicalis Latin America Limited		Westcon International Limited		Westcon SA Holdings (Pty) Ltd	
	2019 US$'000	2018 US$'000	**2019 US$'000**	2018 US$'000	**2019 US$'000**	2018 US$'000
Non-current assets	**37 410**	39 641	**63 420**	60 481	**2 044**	3 087
Current assets	**526 584**	484 230	**1 135 251**	1 012 394	**38 071**	45 893
Non-current liabilities	**(14 783)**	(18 021)	**(184 234)**	(127 551)	**(9 893)**	(18 901)
Current liabilities	**(411 661)**	(372 881)	**(973 692)**	(871 417)	**(50 649)**	(46 379)
Equity attributable to equity holders of the parent	**(88 727)**	(85 626)	**(45 001)**	(74 120)	**20 427**	16 706
Non-controlling interests	**(48 823)**	(47 343)	**4 256**	213	**–**	(406)
Revenue	**640 322**	537 919	**2 484 979**	2 251 344	**98 823**	102 562
Operating profit/(loss) before interest, tax, depreciation and amortisation ("EBITDA")	**55 764**	46 943	**3 086**	(69 502)	**2 328**	(7 868)
Profit/(loss) for the year	**23 387**	18 984	**(27 334)**	(467 832)	**(6 391)**	(12 554)
Attributable to the owners of the parent	**15 274**	12 353	**(23 291)**	(470 642)	**(6 524)**	(12 574)
Attributable to non-controlling interests	**8 113**	6 631	**(4 043)**	2 810	**133**	20
			8 113			
Total comprehensive loss	**(4 257)**	(12 897)	**(33 162)**	(410 288)	**(3 918)**	(14 040)
Attributable to the owners of the parent	**(2 993)**	(8 288)	**(29 119)**	(411 136)	**(3 995)**	(14 097)
Attributable to non-controlling interests	**(1 264)**	(4 609)	**(4 043)**	848	**77**	57
Net cash inflow/(outflow)	**18 775**	(28 381)	**17 236**	50 814	**5 331**	2 551
Net cash inflow/(outflow) from operating activities	**28 507**	(113 416)	**(28 975)**	21 470	**3 769**	(3 867)
Net cash (outflow)/inflow from investing activities	**(37 103)**	(5 816)	**730**	(53 681)	**(231)**	40
Net cash inflow/(outflow) from financing activities	**27 371**	90 851	**45 481**	83 025	**1 793**	6 378

There are no other material non-controlling interests within the Group.

	2019 US$'000	2018 US$'000
37. DISCONTINUED OPERATIONS		
Profit for the period from discontinued operations		
Net earn-out receivable	**11 694**	–
Profit for the period – disposal group	**–**	23 267
Gain on disposal of subsidiaries	**–**	136 341
	11 694	159 608

The earn-out receivable is classified as a level 3 financial instrument. The fair value of the earn-out receivable was determined based on unobservable data, after taking into consideration the probabilities of various outcomes.

38. SUBSEQUENT EVENTS

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

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

39. GOING CONCERN

Please refer to the directors' report on page 103.