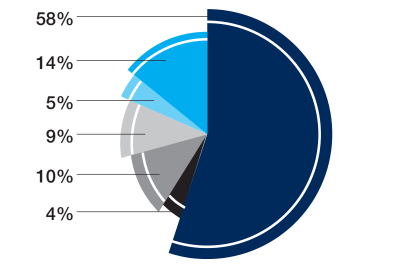
Mustek LIMITED

(Incorporated in the Republic of South Africa) (Registration number 1987/070161/06)
Share code: MST ISIN: ZAE000012373 ("Mustek" or "the Group")

Provisional audited financial results for the year ended 30 June 2013

www.mustek.co.za



Revenue from continuing operations

2013 R4,072 billion
2012 R3,503 billion
up 16%

Cash from operations

2013 R145,5 million
2012 R 44,6 million
up 226%

Dividend per share

2013 20 cents
2012 17 cents
up 18%

Net asset value per share

2013 762 cents
2012 697 cents
up 9%

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013 R 000	2012 R 000
Continuing operations		
Revenue	**4 072 274**	3 502 543
Cost of sales	**(3 517 496)**	(3 002 190)
Gross profit	**554 778**	500 353
Other income	**4 489**	17 980
Foreign currency losses	**(50 521)**	(47 813)
Distribution, administrative and other operating expenses	**(371 497)**	(333 591)
Profit from operations	**137 249**	136 929
Investment revenues	**4 384**	4 668
Finance costs	**(38 196)**	(25 337)
Other gains (losses)	**12 012**	(5 613)
Share of profit of associates	**4 290**	1 686
Profit before tax	**119 739**	112 333
Income tax expense	**(37 847)**	(32 515)
Profit for the year from continuing operations	**81 892**	79 818
Discontinued operations		
Loss for the year from discontinued operations	**(661)**	(2 019)
Profit for the year	**81 231**	77 799
Other comprehensive income		
Exchange profits on translation of foreign operations	**6 553**	7 883
Other comprehensive income for the year, net of tax	**6 553**	7 883
Total comprehensive income for the year	**87 784**	85 682
Profit attributable to:		
Owners of the parent	**85 049**	80 181
Non-controlling interest	**(3 818)**	(2 382)
	81 231	77 799
Total comprehensive income attributable to:		
Owners of the parent	**90 255**	86 196
Non-controlling interest	**(2 471)**	(514)
	87 784	85 682
Earnings and dividend per share (cents)		
Weighted number of ordinary shares in issue	**108 436 464**	108 831 677
Ordinary shares in issue	**108 433 165**	108 469 165
Dividend per ordinary share – paid	**17,00**	17,00
Dividend per ordinary share – proposed	**20,00**	17,00
From continuing and discontinued operations		
Headline earnings per ordinary share	**72,85**	70,15
Basic earnings per ordinary share	**78,43**	73,67
From continuing operations		
Headline earnings per ordinary share	**71,50**	71,37
Basic earnings per ordinary share	**77,08**	74,89
From discontinuing operations		
Headline earnings per ordinary share	**1,35**	(1,22)
Basic earnings per ordinary share	**1,35**	(1,22)
Reconciliation between basic and headline earnings		
Basic earnings attributable to owners of the parent	**85 049**	80 181
Group's share of after tax profit on sale of shares in joint venture	**(8 247)**	—
Group's share of loss (profit) on disposal of property, plant and equipment	**437**	(7 762)
Impairment of distribution right	**3 445**	3 445
Non-controlling interest in impairment of distribution right	**(1 688)**	(1 688)
Impairment of associate and other loans	**—**	2 168
Headline earnings from continuing and discontinued operations	**78 996**	76 344
Less Group's share of (profit) loss for the year from discontinued operations	**(1 469)**	1 325
Headline earnings from continuing operations	**77 527**	77 669
Basic earnings attributable to owners of the parent	**85 049**	80 181
Less Group's share of loss (profit) for the year from discontinued operations	**(1 469)**	1 325
Basic earnings from continuing operations	**83 580**	81 506
Net asset value per share (cents)	**762,10**	696,73

