

Independent auditors’ report

for the year ended 28 February 2018

TO THE SHAREHOLDERS OF DATATEC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Datatec Limited and its subsidiaries (“the Group”) set out on pages 81 to 155, which comprise the consolidated statement of financial position as at 28 February 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 28 February 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

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

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations	
<p>Effective 1 September 2017, Datatec Limited sold its Westcon-Comstor business in North America and Latin America (Westcon Americas) for an amount of US\$600 million.</p> <p>Westcon Americas constitutes a discontinued operation in terms of IFRS 5 <i>Non-current Assets Held-for-Sale and Discontinued Operations</i> (“IFRS 5”).</p> <p>The key audit matter in this regard pertains to the appropriate application of IFRS 5, in particular:</p> <ul style="list-style-type: none"> > the directors had to apply significant judgement in determining the goodwill and intangible assets previously attributable to the disposal group to be derecognised in calculating the profit on disposal of Westcon Americas; and > given the significance of the Westcon Americas disposal group to the consolidated financial results, the disclosures in relation to the disposal group would be fundamental to the presentation of the financial statements; this is considered a key audit matter. <p>The profit on disposal of Westcon Americas is included in discontinued operations in the statement of comprehensive income and the disclosures relating to the disposal group are contained in the critical accounting judgement and key sources of estimation accounting policy and Note 36 of the consolidated financial statements.</p>	<p>In determining the goodwill and intangible assets previously attributable to the disposal group to be derecognised in calculating the profit on disposal of Westcon Americas and assessing the disclosure requirements in respect of the disposal group, we performed the following procedures:</p> <ul style="list-style-type: none"> > inspected the share purchase agreement and other underlying correspondence to verify that all relevant facts were taken into account in the determination of the profit on disposal of Westcon Americas; > considered the directors’ judgement in the determination of the goodwill and intangible assets previously attributable to the disposal group to be derecognised in calculating the profit on disposal of Westcon Americas taking into account the financial performance of the disposal group; > consulted with our accounting specialists on the accounting treatment in relation to the determination of the goodwill and intangible assets previously attributable to the disposal group to be derecognised in calculating the profit on disposal of Westcon Americas; > considered the adequacy of disclosures in the consolidated financial statements relating to the disposal group; and > obtained representations from management confirming that the requirements of IFRS 5 in relation to the disposal group have been considered and all appropriate disclosures have been made in the consolidated financial statements. <p>We concur with the directors’ assessment in determining the goodwill and intangible assets previously attributable to the disposal group to be derecognised in calculating the profit on disposal of Westcon Americas. Based on the results of the above procedures, we consider the disclosures in relation to the disposal group in the consolidated financial statements to be adequate.</p>

Key audit matter	How the matter was addressed in the audit
Assessment of goodwill for impairment	
<p>The carrying value of goodwill is US\$227 million.</p> <p>The recoverability of the carrying value of goodwill is determined with reference to its value-in-use, based on the cash flow forecasts for each cash-generating unit.</p> <p>There is estimation and judgement involved in the forecasting and discounting of future cash flows, with the future cash flows and discount rates being the most significant assumptions influencing the valuation to determine if any impairment is required in terms of IFRS.</p> <p>As the goodwill balance is material to the Group and significant judgement is exercised by the directors in evaluating the valuation of the goodwill, the evaluation of goodwill for possible impairment is considered to be a key audit matter.</p> <p>The disclosures relating to goodwill is contained in the goodwill accounting policies note and Note 8 of the consolidated financial statements.</p>	<p>In evaluating goodwill for impairment, we reviewed the calculations of its value-in-use, as prepared by the independent parties together with the directors. We, with the assistance of our specialists, performed various procedures, including the following:</p> <ul style="list-style-type: none"> > evaluating the Group's valuation models and the principles and integrity of the models; > testing of inputs into the cash flow forecast against historical performance and in comparison to the Group's strategic plans; > comparing the growth rates used to historical performance; > testing the assumptions used to calculate the discount rates and recalculating those rates taking into account external market factors; > re-computing of the value-in-use of each cash-generating unit; > assessing the competence, capabilities and objectivity of the independent parties used by the directors to evaluate goodwill for impairment; and > assessing the adequacy of the Group's disclosures in respect of goodwill with reference to applicable accounting standards. <p>Based on the results of the above procedures, we consider the assumptions used in the valuation models to be appropriate and the disclosures in relation to the goodwill balance to be appropriate.</p>

Other information

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

Independent auditors' report continued

for the year ended 28 February 2018

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

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

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

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

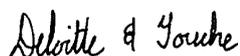
We communicate with the Audit, Risk and Compliance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Datatec Limited for 23 years.



Deloitte & Touche

Registered Auditor

Per: M Rayfield

Partner

16 May 2018

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National Executive: *LL Bam Chief Executive Officer *TMM Jordan Deputy Chief Executive Officer: Clients and Industries
 *MJ Jarvis Chief Operating Officer *AF Mackie Audit & Assurance *N Sing Risk Advisory *NB Kader Tax & Legal TP Pillay
 Consulting S Gwala BPS *JK Mazzocco Talent & Transformation MG Dicks Risk Independence & Legal *TJ Brown Chairman
 of the Board

A full list of partners and directors is available on request.

** Partner and Registered Auditor.*

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

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