

**DataPro Group Limited**  
(Incorporated in the Republic of South Africa)  
(Registration Number: 1998/016433/06)  
Share code: DTP ISIN code: ZAE000058061  
("DataPro Group" or "the Company" or "the Group")

**UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2007**

**Revenue up 234% to R263 million**  
**Operating profit up 154% to R16.3 million**  
**Profit before taxation up 168% to R16.1 million**  
**Profit for the period up 150% to R11.6 million**  
**Earnings per share up 41% to 2.14 cents per share**  
**Headline earnings per share up 85% to 2.14 cents per share**  
**Cash on hand increased from R2 million to R217 million**

<b>Balance Sheet</b>	<b>Unaudited as at 28 February 2007 R'000</b>	<b>Reviewed as at 28 February 2006 R'000</b>	<b>Audited as at 31 August 2006 R'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>585 863</b>	<b>127 434</b>	<b>206 911</b>
Property, plant and equipment	54 081	22 430	29 998
Intangible assets, including goodwill	526 777	100 712	173 580
Deferred taxation	5 004	4 292	3 333
<b>Current assets</b>	<b>379 149</b>	<b>27 263</b>	<b>53 150</b>
Inventories	11 065	361	2 263
Trade and other receivables	150 641	24 174	32 944
Taxation	-	2	-
Cash and cash equivalents	217 443	2 726	17 943
<b>Total assets</b>	<b>965 012</b>	<b>154 697</b>	<b>260 061</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and accumulated loss</b>	<b>568 027</b>	<b>100 894</b>	<b>192 587</b>
Share capital and premium	570 710	123 333	206 914
Accumulated losses	(2 683)	(22 439)	(14 327)
<b>Non-current liabilities</b>	<b>175 090</b>	<b>16 622</b>	<b>14 737</b>
Long term borrowings	175 090	15 040	14 737
Financial liability	-	1 582	-
<b>Current liabilities</b>	<b>221 895</b>	<b>37 181</b>	<b>52 737</b>
Trade and other payables	209 394	23 454	38 140
Short term borrowings	8 018	9 508	11 763
Shareholders' loans	-	2 398	-
Taxation	4 484	1 182	2 834
Bank overdraft	-	639	-
<b>Total equity and liabilities</b>	<b>965 012</b>	<b>154 697</b>	<b>260 061</b>
Ordinary shares in issue at period end ('000)	883 856	315 135	483 812
Net asset value per share (cents)	64.3	32.0	39.8
Net tangible asset value per share (cents)	6.1	0.06	3.93
<i>Fully diluted information</i>			
Ordinary shares at period end ('000)	883 856	335 164	483 812
Net asset value per share (cents)	64.3	30.1	39.8
Net tangible asset value per share (cents)	6.1	0.05	3.93

<b>Income Statement</b>	<b>Unaudited for the six months ended 28 February 2007 R'000</b>	<b>Reviewed for the six months ended 28 February 2006 R'000</b>	<b>Audited for the year ended 31 August 2006 R'000</b>
<b>Revenue</b>	<b>262 807</b>	<b>78 740</b>	<b>196 365</b>
Cost of sales	(189 444)	(47 408)	(114 730)
<b>Gross profit</b>	<b>73 363</b>	<b>31 332</b>	<b>81 635</b>
Operating and administrative expenses	(51 123)	(23 165)	(53 187)
Other operating income	78	2 737	485
<b>Operating profit before depreciation and amortisation</b>	<b>22 318</b>	<b>10 904</b>	<b>28 933</b>
Profit on disposal of assets	-	-	53
Depreciation	(4 416)	(3 282)	(7 181)
Amortisation of intangible assets	(1 539)	(1 188)	(2 792)
<b>Operating profit</b>	<b>16 363</b>	<b>6 434</b>	<b>19 013</b>
Finance charges	(2 705)	(1 243)	(3 070)
Investment income	2 408	92	230
Fair value adjustments	-	(382)	(257)
Negative goodwill	-	1 101	1 574
<b>Profit before taxation</b>	<b>16 066</b>	<b>6 002</b>	<b>17 490</b>
Taxation	(4 422)	(1 345)	(4 598)
<b>Profit for the period</b>	<b>11 644</b>	<b>4 657</b>	<b>12 892</b>