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2013 R 000	2012 R 000
ASSETS		
Non-current assets		
Property, plant and equipment	**120 462**	122 625
Intangible assets	**57 489**	60 240
Investments in associates	**7 795**	8 737
Other investments and loans	**31 455**	31 733
Deferred tax asset	**17 487**	15 666
	234 688	239 001
Current assets		
Inventories	**688 851**	673 009
Inventories in transit	**101 681**	100 610
Trade and other receivables	**679 114**	596 447
Foreign currency assets	**8 825**	14 389
Tax assets	**—**	666
Bank balances and cash	**455 572**	224 413
	1 934 043	1 609 534
Assets classified as held for sale	**64 588**	268 664
TOTAL ASSETS	**2 233 319**	2 117 199
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	**117 916**	868
Ordinary share premium	**—**	117 257
Retained earnings	**706 140**	639 655
Non-distributable reserve	**809**	809
Foreign currency translation reserve	**1 500**	(2 857)
Equity attributable to owners of the parent	**826 365**	755 732
Non-controlling interest	**12 546**	18 426
Total equity	**838 911**	774 158
Non-current liabilities		
Long-term borrowings	**6 837**	4 712
Deferred tax liabilities	**2 324**	2 409
	9 161	7 121
Current liabilities		
Short-term borrowings	**181**	143 160
Trade and other payables	**1 095 091**	943 848
Foreign currency liabilities	**3 223**	2 585
Deferred income	**34 616**	28 078
Tax liabilities	**8 653**	3 963
Bank overdrafts	**216 589**	20 055
	1 358 353	1 141 689
Liabilities directly associated with assets classified as held for sale	**26 894**	194 231
Total liabilities	**1 394 408**	1 343 041
TOTAL EQUITY AND LIABILITIES	**2 233 319**	2 117 199

SUMMARISED CONSOLIDATED CASH FLOW STATEMENT

	2013 R 000	2012 R 000
Operating activities		
Cash receipts from customers	**4 642 832**	3 983 731
Cash paid to suppliers and employees	**(4 405 388)**	(3 863 800)
Net cash from operations	**237 444**	119 931
Investment revenues received	**5 529**	5 591
Finance costs paid	**(46 072)**	(34 241)
Dividends received	**—**	788
Dividends paid	**(18 434)**	(18 623)
Income taxes paid	**(32 954)**	(28 844)
Net cash from operating activities	**145 513**	44 602
Net cash from (used in) investing activities	**895**	(37 188)
Net cash from financing activities	**51 795**	65 196
Net increase in cash and cash equivalents	**198 203**	72 610
Cash and cash equivalents at beginning of the year	**268 397**	195 787
Cash and cash equivalents at end of the year	**466 600**	268 397

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital R 000	Ordinary share premium R 000	Retained earnings R 000	Non-distributable reserve R 000	Foreign currency translation reserve R 000	Attributable to owners of the parent R 000	Non-controlling interest R 000	Total R 000
Balance at 30 June 2011	877	122 823	576 181	2 725	(8 872)	693 734	18 940	712 674
Net profit for the year	—	—	80 181	—	—	80 181	(2 382)	77 799
Other comprehensive income	—	—	—	—	6 015	6 015	1 868	7 883
Realisation of non-distributable reserve on disposal of fixed assets	—	—	1 916	(1 916)	—	—	—	—
Recognition of share-based payments	—	53	—	—	—	53	—	53
Dividends paid	—	—	(18 623)	—	—	(18 623)	—	(18 623)
Buy back of shares	(9)	(5 619)	—	—	—	(5 628)	—	(5 628)
Balance at 30 June 2012	**868**	**117 257**	**639 655**	**809**	**(2 857)**	**755 732**	**18 426**	**774 158**
Net profit for the year	**—**	**—**	**85 049**	**—**	**—**	**85 049**	**(3 818)**	**81 231**
Other comprehensive income	**—**	**—**	**—**	**—**	**5 206**	**5 206**	**1 347**	**6 553**
Disposal of joint venture	**—**	**—**	**(130)**	**—**	**(849)**	**(979)**	**(3 409)**	**(4 388)**
Dividends paid	**—**	**—**	**(18 434)**	**—**	**—**	**(18 434)**	**—**	**(18 434)**
Buy back of shares	**—**	**(209)**	**—**	**—**	**—**	**(209)**	**—**	**(209)**
Transfer to no par value share capital	**117 048**	**(117 048)**	**—**	**—**	**—**	**—**	**—**	**—**
Balance at 30 June 2013	**117 916**	**—**	**706 140**	**809**	**1 500**	**826 365**	**12 546**	**838 911**

