

Reviewed results for the six months ended 28 February 2005

Audited results for the period ended 31 August 2004 and declaration of dividend

DataPro Group Limited

(Formerly Casey Investment Holdings Limited)

(Registration No: 1998/016433/06)

Share code: DTP ISIN code: ZAE000058061

("DataPro Group" or "the company")

Reviewed results for the six months ended 28 February 2005, audited results for the period ended 31 August 2004 and declaration of dividend



**31% growth in
annuity revenue**

Commentary

The company's results for the six months ended 28 February 2005 are the first set of results since the acquisition of DataPro (Proprietary) Limited ("DataPro") which was effective from 1 September 2004. The results also reflect the change in the company's year-end to 31 August each year.

The accounting policies adopted for purposes of this interim report comply, and have been consistently applied in all material respects, with South African Statements of Generally Accepted Accounting Practice (GAAP).

The results have been reviewed by Grant Thornton and their unqualified review opinion is available for inspection at the registered office of the company. DataPro is an established first-tier Internet Service Provider that focuses on the corporate market where its profitability is largely derived from annuity-based income that generates positive cash flows. DataPro also provides Voice-Over-Internet-Protocol ("VOIP") and is accordingly well positioned to take advantage of the recent deregulation of the telecommunications industry.

Financial overview

The directors are particularly pleased to announce the first set of interim results reflecting earnings and headline earnings per share of 2,0 cents. As a result, the directors have decided to declare a maiden interim dividend of 1 cent per share representing a dividend cover of two. Due to the fact that results cannot be compared to the prior period, commentary has been limited to the current results, with a comparison to the prior period of the main operating subsidiary, namely DataPro.

Revenue grew to nearly R50 million for the six-month period with a net profit after tax of R4,5 million. Revenue generated from data services, and more specifically the bulk breaking of bandwidth, accounted for 65% of total revenue, which was 18% higher than the previous six months and 31% higher than the corresponding period in the last financial year. Taking into account a measure of deflation on revenue pricing, this growth represents a strong performance showing a substantial increase in revenue in real terms. Contracted monthly annuity revenue at 28 February 2005 was approximately R6,5 million. Gross bandwidth margins, before and after sales commissions, increased over prior periods due to critical mass, economies of scale and bulk purchasing-power.

Revenue and profits were not as high as projected, due primarily to the announcement in September 2004 by government of intended deregulation in the telecommunications industry. Although this caused a significant drop in revenue from DataPro's Voice model, based on Call Back and Cellular Least-Cost Routing, the deregulation has opened up the market to VOIP and the board of directors resolved to make a significant investment in the future growth opportunities. As a result, the company has incurred significant costs in gearing up for VOIP business, by increasing the sales force by 100% and the technical and administrative support departments by 54%. This has resulted in a 42% increase in the salary expense when compared to the corresponding period in the last financial year. The establishment of a reseller channel and increased marketing expenditure accounted for another R880 000.

The total effect on earnings from increased salaries and related costs, including marketing, amounted to approximately R4,6 million. This investment in growth is estimated to have impacted earnings by approximately 2 cents per share during the six-month period. Shareholders are referred to growth prospects below. The directors, having taken into account the

impact of these investments, are confident in the financial health of the company to declare a maiden interim dividend.

Industry and business overview

The data services market, characterised by R1,2 billion of annual spend, is primarily focused on providing Internet services and virtual private networks ("VPN's") to corporate SA. At DataPro these services centre on providing permanent Internet connections through the supply of leased lines or broadband-ADSL. DataPro is a well established "annuity-based, bulk-breaking" business that has operated for several years and is currently rated amongst the top five South African first-tier Internet Service Providers ("ISP's"). DataPro has a substantial base of customers, a world-class network infrastructure and a wide range of quality products and services. DataPro currently services businesses of all sizes on a countrywide basis.