#### Calculation of headline earnings

Profit for the period	11 644	4 657	12 892
<i>Adjustments for:</i>			
Profit on disposal of assets	-	-	(53)
Negative goodwill	-	(1 101)	(1574)
Tax effect of adjustments	-	-	15
<b>Headline earnings for the period</b>	<b>11 644</b>	<b>3 556</b>	<b>11 280</b>

Weighted average shares in issue ('000)	543 487	306 371	336 383
Earnings per share ordinary share (cents)	2.14	1.52	3.83
Headline earnings per ordinary share (cents)	2.14	1.16	3.36
Dividend per share (cents)	-	-	-
<i>Fully diluted information</i>			
Weighted average shares in issue ('000)	543 487	306 371	336 383
Earnings per share ordinary share (cents)	2.14	1.52	3.83
Headline earnings per ordinary share (cents)	2.14	1.16	3.36

#### Condensed Cash Flow Statement

	<b>Unaudited for the six months ended 28 February 2007 R'000</b>	<b>Reviewed for the six months ended 28 February 2006 R'000</b>	<b>Audited for the year ended 31 August 2006 R'000</b>
Net cash inflow from operating activities	32 569	998	17 092
Net cash outflow from investing activities	(364 328)	(3 901)	(58 360)
Net cash inflow from financing activities	531 169	5 155	59 244
<b>Net increase in cash and cash equivalents</b>	<b>199 500</b>	<b>2 252</b>	<b>17 976</b>
Bank balance /(overdraft) at beginning of the period	17 943	(165)	(33)
<b>Cash and cash equivalents at end of the period</b>	<b>217 443</b>	<b>2 087</b>	<b>17 943</b>

<b>Statement of Changes in Equity</b>	<b>Share capital R'000</b>	<b>Share premium R'000</b>	<b>Accumulated losses R'000</b>	<b>Total R'000</b>
<b>Balance as at 1 September 2005</b>	<b>314</b>	<b>114 963</b>	<b>(27 218)</b>	<b>88 059</b>
Issue of shares	21	11 340	-	11 361
Profit for the period	-	-	4 657	4 657
Equity instrument acquired	-	(3 306)	-	(3 306)
<b>Balance as at 28 February 2006</b>	<b>335</b>	<b>122 997</b>	<b>(22 561)</b>	<b>100 771</b>
Write off of share issue expenses	-	(1 506)	-	(1 506)
Issue of shares	149	80 459	-	80 608
Profit for the period	-	-	8 235	8 235
Expiry of financial liability	-	1 582	-	1 582
Disposal of equity instruments for cash	-	2 897	-	2 897
<b>Balance as at 31 August 2006</b>	<b>484</b>	<b>206 429</b>	<b>(14 327)</b>	<b>192 587</b>
Issue of shares for cash	400	373 429	-	373 829
Write off of share issue expenses	-	(10 033)	-	(10 033)
Profit for the period	-	-	11 644	11 644
<b>Balance as at 28 February 2007</b>	<b>884</b>	<b>569 826</b>	<b>(2 683)</b>	<b>568 027</b>

## COMMENTARY

The board of directors (“the board”) is pleased to present the company’s unaudited results for the six months ended 28 February 2007. These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) which have been consistently applied to prior periods.

## BUSINESS OVERVIEW AND FUTURE PROSPECTS

Since the last reported results, the DataPro Group has continued with its stated strategy of increasing earnings through a combination of organic growth and concluding acquisitions that are accretive to earnings. Revenues have increased by 234% or R184 million over the prior period through a combination of organic growth, particularly in the ISP / data businesses and as a result of the inclusion of one month’s revenue from Orion Telecom (“Orion”) amounting to R76 million. The revenues of the DataPro Group are traditionally affected by the seasonal downturn over the December and early January holiday period (including the Telkom “Freeze” from 15 December through 15 January) and we anticipate that the revenue growth for the second half of the fiscal year will exceed that of the prior six months.

It was highlighted in the annual results for 2006 that the full potential of DataPro Group will ultimately be achieved through its ability to take advantage of deregulation. To achieve this the Group needed to, inter alia, be able to interconnect with the incumbent fixed line operator Telkom, the new Second Network Operator (SNO), Neotel and the existing cellular service providers. The board is pleased to report that interconnection arrangements are now operational with Telkom and Vodacom, whilst interconnect arrangements with MTN and Cell C are expected to be operational shortly. The Company’s growth, however, continues to be constrained by Telkom and ICASA delays in the finalisation of interconnection rates for inbound call termination.

