Integrated Annual Report 2011

Strong partnerships. Complete solutions. Maximum value.

datacentrix

Vision

Datacentrix strives to be the partner of choice for complete ICT solutions and services to corporates and public sector organisations in South Africa.

Caring for our clients

Content

Facilitating our clients' growth

Financial Overview

Revenue increased 22% to R1.576 billion

EBITDA increased 19% to R150.1 million

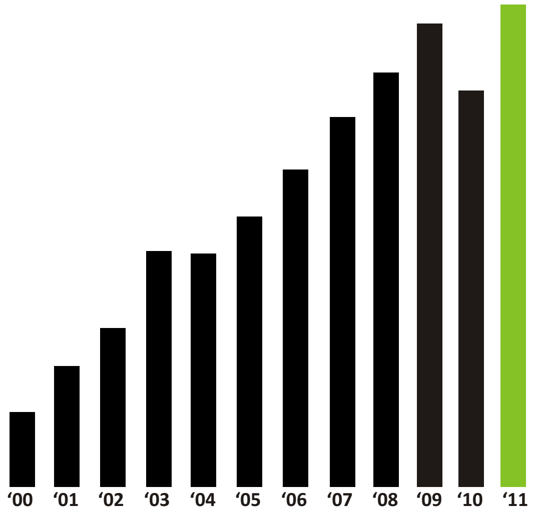
Basic earnings per share (EPS) increased 12% to 46.1 cents

Basic headline earnings per share (HEPS) increased 13% to 46.3 cents

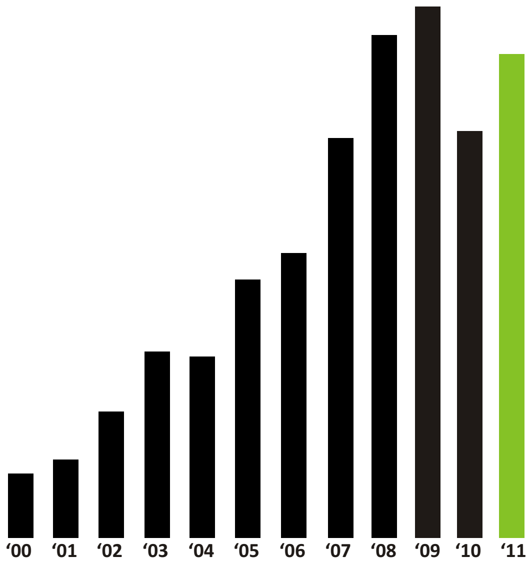
Cash on hand of R321.2 million, with no interest-bearing debt

Cash generated from operations of R163.1 million

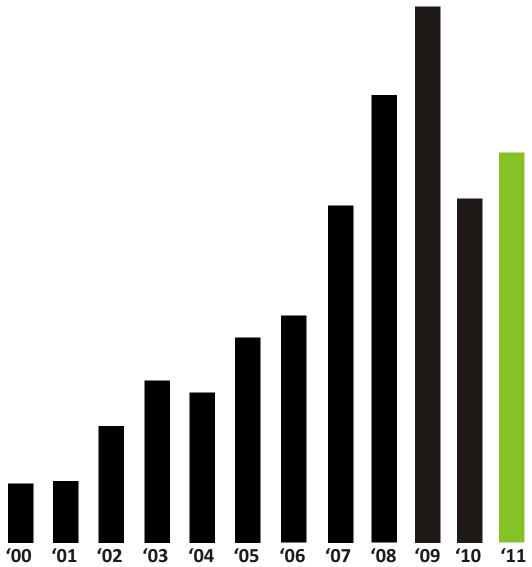
Tangible net asset value per share increased 10% from 186.9 to 205.4 cents per share



Revenue - R1.576 billion



EBITDA - R150.1 million



HEPS - 46.3 cents

Integrated Business Model and Overview

In line with the requirements of South Africa's King Report on Governance for South Africa (King III) 2009, Datacentrix' integrated sustainability reporting process aims to provide a balanced, accessible and comparable account of the performance of its business in terms of the economic, social and environmental issues that are material to the company's core strategy or that are of interest to the company's key stakeholders.

This report aims to provide a candid account of Datacentrix' sustainable development performance for the business for the year ended 28 February 2011 to stakeholders.