More notably, the period under review has been marked by significant regulatory changes that made DataPro's Voice model based on Call Back and Cellular Least-Cost Routing redundant and, in turn, opened up the market to VOIP. Although the latter offers significantly more opportunities, the positive impact of this business is only expected to impact future results.

Anticipating the deregulation of the South African Market nearly three years ago, DataPro started establishing interconnection agreements with various Telco's, acquiring the appropriate international licences, launched the VOX Telecom brand and began building a VOIP infrastructure. This experience, coupled with DataPro's Internet platform, has given the group a clear edge in the market with VOX Telecom as the market leader in the VOIP arena.

Growth prospects

VOX Telecom

DataPro's Voice business, still in its infancy, is expected to contribute more significantly to revenue and profit in the foreseeable future. VOX Telecom aims to establish a niche market as an alternate low-cost operator to the current incumbent. VOX Telecom continues to be first to market by using its core competency of speed as a competitive advantage and has successfully launched a Service Provider Channel with over 80 resellers selling Voice solutions. These resellers come from the Least-Cost Routing and PBX industry and as such have a formidable presence in the telecommunications industry. As of the date of this report VOX has already contracted R2,3 million of monthly VOIP revenue that should pass through the testing-phase in the ensuing months. This should see current monthly revenue increase by at least 27%.

DataPro

Albeit that the data market has become extremely competitive where the top end is saturated and all services are subject to industry pricing pressure, DataPro's ever-increasing data services annuity book should continue to improve economies of scale and purchasing power while raising the inherent barriers to entry. The price of bandwidth should continue to be

lowered due to larger volume discounts from improved bulk purchasing-power, as well as industry pricing pressure. Increased usage and users are expected to continue outpacing the impact on industry pricing.

DataPro continue to see the Internet as a significant area of growth in SA. At the end of 2002 an estimated 8 000 businesses were permanently connected to the Internet. With the launch of broadband products like ADSL, the costs of being connected to the Internet were lowered and there are now over 55 000 SA based businesses permanently connected to the Internet, representing a growth of 47 000 businesses, achieved in only two and a half years, albeit in the lower end of the market. DataPro were the first to launch a Business ADSL product that has resulted in DataPro having the broadest range of ADSL products and a clear dominance in the small to medium sector.

Strategic Value and Future Prospects

DataPro is well established, has formed strong strategic alliances, has a large number of channels to market, good branding and technology know-how. The company has a solid growing base in the data market that is underpinned by being contracted annuity business.

Early indications are that VOX Telecom will grow quickly and the aim is to maintain a leading position and dominate market share in the second-tier telecommunication sector. It is anticipated that VOIP, through VOX Telecom, will ultimately overtake the data business in the next year. The growth strategy, based on Voice, will require continued investment by the company in infrastructure, people and marketing, whilst maintaining the support of DataPro Group shareholders.

Acquisition and issue of shares for cash

At a general meeting of shareholders held on 27 September 2004, shareholders approved the acquisition of DataPro at a total cost of R41 652 500, which purchase price was settled in cash of R36 million, paid to BOE Private Equity Investments (Proprietary) Limited ("BOE"), and through the issue of 66 500 000 new ordinary shares at 8,5 cents per share to DataPro management vendors. In addition, shareholders approved the issue of 87 500 000 new ordinary shares for cash at 55 cents per share. A large portion of the proceeds from the issue of shares for cash were utilised to fund the acquisition of DataPro from BOE.

Details of the above transactions were published in an abridged prospectus on SENS and in the press on 3 September 2004. The above shares were issued on 18 October 2004.

Change of name

Following the acquisition of DataPro, the company transferred its listing to the Alternative Exchange of the JSE Securities Exchange South Africa and changed its name to DataPro Group Limited with effect from 18 October 2004.

Director changes

At the general meeting on 27 September 2004, pursuant to the approval of the acquisition of DataPro, D Cameron resigned from the Board, DG Reed was appointed as Chief Executive Officer, GP Sweidan as Operations Director and M Krastanov as a non-executive director. YT Moerane remained as non-executive chairperson and JC Herbst as Financial Director.

