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## **MUSTEK LIMITED – Acquisition by Mustek of interest in Sizwe Africa IT Group Proprietary Limited (Sizwe)**

MST 201312130071A

Acquisition by Mustek of interest in Sizwe Africa IT Group Proprietary Limited ("Sizwe")

MUSTEK LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1987/070161/06)

Share Code: MST

ISIN Code: ZAE 000012373

("Mustek" or "the company" or "the Group")

ACQUISITION BY MUSTEK OF INTEREST IN SIZWE AFRICA IT GROUP PROPRIETARY  
LIMITED ("SIZWE")

### 1. Introduction

Shareholders are advised that Mustek has signed agreements dated 12 December 2013 to acquire an indirect 26% equity interest in Sizwe Africa IT Group Proprietary Limited ("Sizwe"), a provider of information and communications technology products, network products and solutions and information technology maintenance and support services for a total cash consideration of R15 166 666.45 ("purchase price"), with effect from the effective date, subject to the condition precedent below ("the transaction"). Mustek will also advance a loan of R6 666 667 to Zaloserve Proprietary Limited ("Zaloserve"), the ultimate holding company of Sizwe and a loan of R7 966 666.55 to Omni Capital Proprietary Limited ("Omni") on the effective date.

The purchase price is not subject to any performance conditions.

The effective date will be the third business day following the day when the condition precedent shall have been fulfilled or waived ("effective date").

## 2. Rationale

The transaction is part of the Group`s drive to broaden its service offering – it would also deliver access to a larger customer footprint, align us with a partner with a solid track record and critical mass and improve our Enterprise Development standing.

While striving to offer customers a perfect match for their technology needs, the acquisition of a stake in Sizwe will enable Mustek to move up the value chain by strengthening the following areas of its service offering:

- . Network Solutions including IT network and infrastructure design and implementation;
- . Infrastructure Solutions including a spectrum of turnkey solutions for facility management and infrastructure maintenance; and
- . a service delivery model that offers a total solution in managing the life cycle of equipment, fielding skilled technicians countrywide to provide IT and print solutions and end-user maintenance and support, with immediate service assured through a 24-hour service desk.

## 3. Salient terms

Mustek will advance a loan of R7 966 666.55 to Omni, a 100% black-owned company as part of its enterprise development initiatives. Interest will be charged at prime and the loan is repayable five years from the effective date. In turn, Omni Capital will subscribe for 35% of the share capital of Zatophase Proprietary Limited ("Zatophase") for a total consideration of R8 166 666.55. Omni's shares in Zatophase will be pledged as security for the loan from Mustek. Mustek will subscribe for 65% of Zatophase for a total consideration of R15 166 666.45. Zatophase will subscribe for 40% of the share capital of Zaloserve, Sizwe's ultimate holding company, for a total consideration of R23 333 333.

Mustek's loan of R6 666 667 to Zaloserve is unsecured, will attract interest at prime and is repayable on or before 31 December 2018.

## 4. Condition precedent

The transaction is subject to the necessary regulatory approvals.

## 5. Pro forma financial effects

The table below sets out the pro forma financial effects of the transaction for the year ended 30 June 2013. The pro forma financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of the company's results of operations, financial position and changes in equity after the transaction.

It has been assumed for purposes of the pro forma financial effects that the transaction took place with effect from 1 July 2012 for earnings per share and headline earnings per share purposes and 30 June 2013 for net asset value per share and net tangible asset value per share purposes.

The directors of the company are responsible for the preparation of the pro forma financial effects. The accounting policies of Mustek have been applied in calculating the pro forma financial effects.

The pro forma financial information is prepared in terms of the Listings Requirements of the JSE and guidelines issued by the South African Institute of Chartered Accountants.

Per ordinary share	Notes	Before (cents)	After (cents)	Change (cents)	Change (%)
Earnings	1	78,4	62,9	(15,5)	(19,8)
Headline earnings	1	72,9	63,0	(9,8)	(13,5)
Net asset value	2	762,1	762,1	—	—
Net tangible asset value	2	709,1	709,1	—	—
Weighted number of shares in issue		108 436 464	108 436 464	—	—
Actual number of shares in issue		108 433 165	108 433 165	—	—

## Notes:

- The amounts in the "Before" column represent the audited headline earnings and earnings per share disclosed in the financial results for the year ended 30 June 2013.

The amounts in the "After" column represent the headline earnings and earnings per share after the transaction based on the assumption that the transaction was effective 1 July 2012.

2. The amounts in the "Before" column represent the audited net asset value and net tangible asset value per share as disclosed in the financial results for the year ended 30 June 2013. The amounts in the "After" column represent the net asset value and net tangible asset value based on the financial results for the year ended 30 June 2013 adjusted for the transaction, had it been effected on 30 June 2013.
3. The unaudited management accounts for Sizwe for the period 1 September 2012 to 31 August 2013 was used to calculate the financial effects. The Mustek board of directors is satisfied with the quality of these management accounts.
4. An interest rate of 8,5% has been assumed for purposes of calculating both interest earned and interest paid. This adjustment is of a continuing nature.
5. Once-off transaction costs are immaterial and have not been taken into account.
6. There are no other post balance sheet events requiring adjustments to the pro forma financial information.

#### 6. Categorisation

The transaction is classified as a Category 2 transaction in terms of JSE Listings Requirements and therefore does not require Mustek shareholder approval.

#### 7. Responsibility statement

The Mustek board accepts responsibility for the information contained in this announcement. To the best of their knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information included.

Midrand

13 December 2013

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