Company Registration No. 04375851

LOGICALIS SOUTH AMERICA LIMITED

Report and Financial Statements

Year ended 28 February 2007

LOGICALIS SOUTH AMERICA LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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LOGICALIS SOUTH AMERICA LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

N V Drakeford-Lewis
J P Montanana
A D Miller (appointed 24 May 2006)
C A Lorenzo (appointed 5 January 2007)

SECRETARY

S P Morris

REGISTERED OFFICE

110 Buckingham Avenue
Slough
Berkshire
SL1 4PF

SOLICITORS

Bowman Gilfillan
35 John Street
London
WC1N 2AT

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Reading

LOGICALIS SOUTH AMERICA LIMITED

DIRECTORS' REPORT (CONTINUED)

The dırectors present theır annual report and the audıted financıal statements for the year ended 28 February 2007

PRINCIPAL ACTIVITIES

The Company ıs a subsıdıary of Logıcalıs Group Lımıted, a leadıng ınternatıonal ınformatıon and communıcatıons technology ("ICT") group The Company ıtself ıs an ıntermedıate holdıng company ownıng shareholdıngs ın companıes whıch are ıncorporated and operate ın South Amerıca, ıncludıng Argentına, Uruguay, Brazıl, Paraguay, Chıle and Peru The Company ceased to be dormant, as defined by Sectıon 249AA of the Companıes Act 1985 durıng the year under revıew

In November 2006 the Logıcalıs Group reorganısed ıts holdıngs ın South Amerıca so that all ıts subsıdıarıes ın thıs regıon were owned by the Company Thıs reorganısatıon was effected by the Company acquırıng the entıre share capıtal of Soft Net S A and Softnet Uruguay S A from Logıcalıs Group Lımıted and Mr Lorenzo on 1st November 2006 for a nomınal sum

As part of the restructurıng, a loan between Logıcalıs Group Lımıted and Soft Net SA of $535,400 was assıgned to the Company A further $1,392,303 of outstandıng management fees owıng by the varıous South Amerıcan subsıdıarıes to Logıcalıs Group Servıces Lımıted was assıgned to the Company and the ınter-company loan between Logıcalıs Group Servıces Lımıted and the Company created by thıs assıgnment was ımmedıately assıgned to Logıcalıs Group Lımıted The ınter-company loan balance outstandıng between Logıcalıs Group Lımıted and the Company of $1,927,700 was then capıtalısed for 1,749 shares ın the Company

On 10 October 2006 by specıal resolutıon the company changed ıts Artıcles of Assocıatıon to splıt each £1 share of ıts authorısed and ıssued share capıtal ınto 100 shares of 1p each

Durıng November 2006, Logıcalıs Group Lımıted subscrıbed for 726 new shares ın the Company at a subscrıptıon prıce of $800,000 Thıs amount was used by the Company to set up subsıdıarıes ın Chıle and Peru, to extend the Group's presence ın South Amerıca

Durıng the year the dırectors decıded to change the functıonal currency of the company to the Unıted States of Amerıca Dollar because thıs ıs the maın functıonal currency of ıts underlyıng ınvestments and loans due from ıts subsıdıarıes and that of ıts own holdıng company

DEVELOPMENTS AFTER THE YEAR END

In August 2007, a loan between Logıcalıs Group Lımıted and Soft Net SA of $1,671,676 was assıgned to the Company and ımmedıately capıtalısed for 1,206 shares ın the Company Sımılarly, a loan between Carlos Lorenzo and Soft Net SA of $543,132 was assıgned to the Company and ımmedıately capıtalısed for 392 shares ın the Company

FUTURE DEVELOPMENTS

The dırectors do not antıcıpate changes ın the Company's actıvıtıes ın the foreseeable future

PRINCIPAL RISK FACTORS FACING THE COMPANY

The Logıcalıs Group's Board ıs responsıble for the total process of rısk management throughout the Group as well as formıng an opınıon on the effectıveness of the process The Logıcalıs Group's Board monıtor rısk management actıvıtıes and actıvely partıcıpates ın dıscussıons around rısk topıcs raısed

Each of the Company's subsıdıarıes regularly revıews theır strategıc rısks and follows a consıstent approach by ıdentıfyıng and prıorıtızıng 'hıgh-rısk' areas Mıtıgatıng actıons and assocıated monıtorıng and assurance actıvıtıes are ıdentıfied for each 'hıgh-rısk' area In addıtıon, responsıble executıve level staff members have been ıdentıfied to monıtor and manage specıfic rısk areas on behalf of the company on an ongoıng basıs Thıs allows the Company to better understand the contexts wıthın whıch rısks occur and ıdentıfy probable areas for rısk mıtıgatıon and organızatıonal control

The rısk management process has ıdentıfied certaın key rısks faced by the Company and ıts subsıdıarıes, some of whıch are summarısed below The rısks ıdentıfied below do not necessarıly comprıse all those affectıng the Company and the rısks lısted are not set out ın any partıcular order of prıorıty Addıtıonal rısks and uncertaıntıes not presently known to the Company or the Dırectors or that the Company or the Dırectors currently deem ımmaterıal may also adversely affect the Company's busıness or operatıons

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL RISK FACTORS FACING THE COMPANY (CONTINUED)

- Currency exchange risk

US dollars are the functional currency in which the Company prepares its financial statements and changes in currency rates may harm the financial condition of the Company and its subsidiaries through, in the case of subsidiaries which are based in South America and do not implement hedging strategies, transaction risk. The Directors cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on its business, operating results or financial condition.