Vision

Datacentrix strives to be the preferred partner for complete ICT solutions and services to corporates and public sector organisations in South Africa. The company plans to grow in a profitable, yet responsible manner and continue delivering complete solutions to its clients, maximising value, and utilising the latest technology together with the talent of its resources in South Africa. This is underscored by the company's shared values of pride, passion, professionalism and performance.

Our Mission

Datacentrix strives to maximise stakeholder wealth by providing leading solutions in the core ICT areas of infrastructure, business solutions, outsourcing and other related IT services to enterprises inSouth Africa. To achieve th is, Datacentrix invests in its people through training and education, embracing black economic empowerment, while actively partnering and representing leading technology partners with distinction.

Our Business

Datacentrix is a leading, empowered ICT integrator that provides high performing and secure ICT solutions to its corporate and public services sector clients. The company listed on the JSE Limited in 1998.

Our Footprint

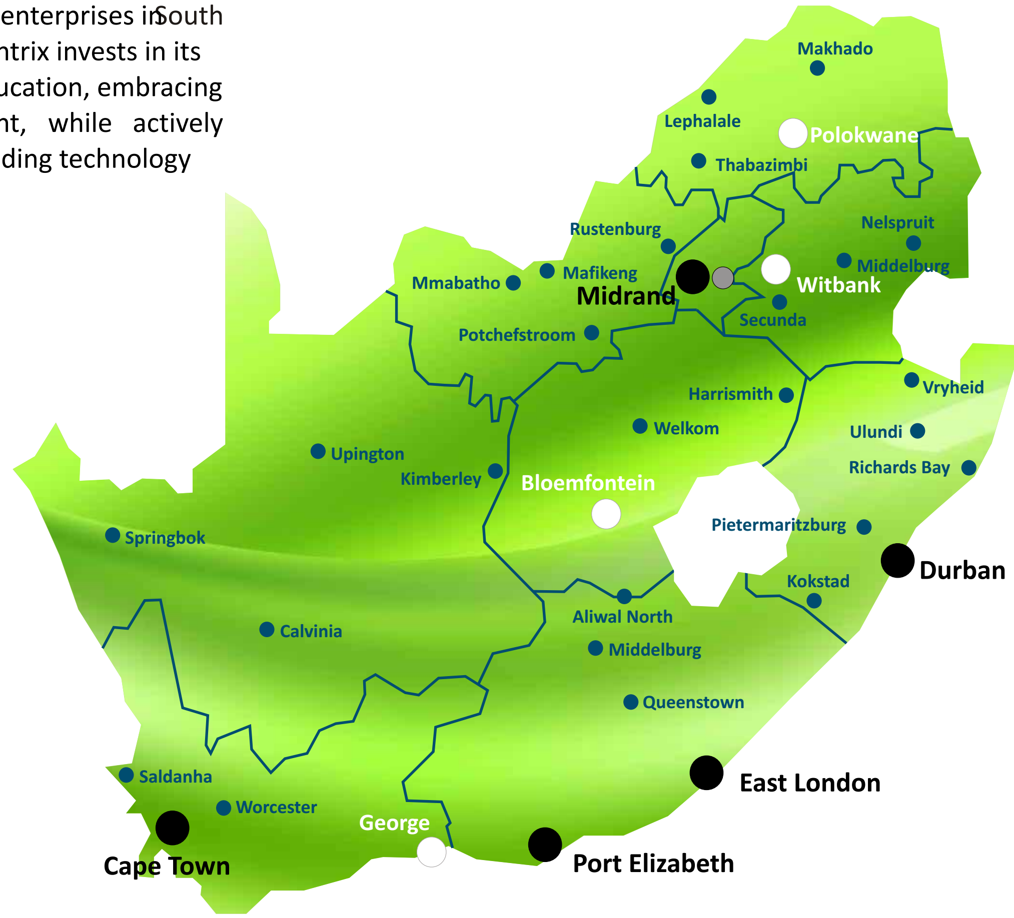
Datacentrix operates from its corporate offices in Midrand, a logistics centre in Samrand and regional branch offices in Cape Town, Port Elizabeth, East London and Durban. A network of small medium enterprises (SMEs) and service personnel around South Africa are responsible for servicing remote areas.