At the beginning of our fiscal year the board and management embarked on an ambitious set of goals and objectives and we would like to highlight some of the key achievements of the Group under the period of review as follows:

- Revenues increased by 234% to R263 million and net profit for the period has increased by 150% to R11.6 million;
- Successful conclusion of the acquisition of Orion Telecom, a leading supplier of voice and data services with annual revenues in excess of R800 million;
- Successful conclusion of the capital raising process to the amount of R550 million in debt and equity;
- Sustained organic growth across all business units through product innovation and aggressive sales and marketing;
- Continued growth in the monthly contracted annuity base from R24,1 million as at 31 August 2006 to R29,4 million (excluding Orion) and to R105 million (including Orion) as at 28 February 2007;
- Staff complement has increased from 256 to 465 employees through organic growth and via acquisition; and
- Strengthening of the BEE shareholder base with a significant investment in DataPro Group by Lereko Métier Capital Growth Fund ("LMCGF") and Thembeke Capital (previously known as Arch Equity) as part of the Orion transaction.

DataPro Group will continue with its objective of becoming the leading, alternative telecommunications service provider in the South African market. In order to achieve this the Group will be focused on the following key goals and objectives:

- growth of our core businesses organically via channel partners and direct sales;
- the acquisition of companies that accelerate our growth strategy in Southern Africa and that are accretive to earnings;
- improving operational efficiencies by integrating all Least Cost Routing ("LCR") platforms, administration and technical support into Orion;
- expansion, upgrading and integration of the network infrastructure into a single platform to support DataPro Group's core data business, including the VoIP platform;
- ongoing investment in our infrastructure and our people to ensure we continue to deliver innovative, cost effective solutions to all our customers;
- continuing to focus on operational excellence across all our businesses, ensuring the delivery of the highest levels of customer service; and
- ongoing provision of a comprehensive telecommunications solution comprising voice and data product offerings that deliver on convergence.

## **FINANCIAL OVERVIEW**

Revenue, which includes only one month of Orion, grew R184 million (234%) over the comparative period. Gross margins remained at 41% for the data businesses but have moderated to 28% overall as a result of the inclusion of Orion's results. It is anticipated that this trend will continue as the result of the lower margins achieved in voice services, particularly due to the significant Orion contribution in the future, but will stabilise as data revenues grow and the volumes in VoIP improve. Strong organic growth continues in data services with increases of 47% and 43% in DataPro Group ISP and @lantic respectively. Voice revenues, excluding Orion, have grown by R41 million or 52% over the prior period. Orion will make a significant contribution to revenue for the remaining financial year.

Deregulation and competition continue to force prices down particularly in data services. However, as the number of customers continue to grow and the usage of these services grows, margins continue to be maintained. It is anticipated that the 'interconnect' rate for voice services will be reduced in the future and that will impact the current rates of arbitrage with LCR businesses. This will be offset by the continued gradual transfer of customers to VoIP and the current practice of selling voice services as a managed voice solution and not just a cost saving. Together with a converged product offering of data and managed voice services it is anticipated that this margin reduction will be negated.

Operating profit increased by 154% to R16.3 million and profit before taxation increased by 168% to R16.1 million. Net profit for the period reflected an increase of 150% to R11.6 million with headline earnings increasing by 227% to R11.6 million. Both earnings and headline earnings per share reflected an increase of 41% and 85% respectively to 2.14 cents per share.

Monthly contracted revenue increased by 336% to R105 million, from R24.1 million, which includes R76 million from Orion, indicating strong performance in revenue growth in real terms.

The balance sheet reflects a strong cash position of R217 million which includes cash generated from operations and R170 million in long term loan funding raised from Investec Bank Limited pursuant to the acquisition of Orion. The large increase in other asset and liabilities, including intangibles, arises principally from the inclusion of Orion as at 28 February 2007. It should be noted that the at acquisition balance sheet of Orion consolidated as at 28 February 2007 into DataPro Group, is provisional and will be finalised prior to year end.