SUMMARISED SEGMENT ANALYSIS

Business segments	Total 2013 R 000	Total 2012 R 000	Mustek 2013 R 000	Mustek 2012 R 000	Rectron 2013 R 000	Rectron 2012 R 000	Comztek 2013 R 000	Comztek 2012 R 000	Group 2013 R 000	Group 2012 R 000	Eliminations 2013 R 000	Eliminations 2012 R 000
Revenue	**4 072 274**	3 502 543	**2 632 306**	2 317 393	**1 754 816**	1 401 274	**—**	—	**—**	—	**(314 848)**	(216 124)
EBITDA*	**155 125**	155 830	**111 214**	128 734	**59 084**	40 440	**—**	—	**(15 173)**	(13 344)	**—**	—
Depreciation and amortisation	**(17 876)**	(18 901)	**(11 462)**	(11 335)	**(6 414)**	(7 566)	**—**	—	**—**	—	**—**	—
Profit (loss) from operations	**137 249**	136 929	**99 752**	117 399	**52 670**	32 874	**—**	—	**(15 173)**	(13 344)	**—**	—
Investment revenues	**4 384**	4 668	**6 808**	8 899	**2 606**	1 706	**—**	—	**705**	835	**(5 735)**	(6 772)
Finance costs	**(38 196)**	(25 337)	**(22 738)**	(13 205)	**(15 458)**	(12 132)	**—**	—	**(5 735)**	(6 772)	**5 735**	6 772
Other gains (losses)	**12 012**	(5 613)	**—**	(3 445)	**—**	—	**—**	—	**12 012**	(2 168)	**—**	—
Share of profit of associates	**4 290**	1 686	**—**	—	**—**	—	**—**	—	**4 290**	1 686	**—**	—
Profit (loss) before tax	**119 739**	112 333	**83 822**	109 648	**39 818**	22 448	**—**	—	**(3 901)**	(19 763)	**—**	—
Income tax (expense) benefit	**(37 847)**	(32 515)	**(24 349)**	(33 665)	**(11 900)**	(4 249)	**—**	—	**(1 553)**	5 399	**—**	—
Profit (loss) for the year from continuing operations	**81 892**	79 818	**59 428**	75 983	**27 918**	18 199	**—**	—	**(5 454)**	(14 364)	**—**	—
Discontinued operations												
(Loss) profit for the year from discontinued operations	**(661)**	(2 019)	**—**	—	**(3 786)**	(1 392)	**3 125**	(627)	**—**	—	**—**	—
Profit (loss) for the year	**81 231**	77 799	**59 428**	75 983	**24 132**	16 807	**3 125**	(627)	**(5 454)**	(14 364)	**—**	—
Attributable to:												
Owners of the parent	**85 049**	80 181	**59 428**	75 983	**25 993**	17 590	**3 394**	(716)	**(3 766)**	(12 676)	**—**	—
Non-controlling interest	**(3 818)**	(2 382)	**—**	—	**(1 861)**	(783)	**(269)**	89	**(1 688)**	(1 688)	**—**	—
	81 231	77 799	**59 428**	75 983	**24 132**	16 807	**3 125**	(627)	**(5 454)**	(14 364)	**—**	—

Earnings before interest, taxation, depreciation and amortisation.