Datacentrix Offices

Service Centres

Logistics Centre

SME Partners



Integrated Business Model and Overview (continued)

Our Partners
Datacentrix' global partnerships with its technology partners remain critical to the company's success. The company is accredited by its vendors at the highest possible level both in the technical and sales arenas. Datacentrix receives multiple partner awards each year for its expertise that continuously sees client technology requirements satisfied through best in class solutions. The technology partnerships form part of the company's business value chain. The company boasts a competitive and attractive pricing model as a result of direct purchases from its global technology partners. Some include Hewlett Packard, IBM and Microsoft.

Governance Structure
Datacentrix is governed by a board of directors and board committees that have been established and mandated to manage specific issues. The relevant board committees are the Audit Committee, Risk Committee and the Human Resources and Remuneration Committee.

In terms of the King III Report, Datacentrix' governing body needs to look beyond the interests of the company and shareholders, applying its collective mind to environmental, social, economic and financial issues that impact on the organisation, and to assess the extent to which these issues have been incorporated into the company's strategy. Datacentrix is fully committed to delivering on these, mindful of the fact that this process is a journey.

Over the past year, Datacentrix has continued to deliver on its strategic objectives. Management believes that a genuine and informed commitment to sustainable development is integral to the achievement of these long-term objectives. Growth without sustainability is unacceptable to all stakeholders.

The company's progress this year in delivering on its core strategy and its commitment to sustainable development has been more focussed. Emphasis was placed on revenue generation, cost management, human capital, client and business partner relationships, corporate governance issues and social responsibility.

In line with Datacentrix' vision and mission statement, the company has single-mindedly provided clients with complete business solutions, which have enhanced their business efficiencies and maximised business value. This integrated approach equipped the group to be successful in more opportunities during the current year.

Ethics and Compliance
Compliance with good ethics and governance is a known non-negotiable within the company. All management and staff members are expected to comply with the company code of conduct and be professional in all company dealings. The board reviewed the code of conduct during the year under review and staff workshops were held to remind management and staff of the importance of doing business in an ethical manner. The company has commenced a process of supplier and service provider engagement whereby contracts with them have been amended to include information pertaining to Datacentrix' ethics and code of conduct as a requirement for doing business with the company.

The company also has a hotline set up to allow employees to raise concerns or alert the company to any possible deviations from standard policies. This hotline has direct access to the chairman of the Audit Committee. Upon receiving any alert, he will then engage the appropriate parties to follow up on such issues.

Datacentrix has completed a gap analysis in terms of a compliance review of the group compliance with all applicable legislation. A dedicated team was appointed to complete the second phase of the review that will entail a compliance roll out programme.

Challenges and Commitments
- Complete the regulatory compliance review of all businesses; and
- Step up stakeholder engagement regarding Datacentrix' code of ethics and specific provisions in the code.

Safety
Management is committed to the principles of the Occupational Health and Safety Act. To this regard:
- The safety commitments and leadership principles have been revisited and refreshed in all business units;
- Reviews of safety systems and practices have been conducted in specific business units to identify improvement opportunities; and
- The design of the safety, health and environment function has been improved and will strengthen governance and standardisation of best practices across the group.

Challenges and Commitments
Datacentrix' commitment to safety is two-pronged. The company is committed to:
- Developing performance indicators in applicable areas; and
- Ensuring that in its relationships with clients, time is taken to understand the client's environment and that staff are properly informed of safety regulations specific to that environment.

Workforce Delivery
As outlined in this report, Datacentrix has made progress and achieved a Level 4 Black Economic Empowerment (BEE) certificate in December 2010. The company has set targets internally by division in order to ensure that future growth is in line with the business strategy.

Challenges and Commitments
Datacentrix is committed to achieving its employment equity targets with the aim of addressing areas of under-representation across occupational levels by:
- Identifying and fast tracking the development of identified employees;
- Holding culture change workshops to educate staff and management on diversity management;
- Providing continuous support to line management with regards to disability management in the workplace;
- Continuing to meet the company's targets for improving its BEE scorecard; and
- Fine-tuning its focus on the gender issue, particularly for black women.

Skills Development
Skills development is an integral part of human capital management that ensures the deployment of the best skills to clients and projects. Management has recommitted itself to achieving set targets in this regard and ensuring that Datacentrix:
- Has and continues to invest in internal training to develop existing staff and any new recruits;
- Will be reintroducing a bursary scheme to attract and train individuals in the information technology environment; and
- Continues, in conjunction with its business partners, implementing leadership programmes targeted at developing technical skills.