In addition, MC Mogase has been appointed as a non-executive director, with CM Lister-James as his alternate, with effect from 11 November 2004. K Cheluis resigned as director on 28 February 2005.

Dividends

The Board of Directors is pleased to announce that an interim dividend of 1 cent per share (one cent) has been declared and is payable on Monday, 23 May 2005 to shareholders recorded in the register of the company at the close of business on Friday, 20 May 2005. The last date to trade "cum" dividend will be Friday, 13 May 2005. "Ex" dividend trade will commence on Monday, 16 May 2005 and the record date will be Friday, 20 May 2005.

Shareholders are advised that share certificates may not be dematerialised or rematerialised between Monday, 16 May 2005 and Friday, 20 May 2005 both days inclusive.

General

In accordance with Alt^x Listings Requirements, shareholders are advised of the risks of investing in a company listed on the Alt^x and that the JSE does not guarantee the viability or the success of a company listed on the Alt^x. In terms of the JSE Listings Requirements, a Designated Advisor has to be retained by the company. The Designated Advisor is required, *inter alia*, to attend all board meetings held by the company to ensure that all the JSE Listings Requirements and applicable regulations are complied with, approve the financial director of the company and guide the company in a competent, professional and impartial manner. If the company fails to retain a Designated Advisor it must make arrangements to appoint a new Designated Advisor within 10 business days, failing which the company faces suspension of trading of its securities. If a Designated Advisor is not appointed within 30 days of its suspension, the company faces the termination of its listing without an offer to minorities.

By order of the Board

YT MOERANE
Chairperson

DG REED
Chief Executive Officer

Johannesburg
22 April 2005

Directors: YT Moerane*, DG Reed, JC Herbst,
G Sweidan, M Krastanov*, MC Mogase* (Alternate
CM Lister-James) * Non-executive

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Computershare Investor Services
2004 (Proprietary) Limited
70 Marshall Street
Johannesburg 2001

Balance sheets

	Reviewed as at 28 Feb '05 R'000	Audited as at 31 Aug '04 R'000	Audited as at 29 Feb '04 R'000
ASSETS			
Non-current assets	69 214	–	–
Property, plant and equipment	18 967	–	–
Intangible assets	48 558	–	–
Deferred taxation	1 689	–	–
Current assets	10 503	135	37
Inventories	402	–	–
Inter-group debtors	–	–	34
Trade and other receivables	6 418	125	–
Cash and cash equivalents	3 683	10	3
Total assets	79 717	135	37
EQUITY AND LIABILITIES			
Capital and accumulated loss	48 533	(7 682)	(7 246)
Share capital and premium	75 237	23 573	23 573
Accumulated loss	(26 704)	(31 255)	(30 819)
Non-current liabilities	11 497	4 694	4 338
Long-term borrowings	8 708	–	–
Shareholder loans – non-interest bearing	2 789	4 694	4 338
Current liabilities	19 687	3 123	2 945
Trade and other payables	10 046	2 378	2 945
Short-term borrowings	7 641	745	–
Bank overdraft	2 000	–	–
Total equity and liabilities	79 717	135	37
Ordinary shares in issue at period end ('000)	228 980	74 980	74 980
Net asset value per share (cents)	21,2	(10,3)	(9,7)
Net tangible asset value per share (cents)	(0,01)	(10,3)	(9,7)

Abridged cash flow statements

	Reviewed for the six months ended 28 Feb '05 R'000	Audited for the six months ended 31 Aug '04 R'000	Audited for the year ended 29 Feb '04 R'000
Net cash (outflow)/inflow from operating activities	(7 079)	(349)	2 327
Net cash (outflow)/inflow from investing activities	(4 816)	–	68
Acquisition of subsidiary	(36 513)	–	–
Net cash inflow from financing activities	50 081	356	2 090
Net increase in cash and cash equivalents	1 673	7	4 485
Bank balance/(overdraft) at beginning of period	10	3	(4 482)
Cash and cash equivalents at end of period	1 683	10	3