Geographical segments	Total 2013 R 000	Total 2012 R 000	South Africa 2013 R 000	South Africa 2012 R 000	Mustek East Africa 2013 R 000	Mustek East Africa 2012 R 000	Rectron Australia 2013 R 000	Rectron Australia 2012 R 000	Comztek Africa 2013 R 000	Comztek Africa 2012 R 000
Revenue	**4 072 274**	3 502 543	**4 019 361**	3 458 745	**52 913**	43 798	**—**	—	**—**	—
Profit before tax	**119 739**	112 333	**118 397**	110 193	**1 342**	2 140	**—**	—	**—**	—
Income tax expense	**(37 847)**	(32 515)	**(37 580)**	(31 833)	**(267)**	(682)	**—**	—	**—**	—
Profit for the year from continuing operations	**81 892**	79 818	**80 817**	78 360	**1 075**	1 458	**—**	—	**—**	—
Discontinued operations										
(Loss) profit for the year from discontinued operations	**(661)**	(2 019)	**(722)**	(2 651)	**—**	—	**(3 786)**	(1 392)	**3 847**	2 024
Profit (loss) for the year	**81 231**	77 799	**80 095**	75 709	**1 075**	1 458	**(3 786)**	(1 392)	**3 847**	2 024
Attributable to:										
Owners of the parent	**85 049**	80 181	**81 984**	77 469	**1 075**	1 458	**(1 925)**	(609)	**3 915**	1 863
Non-controlling interest	**(3 818)**	(2 382)	**(1 889)**	(1 760)	**—**	—	**(1 861)**	(783)	**(68)**	161
	81 231	77 799	**80 095**	75 709	**1 075**	1 458	**(3 786)**	(1 392)	**3 847**	2 024

CORPORATE INFORMATION: Company secretary: Sirkien van Schalkwyk. **Transfer secretaries:** Computershare Investor Services Proprietary Limited. 70 Marshall Street, Johannesburg, 2001. PO Box 61051, Marshalltown, 2107, South Africa. **Telephone:** +27 (0) 11 370-5000. **Registered office:** 322 15th Road, Randjespark, Midrand, 1685. **Postal address:** PO Box 1638, Parklands, 2121. **Contact numbers:** Telephone: +27 (0) 11 237-1000 **Facsimile:** +27 (0) 11 314-5039 **Email:** ltd@mustek.co.za
Sponsor: Deloitte & Touche Sponsor Services Proprietary Limited.

Commentary

Corporate information

Mustek is a limited liability company incorporated and domiciled in South Africa. The main business of Mustek, its subsidiaries, joint ventures and associates is the assembling, marketing and distribution of ICT (Information Communication Technology) products and services.

Basis of preparation

The provisional audited financial information for the year ended 30 June 2013 has been prepared in accordance with the framework concepts and measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Counsel, the information as required by IAS 34: Interim Financial Reporting, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. The audited financial statements and this set of abridged financial information, which are based on reasonable judgements and estimates, have been prepared using accounting policies that comply with IFRS. These are consistent with those applied in the annual financial statements for the year ended 30 June 2012.

Auditors' opinion

The independent auditors, Deloitte & Touche, have issued their unmodified opinion on the Group's financial statements and this set of provisional financial information for the year ended 30 June 2013. The audit was conducted in accordance with International Standards on Auditing. The directors take full responsibility for the preparation of this provisional report and the financial information has been derived from the Group financial statements and are consistent in all material aspects with the Group financial statements. Their unmodified audit report, their unmodified audit report for this set of provisional financial information and the annual financial statements are available for inspection at the company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

Discontinued operations

The Group disposed of land in KwaZulu-Natal and its stake in Comztek Holdings Proprietary Limited ("Comztek"). Rectron Australia BV is still classified as a discontinued operation.

The profit (loss) for the year from discontinued operations is as follows:

	2013	2012
Revenue	**665 030**	640 479
Cost of sales	**(583 671)**	(559 916)
Gross profit	**81 359**	80 563
Other income	**45**	1 847
Foreign currency losses	**(1 580)**	(824)
Distribution, administrative and other operating expenses	**(71 537)**	(77 442)
Profit from operations	**8 287**	4 144
Investment revenues	**1 145**	1 711
Finance costs	**(7 876)**	(8 905)
Profit (loss) before tax	**1 556**	(3 050)
Income tax (expense) benefit	**(2 217)**	1 031
Loss for the year	**(661)**	(2 019)
Less loss attributable to outside shareholders	**2 130**	694
Group's share of profit (loss) for the year from discontinued operations	**1 469**	(1 325)

Operating results

Revenue from continuing operations increased by 16,3% to R4,072 billion (2012: R3,503 billion) and the gross profit percentage decreased to 13,6% (2012: 14,3%). The addition of Acer and Lenovo to our product range over the past twelve months assisted the revenue growth but negatively impacted margins as these products are typically sold at lower margins.