## SEGMENTAL REPORTING

The company does not separately identify assets, liabilities or expenses attributable to different segments of the business and accordingly the only segmental information available is turnover, details of which are set out below:

	<b>28 February 2007</b>	<b>28 February 2006</b>
<b>Segment</b>	<b>R'm</b>	<b>R'm</b>
Data (ISP and ADSL)	75	51
@lantic (ISP and ADSL)	30	21
Voice (VoIP, LCR and Call-Back)	158	7
<b>Total</b>	<b>263</b>	<b>79</b>

## ACQUISITIONS AND ISSUE OF SHARES FOR CASH DURING THE YEAR

DataPro Group acquired Orion with effect from 1 February 2007. Orion is a leading supplier of Least Cost Routing ("LCR") and VoIP telephony services to corporate South Africa. The purchase price was R380 million settled by way of an issue of 381 473 214 shares to the vendors of Orion, a portion of which was then placed on behalf of the vendors at 112 cents and 175 000 000 shares at 85 cents per share to BEE shareholders.

The acquisition of Orion is significant when considering the milestones achieved by the DataPro Group. This will not only contribute significant revenues, earnings and cashflow to the Group in the years ahead, but also provides an enlarged customer base that will present significant opportunities into which all data and voice products offered by the DataPro Group can be sold.

In addition, given that the Orion capital raising was approximately five times oversubscribed, the board deemed it prudent to raise additional capital of R170 million through a combination of long term debt and by issuing an additional 18 570 558 shares for cash at the same price of 112 cents per share, to provide additional funds for further acquisitions and working capital requirements. Some of this has already been utilised for a few smaller acquisitions, details of which are set out below, which continues the DataPro Group's strategy of acquiring businesses that are earnings accretive.

The total funding raised in the capital raising process for Orion amounted to R550 million with an additional 400 043 772 new DataPro Group ordinary shares being issued. The total number of shares in issue is 883 855 693 at 28 February 2007.

## BLACK ECONOMIC EMPOWERMENT ("BEE")

Simultaneously with the Orion transaction, the BEE shareholding of DataPro Group Limited was enhanced via the introduction of the LMCGF as a 20% shareholder in DataPro Group through the placement of 175 000 000 shares at 85 cents per share.

Thus LMCGF's investment, together with Thembeke Capital and Vantage Capital Fund Managers, increases the DataPro Group's BEE shareholding to 28.4%, which excludes the broadbased shareholding previously distributed to the shareholders of Black Information Technology Empowerment Holdings Limited ("Blitec"). In addition the BEE status of the board of directors has been enhanced with the appointment of Dr Lulu Gwagwa, a LMCGF principal.

## SUBSEQUENT EVENTS

With effect from 1 April 2007, DataPro Group acquired Dial Electronics (Proprietary) Limited and VOIP Telecorporation (Proprietary) Limited, trading as Dial Telecoms and VOIP Telecoms respectively, for an undisclosed amount. All conditions precedent, including Competition Commission approval, have been

fulfilled. Dial Telecoms and VOIP Telecoms are suppliers of LCR and VoIP telephony services predominately to the Government market.

### **DIRECTOR CHANGES**

JA du Toit, the managing director of Orion, was appointed as an executive director of the DataPro Group with effect from 13 February 2007. MJ Krastanov resigned as a non-executive director on 13 February 2007 and RT Dalais and Dr N Gwagwa were appointed as non-executive directors to the board on the same date. RT Dalais and Dr N Gwagwa are principals of LMCGF.

### **CHANGE OF AUDITORS**

Deloitte has replaced Grant Thornton as auditors of the DataPro Group. Deloitte was selected for their access to the telecommunications expertise of the global Deloitte network as well as their in depth knowledge of the local telecommunications market.

### **DIVIDENDS**

With the application of cash generated from operations and the recent capital raising being focussed on further earnings enhancing acquisitions, new initiatives and working capital requirements, the directors have decided not to declare a dividend for the period under review.

### **By order of the Board**

AP van Marken  
Chairman  
19 April 2007  
Johannesburg

DG Reed  
Chief Executive Officer

### **Registered Office**

Arcay House, Number 3 Anerley Road, Parktown, Johannesburg, 2193  
PO Box 62397, Marshalltown, Johannesburg, 2107

### **Directors**

AP van Marken, DG Reed, CM von Holdt, GP Sweidan, JA du Toit, RT Dalais\*, N Gwagwa\* MC Mogase\*  
(Alternate CM Lister-James)

\* Non-executive

### **Designated Advisor**

Arcay Moela Sponsors (Proprietary) Limited

### **Transfer Office**

Computershare Investor Services 2004 (Proprietary) Limited