- Management of future growth and acquisition risk

The Company plans to continue its growth, which will place additional demand on the management, customer support, administrative and technological resources of the Company's subsidiaries If the Company's subsidiaries are unable to manage its growth effectively, its business operations or financial condition may deteriorate To date, the Company's business has grown organically The Company will consider acquisition opportunities If the Group is unable to successfully integrate an acquired company or business, such acquisition could lead to disruptions to the business If the operations or assimilation of an acquired business do not accord with the Company's expectations, the Company may have to decrease the value attributed to the acquired business or realign the Company's structure

- Payment discounts, product rebates and allowances

The Company's subsidiaries receive significant benefits from purchase discounts, product rebates, allowances and other programmes from vendors based on various factors A decrease in purchases and/or sales of a particular vendor's products could negatively affect the amount of volume rebates the Company's subsidiaries receive from such vendor Because some purchase discounts, product rebates and allowances from vendors are based on percentage increases in purchases and/or sales of products, it may become more difficult for the Company's subsidiaries to achieve the percentage growth in volume required for larger discounts due to the current size of its revenue base In addition, vendors may exclude the Company's subsidiaries from time to time from participation in some of their programmes

- Dependence on key personnel

The Company's future success depends largely upon the continued employment of its Executive Directors, senior management and key sales, technical and marketing personnel Certain of these key employees have personal relationships with principal vendors and customers which are particularly important to the business of the Company The Executive Directors, senior management team and key technical personnel would be very difficult to replace and the loss of any of these key employees could harm the business and prospects of the Company

Other risks faced by the Company include

- Restrictive covenants
- Intense competition
- Dependence on relations with third parties
- Future profitability
- Overseas activities
- Reduction in demand
- Pressure on gross margins
- Adequate supply arrangements
- Dependence on key information systems
- Significant credit exposure

DIVIDENDS

The directors do not recommend payment of a dividend (2006 $nil)

DIRECTORS

The directors who served during the period and to the date of signing are shown on page 1

LOGICALIS SOUTH AMERICA LIMITED

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP were appointed as auditors during the year Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By Order of the Board

Approved by the Board of Directors and signed on behalf of the Board on 29 October 2007

N V Drakeford-Lewis

Director

LOGICALIS SOUTH AMERICA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The dırectors are responsıble for preparıng the Annual Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) The financıal statements are requıred by law to gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently;
- make judgments and estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng proper accountıng records that dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 1985 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

LOGICALIS SOUTH AMERICA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOGICALIS SOUTH AMERICA LIMITED

We have audited the financial statements of Logicalis South America Limited for the year ended 28 February 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading, UK
29 October 2007

PROFIT AND LOSS ACCOUNT
28 February 2007

	Notes	Year ended 28 February 2007 $	Year ended 28 February 2006 $
Interest receivable and similar income	5	15,872	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,872	-
Taxation	6	-	-
PROFIT FOR THE YEAR TRANSFERRED TO RESERVES	11	15,872	-

There are no recognised gains or losses in the current or prior period other than the profit for the period, therefore no separate statement of total recognised gains and losses has been provided

All amounts derive from continuing operations

LOGICALIS SOUTH AMERICA LIMITED

BALANCE SHEET
28 February 2007

	Notes	28 February 2007 $	28 February 2006 $
FIXED ASSETS			
Investments	7	104,602	9,446
CURRENT ASSETS			
Debtors	8	2,648,575	-
CREDITORS: amounts falling due within one year	9	(9,406)	(9,250)
NET CURRENT ASSETS / (LIABILITIES)		2,639,169	(9,250)
NET ASSETS		2,743,771	196
CAPITAL AND RESERVES			
Called up share capital	10	245	196
Share premium	11	2,727,654	-
Profit and loss account	11	15,872	-
TOTAL EQUITY SHAREHOLDERS' FUNDS		2,743,771	196

These financial statements were approved by the Board of Directors on 29 October 2007

Signed on behalf of the Board of Directors

N V Drakeford-Lewis
Director

NOTES TO THE ACCOUNTS
Year ended 28 February 2007

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards The particular accounting policies adopted are described below They have been applied consistently throughout the current and preceding periods

Accounting convention

The financial statements are prepared under the historical cost convention.

