

DATAPRO GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/016433/06)
Share code: DTP ISIN: ZAE000058061
("DataPro" or "the company")

ACQUISITION OF THE SHARES AND CLAIMS IN DEFINITY TELECOMMUNICATIONS (PROPRIETARY) LIMITED ("Definity") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

In terms of an agreement dated 07 April 2006, the directors are pleased to announce the acquisition of 100% of the shares in, and loan account claims against, Definity, ("the acquisition") from Daniel Leonard Edmiston (47%) and Wayne Brandon Gordon (53%) ("the Vendors").

The acquisition was subsequently approved by the board of directors of DataPro following completion of a due diligence process and will be effective from 01 March 2006, subject to the remaining conditions precedent as set out in paragraph 4 below.

2. Rationale for acquisition

DataPro is one of the largest growing, independent, telecommunications companies in South Africa, providing mainstream Voice, Internet and Least Cost Routing ("LCR") services to both consumers and corporate companies. The company has been preparing for the advent of de-regulation in the telecommunications industry for several years, especially with regard to Voice over Internet Protocol ("VoIP") and LCR (collectively, "Voice"). Deregulation has, to a large extent, spurred recent market consolidation in both the Data and Voice arenas as the opportunities for, and value of, alternative telecommunication providers becomes increasingly evident. DataPro has consistently set out to build and acquire critical mass in the fragmented Internet Service Provider ("ISP") and Voice sectors. DataPro has combined its Voice business into a separate brand called VoxTelecom.

DataPro is a significant player in the consolidation of the ISP and Voice industry and has advanced its growth through strategic acquisitions in the last 2 years. DataPro's Voice acquisition strategy is driven both by an effort to gain critical mass and to entrench its entry into complementary market segments such as Consumer ISP and LCR.

Definity is a leading LCR business that supplies telephony services to predominantly medium to large corporations in South Africa. The acquisition is strategically important for DataPro as it provides the company with a high-quality annuity customer base complementary to that of VoxTelecom.

The Definity acquisition is expected to add approximately R9 million per month to DataPro's existing monthly annuity book. Accordingly, DataPro considers itself well positioned to be amongst the leaders in the South African ISP and alternative Voice markets.

3. Payment of purchase consideration and potential adjustment to the acquisition price.

The purchase price for the acquisition is R70 million ("the purchase consideration"), which is to be settled as follows:

- 50% in cash, to be raised by the issue of renounceable letters of allocation on the transaction closing date, being a date not later than 30 June 2006, which entitle the holders to subscribe for ordinary shares in DataPro ("the vendor consideration shares") at the subscription price stipulated therein, ranking *pari passu* in all respects with DataPro's existing issued ordinary shares, in a quantity sufficient to enable payment to the Vendors the sum of R35 million in cash, and the Vendors undertaking to renounce the relevant letters of allocation in favour of the subscribers nominated by DataPro; and
- R35 million through the issue to the Vendors of 63 170 572 ordinary shares at a price of 55.41 cents per share ("the retained vendor consideration shares"), calculated by using the 60 day volume weighted average price of DataPro shares traded on the JSE Limited ("JSE"), 30 days either side of the effective date, being 01 March 2006.

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On the closing date of the acquisition, DataPro shall pay the sum of R35 million received pursuant to the subscription for the vendor consideration shares, less R 7 million which shall be paid to a nominated escrow agent to be retained as security for any claims of DataPro against the Vendors that may arise from the breach of Definity's warranties in terms of the agreement, particularly with regard to the balance sheet of Definity. The Vendors have not warranted profits in terms of the agreement.

4. Conditions precedent

The acquisition of Definity is subject to the approval of the Competition Commission and, subject to this approval, by not later than 21 June 2006, DataPro shall have obtained unconditional and irrevocable undertakings from third parties to purchase such number of vendor consideration shares, in accordance with the Listings Requirements of JSE Limited, as is sufficient to enable DataPro on the Closing Date to discharge payment to the Vendors in the sum of R35 million.