Income statements

	Reviewed for the six months ended 28 Feb '05 R'000	Audited for the six months ended 31 Aug '04 R'000	Audited for the year ended 29 Feb '04 R'000
Revenue	49 996	100	33 499
Cost of sales	(27 083)	–	(29 523)
Gross profit	22 913	100	3 976
Operating expenses	(15 051)	(554)	(6 347)
EBITDA	7 862	(454)	(2 371)
Amortisation of goodwill	(88)	–	–
Loss on disposal of assets	–	–	(295)
Depreciation	(2 000)	–	(137)
Operating profit/(loss)	5 774	(454)	(2 803)
Finance charges	(1 325)	–	(450)
Investment income	102	18	–
Net profit/(loss) before taxation	4 551	(436)	(3 253)
Taxation	–	–	–
Net profit/(loss) for the period	4 551	(436)	(3 253)
Calculation of headline earnings			
Net profit/(loss) for the period	4 551	(436)	(3 253)
Adjustments for:			
Amortisation of goodwill	88	–	–
Write-off of investment	–	–	2 091
Loss on disposal of asset	–	–	295
Headline earnings/(loss) for the period	4 639	(436)	(867)
Weighted average shares in issue	228 980	74 980	74 980
Earnings/(loss) per ordinary share (cents)	2,0	(0,6)	(4,3)
Headline earnings/(loss) per ordinary share (cents)	2,0	(0,6)	(1,2)
Dividend per share (cents)	1,0	–	–
<i>Fully diluted information (Note 1)</i>			
Weighted average shares in issue ('000)	229 209	229 209	229 209
Earnings/(loss) per ordinary share (cents)	2,0	(0,2)	(1,4)
Headline earnings/(loss) per ordinary share (cents)	2,0	(0,2)	(0,4)

Notes

1 Vantage Capital Group, a BEE shareholder in DataPro Group, have been granted an American call option to subscribe for up to 2 295 641 new ordinary shares at an exercise price based on the 30-day weighted average share price immediately preceding the exercise of the option, less a 10% discount, exercisable on or before 28 February 2006. In addition, Vantage Capital Group have a call option against DG Reed and JC Herbst for 1 569 783 shares in order that they may increase their shareholding to 25% over an 18-month period ending 28 February 2006.

Segmental report

	Data Services R'000	Voice Services R'000	Total R'000
Revenue	46 380	3 616	49 996
Cost of sales	(24 058)	(3 025)	(27 083)
Gross profit	22 322	591	22 913
Operating expenses	(12 541)	(2 510)	(15 051)
EBITDA	9 781	(1 919)	7 862

Notes

The company does not separately identify assets or liabilities attributable to the different segments of the business and accordingly no such information is disclosed. The business is conducted mostly within South Africa and managed centrally so there is therefore no meaningful basis for geographic segmentation.

Statement of changes in equity

	Share capital R'000	Share premium R'000	Accumulated loss R'000	Total R'000
Balance at 28 February 2003	75	23 498	(27 566)	(3 993)
Loss for the year	–	–	(3 253)	(3 253)
Balance at 29 February 2004	75	23 498	(30 819)	(7 246)
Loss for the six months ended 31 August 2004	–	–	(436)	(436)
Balance at 31 August 2004	75	23 498	(31 255)	(7 682)
Issue of shares for the acquisition of DataPro from management vendors	67	5 586	–	5 653
Issue of shares for cash	87	48 037	–	48 124
Write-off of issue expenses against share premium	–	(2 113)	–	(2 113)
Profit for the period	–	–	4 551	4 551
Balance at 28 February 2005	229	75 008	(26 704)	48 533