Changes in functional currency

Following a reorganisation, Logicalis South America Limited acquired additional South American investments from its parent company Logicalis Group Limited during the year This reorganisation resulted in a change in the functional currency of the underlying transactions and balances within Logicalis South America Limited to US dollars Logicalis South America Limited has therefore changed its functional currency from Sterling to US Dollars during the year

Investments

Investments in associates and subsidiary companies are stated at cost, unless an impairment in the value of the investment has occurred In these circumstances, the investment is stated at written down value

Taxation

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax and laws that have been enacted or substantially enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Consolidation

The Company has taken advantage of s228 Companies Act 1985 and has not prepared group accounts since the Company is itself a subsidiary of Logicalis Group Limited which prepared consolidated accounts including the profit and loss accounts and balance sheets of the Company and its subsidiaries, which are publicly available Hence the information provided in these financial statements presents information about the company as an individual undertaking and not as a group

2. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of Datatec Limited and is included in the consolidated financial statements of Datatec Limited, which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Datatec Limited Group or investees of the Datatec Limited Group

NOTES TO THE ACCOUNTS
Year ended 28 February 2007

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company had no employees in the current period (2006 nil)

The directors are remunerated by other Group companies, and the portion of their remuneration relating to the Company is nil (2006 nil)

4. AUDIT FEES

Audit fees are borne by another group company The audit fee relating to the Company was $9,380 (2006 nil)

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	28 February 2007 $	28 February 2006 $
Interest receivable from group undertakings	15,872	-

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	28 February 2007 $	28 February 2006 $
Tax charge on profit on ordinary activities	-	-

The current tax charge for the period differs from the standard rate of 30% (2006 30%) for the reasons set out in the following reconciliation

	28 February 2007 $	28 February 2006 $
Profit on ordinary activities before tax	15,872	-
Tax at the UK Corporation tax rate of 30% (2006 30%)	(4,762)	-
Group relief unpaid	4,762	-
Current tax charge	-	-

NOTES TO THE ACCOUNTS
Year ended 28 February 2007

7. INVESTMENTS

	Subsidiary companies
Cost and net book value	$
At 28 February 2006	9,446
Additions	95,156
At 28 February 2007	104,602

Information on the Company's subsidiaries is listed below

Subsidiary	Country of registration and operation	Activity	Effective Proportion of ordinary shares held
Soft Net S A	Argentina	Professional services and IT network integration	100%
Softnet Logical Uruguay S A.	Uruguay	Professional services and IT network integration	100%
Softnet Logical Comercial Importadora, Exportadora e de Serviços Ltda	Brazil	Professional services and IT network integration	100%
Softnet Logical Paraguay S A	Paraguay	Professional services and IT network integration	100%
Softnet Logicalis Chile S A	Chile	Professional services and IT network integration	100%
Softnet Logicalis Peru S A	Peru	Professional services and IT network integration	100%

8. DEBTORS

	28 February 2007 $	28 February 2006 $
Amounts owed by group undertakings	2,648,575	-

Included within amounts owed by group undertakings are loans of $543,860 (2006 $nil) that bear interest at USD LIBOR plus 1%, are unsecured and have no fixed date of repayment and $412,412 (2006 $nil) that bear interest at USD LIBOR plus 2%, are unsecured and have no fixed date of repayment All other amounts owed by group undertakings are interest free, unsecured and have no fixed date of repayment.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 February 2007 $	28 February 2006 $
Amounts owed to group undertakings	9,250	9,250
Accruals and deferred income	156	-
	9,406	9,250

Amounts owed to group undertakings are interest free, unsecured and have no fixed date of repayment

NOTES TO THE ACCOUNTS
Year ended 28 February 2007

10. CALLED UP SHARE CAPITAL

	2007	2006
	$	$
Authorised		
100,000 ordinary shares of £0 01 each (2006 1,000 ordinary shares of £1 each)	1,960	1,960

	2007	2006
	$	$
Called up, allotted and fully paid		
12,475 ordinary shares of £0 01 each (2006 100 ordinary shares of £1 each)	245	196

On 10 October 2006 by special resolution the company changed its Articles of Association to split each £1 share of its authorised and issued share capital into 100 shares of 1p each

During November 2006 the company issued 2,475 shares with aggregate nominal value of £24 75 for a total subscription price of $2,727,703

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital	Share Premium	Profit and loss account	Total
	$	$	$	$
At 1 March 2006	196	-	-	196
Issue of equity share capital	49	2,727,654	-	2,727,703
Retained profit for the year	-	-	15,872	15,872
At 28 February 2007	245	2,727,654	15,872	2,743,771

12. EVENTS AFTER THE BALANCE SHEET DATE

In August 2007, a loan between Logicalis Group Limited and Soft Net SA of $1,671,676 was assigned to the Company and immediately capitalised for 1,206 shares in the Company Similarly, a loan between Carlos Lorenzo and Soft Net SA of $543,132 was assigned to the Company and immediately capitalised for 392 shares in the Company

13. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The immediate parent company is Logicalis Group Limited The parent of the smallest group for which group accounts are prepared is Logicalis Group Limited, a company incorporated in Great Britain The accounts of Logicalis Group Limited may be obtained from 110 Buckingham Avenue, Slough, Berkshire, SL1 4PF

The ultimate parent company and controlling party is Datatec Limited, a company incorporated in South Africa Datatec Limited heads the largest group of which the company is a member and for which group accounts are prepared The accounts of Datatec Limited may be obtained from PO Box 76226, Wendywood 2144, South Africa