5. Call option and retained vendor consideration share sale restriction.

The Vendors have irrevocably granted to DataPro an American call option, which entitles the company, at any time during the period commencing on the Closing Date and ending 18 months thereafter, to purchase the retained vendor consideration shares in whole or in part. The purchase price of the shares will be calculated at the volume weighted average traded price of DataPro's ordinary shares on the JSE over the period of 30 business days prior to the exercise date and the 30 business days after the exercise date. During the period of the call option, the Vendors shall not be entitled to dispose of, encumber, pledge, sell, grant options or liens over, or, in any manner transfer the Retained Vendor Consideration Shares other than as contemplated in the Agreement.

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6. Financial effects

The table below sets out the pro-forma financial effects of the acquisition and the issue of shares on the reviewed, published interim financial results of DataPro for the six months ended 28 February 2006. The financial information, which is the responsibility of the directors, has been prepared for illustrative purposes only and does not necessarily fairly present the company's financial position and operational results.

Fully diluted information	Reviewed 28 February 2006 "Before" ⁽¹⁾	Pro Forma after acquisition "After"	% Change
Earnings per share (cents) ⁽⁶⁾	1.5	1.6	8.1%
Headline earnings per share (cents) ⁽⁶⁾	1.2	1.4	20.3%
Net asset value per share (cents) ⁽⁵⁾	32.2	37.0	22.8%
Net tangible asset value per share (cents) ⁽⁵⁾	0.06	2.3	4180.0%
Weighted average number of shares in issue ('000)	306 371	445 152	45.3%
Shares in issue at period end ('000)	335 164	462 437	38.0%

Notes:

1. The 'before' financial information is based on fully diluted information as detailed in the published interim results for the six months ended 28 February 2006.
2. The accounting policies of Definity have been amended so as to comply with those utilised by the DataPro group. Certain items of fixed assets that were expensed by Definity have been capitalised and depreciated according to the accounting policies of the DataPro group, resulting in a reduction to depreciation of R111 000. In addition, certain items previously expensed have been treated as being debited to shareholder's loans in the amount of R683 000, after taking into account the effects of taxation. Taxation has been assumed at a notional rate of 29% on estimated taxable income.
3. The historical balance sheet and income statement figures of Definity have been extracted from the management accounts for the period ended 28 February 2006, adjusted for matters referred to in note 2 above.
4. A charge of R110 000 has been assumed for amortisation of intangible assets acquired in accordance with DataPro group's accounting policies.
5. The net asset value per share and net tangible asset value per share have been calculated on the assumption that:
 - a. The transaction was effected on 28 February 2006;
 - b. The total capital amount of R70 million was raised at that date through the issue of a maximum of 127 272 727 new ordinary shares being issued at a price of 55 cents per share;
 - c. Goodwill and other intangibles amounting to approximately R59 million arises on the acquisition.
6. The earnings per share and headline earnings per share in the "Pro-forma after the acquisition" column were calculated on the assumption that the acquisition took place with effect from 01 September 2005;

7. Vendor Placement

The placing of the vendor consideration shares will be done in accordance with JSE Listings Requirements and is expected to be finalised by 31 May 2006.

8. Withdrawal of cautionary

Following the publication of this announcement, the cautionary announcement has been withdrawn and shareholders need no longer exercise caution when dealing in the company's securities on the JSE.

In accordance with Alt^x Listings Requirements, shareholders are advised of the risks of investing in a company listed on Alt^x and that the JSE does not guarantee the viability or the success of a company listed on Alt^x. In terms of JSE Listings Requirements a Designated Advisor has to be retained by the company. The Designated Advisor is required to, *inter alia*, attend all board meetings held by the company to ensure that all 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 arrangement 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.

Johannesburg
15 May 2006

Designated Advisor
Arcay Corporate Services

Corporate Advisor
Metier Advisory (Proprietary) Limited