The Group expanded its basket of products with the introduction of multiple additions to the product portfolio offering, including Huawei Enterprise Solutions and Miniflex range of fiber cables, as well as solar panels.

At 30 June 2012 the Rand traded at R8,19 against the USD and weakened to R9,96 at 30 June 2013. This represents a 21,6% devaluation and as an importer, Mustek will incur forex losses when the Rand weakens against the USD. During the year Mustek changed its policy to cover two thirds of its USD exposure and as a result, managed to contain the forex losses to R50,5 million (2012: R47,8 million).

As a result, Mustek's headline earnings from continuing and discontinued operations is 3,9% higher at 72,85 cents per share (2012: 70,15 cents per share) and basic earnings is 6,5% higher at 78,43 cents per share (2012: 73,67 cents per share).

Other gains (losses) of R12,0 million (2012: R5,6 million loss) consists of a pre tax profit of R15,4 million on the sale of Comztek and a R3,4 million impairment of distribution rights. The previous year's loss consists of a R2,2 million impairment of an associate loan and a R3,4 million impairment of distribution rights.

The improved contribution from our associates arose from higher levels of activity and continued growth. Focus on optimal working capital management continues and inventory days reduced to 71,5 days (2012: 81,8 days).

During the year, the Group applied hedge accounting and separated the interest and spot elements of their forward contracts, resulting in R8,2 million being classified as finance costs as opposed to forex losses.

The transition in the CEO leadership with the appointment of Ms Lindi Shortt at subsidiary Rectron proceeds apace, with increased revenues of 25% from continuing operations. Rectron has also regained the historical profitability levels previously earned, and is positioned to deliver on its continued recovery.

Cash flow

Cash generated from operating activities of R145,5 million (2011: R44,6 million) was higher due to inventory and receivables increasing at a significantly lower rate than accounts payable. Cash generated from the drive to improve working capital management further will be used to reduce short-term borrowings.

Transformation

Management has continued to meaningfully extend its initiatives in employment equity, skills development and corporate social investment during the period. The Group is committed to a process of further transformation and economic empowerment of its stakeholders, such that an acceptable balance between the operatives and commercial benefits of such a process can be achieved, thereby ensuring the sustainability of the Group in a competitive market sector.

Board of directors

No changes were made to the board during the year under review. Total remuneration paid to directors for the year under review amounted to R9,5 million (2012: R7,5 million) and share-based payments of R0,5 million (2012: R1,7 million) were expensed relating to directors.

Corporate activities

Mustek acquired a further 10% of Khauleza IT Solutions Proprietary Limited with effect from 1 July 2012 for a nominal amount.

On 31 May 2013, the Group disposed of its 41,84% stake in Comztek for a total consideration of R39,4 million through a combination of cash and Datatec shares. Comztek also declared a dividend prior to completion which effectively increased Mustek's consideration to R44,4 million.

Retirement benefit plan

The Mustek Group Retirement Fund is a defined contribution fund and payments to the plan are expensed as they fall due. The majority of the Group's employees belong to this fund. The Group does not provide additional post-retirement benefits.

Environmental, social and governance aspects

The Group subscribes to and complies in all material aspects with the Code on Corporate Governance Practices and Conduct as contained in the King III Report on Corporate Governance.

Mustek is committed to transparent and integrated reporting in the spirit of King III and the Global Reporting Initiative (GRI). We are accordingly updating corporate governance practices where necessary and are enhancing our internal information gathering systems to provide the quality and type of information required for authentically integrated annual reports. The 2013 Integrated Report will be posted to shareholders in due course.

The board appointed Neels Coetzee, the Group Financial Director, as Stakeholder Relations Officer.

Initiatives include the reduction in energy consumption after a target to reduce energy consumption by 20% was set in 2011. This target was reached through ongoing staff awareness programmes, the replacement of ICT equipment with energy-efficient units and by installing hundreds of rooftop solar panels. This installation will pay for itself in a few short years and will not only significantly reduce our overall electricity footprint, it will also demonstrate the viability of renewable energy for powering corporate infrastructure.

Mustek has a consistent record in community support and corporate social investment ("CSI"). The Group focuses our CSI efforts on children's needs – in particular their education – but also supports charities, sporting events and community facilities.

For a decade, we have conducted a comprehensive HIV/AIDS strategy and programme that also provides antiretroviral drugs to HIV-positive staff.

Mustek has further maintained its ISO 14001 certification since 2004 and has received no fines or sanctions for non-compliance with environmental laws and regulations.

Industry outlook

There is ongoing industry debate around the future of the "desktop". Our view, premised on our ongoing interactions with our customers and this rapidly changing industry, is that the desktop will continue to transition into different formats based on evolving market trends and customer requirements. A manifestation of this is the increasing uptake of the "All-in-One" format, proving popular in the banking and public sector markets due to its lower Total Cost of Ownership and security benefits for the large percentage of desk bound employees in these environments.

We are also continuing with our research and development into new product offerings that has both potential markets and growth into the foreseeable future.

Company outlook

The company is focusing on increasing volumes as it remains a driver of performance across our operations.

The Group is placing increased focus on working capital management in order to reduce finance costs.

For some time, sceptics have argued that the PC will be replaced with newer devices such as the tablet (mobile device). Apple dominates this form factor and Mustek was excluded from this growth opportunity. However, statistics indicate that the other brands are catching up and Apple is steadily losing its tablet dominance. We believe that Mustek will become a key player in the local tablet market for the other brands. Over the next few years, this is likely to be a positive revenue driver.

It became even more apparent that the use of tablets will play an increasing role in education in the future. Mustek undertook considerable research into the merits of these particular devices, but also how these tools can best be used in the classroom.

We recently launched a Cloud offering for the channel that includes a micro-billing system to support the transition from a transactional sale to an annuity model.

We have also experienced another year of strengthening our strategic partner network within the industry.

Dividend

The declaration of cash dividends will continue to be considered by the board in conjunction with an evaluation of current and future funding requirements, and will be adjusted to levels considered appropriate at the time of declaration.

Mustek's continued commitment to optimal cash utilisation will mean that cash generated by the operations will be used to fund growth and reduce debt. To this end, the final dividend declared by the board of directors for the financial year ended 30 June 2013 has been increased to 20 cents (2012: 17 cents) per share.

Notice is hereby given that a final gross dividend of 20 cents per ordinary share for the year ended 30 June 2013 is declared, payable to shareholders recorded in the books of the company at the close of business on the record date appearing below. This dividend is declared out of income reserves. The company's income tax reference number is 9550081716 and has 108 433 165 ordinary shares in issue and ranking for dividend at the date of this declaration. The South African dividend tax rate is 15% and no Secondary Tax on Companies credits have been utilised, resulting in a net dividend of 17 cents per share to shareholders who are not exempt.

The salient dates applicable to the final dividend are as follows:

Last day of trade *cum* dividend	Friday, 27 September 2013
First day to trade ex dividend	Monday, 30 September 2013
Record date	Friday, 4 October 2013
Payment date	Monday, 7 October 2013

No share certificates may be dematerialised or rematerialised between Monday, 30 September 2013 and Friday, 4 October 2013, both days inclusive.

Where applicable, payment in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on the payment date. In the absence of specific mandates, payment cheques will be posted to certificated shareholders at their risk on the payment date. Shareholders who have dematerialised their shares will have their accounts at their Central Securities Depository Participant or broker credited on the payment date.

Annual general meeting

The notice of the annual general meeting will be included in the Integrated Report that will be posted to shareholders in due course.

Post balance sheet events

On 9 July 2013, Zinox Technologies Limited ("Zinox") disposed of its investments in Task Systems Limited and Technology Distributions Limited in exchange for Zinox shares. As part of the transaction, the Group disposed of a portion of its investment in Zinox for a cash consideration of USD850 000. The Group will retain a 20% investment in Zinox.

On 31 July 2013, the Group acquired vacant land in Midrand for an amount of R9,6 million.

There have been no other significant events subsequent to year end up until the date of this report that require adjustment to or disclosure in these annual financial statements.

On behalf of the board of directors

David Kan Chief *Executive Officer*

Neels Coetzee *Financial Director*
(preparer of provisional Group results)

28 August 2013
Midrand