Challenges and Commitments
Datacentrix is committed to building the capabilities of its employees in order to develop innovative solutions required to address current and future challenges by:
- Ensuring ongoing focus on leadership development; and
- Contributing meaningfully to the skills shortage and reducing unemployment in South Africa.

Integrated Business Model and Overview (continued)

Non-Financial Performance

Underpinning its strategy, and in line with its vision of being a responsible corporate citizen, is an appreciation that Datacentrix' growth drivers cannot be achieved effectively without a committed focus to sustainable development.

This focus involves:

- Making a positive socio-economic contribution to the regions where the company operates, for example, by stimulating job creation, supporting skills development, investing in communities, and promoting BEE;
- Fostering values-driven ethical behaviour and good governance practices, underpinned by respect for human rights;
- Embedding a culture of safety in the workplace;
- Providing a stimulating and rewarding work environment, based on effective human resource policies that attract and retain the best talent; and
- Further reducing Datacentrix' carbon footprint across the group.

"Employees who are happy at their workplace, tend to develop greater innovation and productivity, as well as making positive contribution to society through their influence, for example, on enhanced safety practices beyond the workplace."

Achieving each of these elements requires that the company operates in an informed, responsive and socially responsible manner.

There are specific reasons why Datacentrix identifies sustainable development issues as being integral to the achievement of its core business strategy. Some of these reasons relate to protecting value - where the focus is on risk management, legal compliance and operational efficiency - while others focus on creating value, for example, by identifying new market opportunities associated with a resource-constrained future:

- Management recognises that companies are coming under increasing scrutiny from stakeholders and that there are significant and potentially costly reputational risks associated with unsustainable practices. By maintaining a sound record of legal compliance, by demonstrating a broader commitment to social responsibility, and by working constructively towards fostering trust with stakeholders, Datacentrix is able to maintain its right to operate in the communities in which it does business; and
- A core driver in growing the company is having access to skilled and motivated employees. This not only requires that the company offers an attractive work environment that provides employees with opportunities for personal development, appropriate rewards for their efforts, and an environment that promotes their health and safety - but also that Datacentrix actively seeks opportunities to develop the skills of current employees. Furthermore, employees who are happy at their workplace, tend to develop greater innovation and productivity, as well as making a positive contribution to society through their influence, for example, on enhanced safety practices beyond the workplace.

In line with King III requirements, the Audit Committee plays a role in reviewing the integrated report and the nature of any associated external assurance processes.

Our Focus

Datacentrix' business activities focus on the following areas:

Datacentrix Infrastructure Division

The Datacentrix Infrastructure division offers large-scale IT infrastructure hardware and software solutions. It provides professionally managed infrastructure cycles from design to operation. The procurement and deployment of leading edge IT systems has been core to Datacentrix' business since its establishment.

The focus on Infrastructure includes:

Data Centre Solutions
The Enterprise business units remove the time and the risk factors from data centre design and installation. The units' intelligent server and storage solutions process, store, protect and manage client data efficiently, reliably and flexibly.

Archiving
Datacentrix is a provider of data archiving, test data management, data privacy and data classification and discovery software. These offerings enable clients to overcome information management challenges and improve database performance.

Networking
The Networking business unit provides network, optimisation and unified communication solutions to enterprise clients. This comprehensive suite of network solutions and services encompasses all enterprise network requirements, from requirements definition, procurement, installation and implementation, through to management and support.

Software Infrastructure Solutions (licensing and services)
Datacentrix provides software offerings - including infrastructure and messaging systems and systems management solutions - to enterprise clients. The services span the entire software lifecycle from requirements definition, procurement, implementation, through to licensing management.

Security
Datacentrix provides a comprehensive range of information security products, services and solutions. The company's solutions stretch from protecting clients' most valuable information assets on the desktop, to the most advanced, state of the art non-repudiation, application and transaction security systems.

End User Computing (volume products)
Datacentrix is one of South Africa's largest value added resellers, providing volume IT hardware to corporate clients and public service organisations across the country. The company offers complete technical support packages and is authorised to conduct warranty and non-warranty repairs on all Hewlett Packard, IBM and Lenovo products.

Logistics
This business unit plans, procures, manages, and moves high-tech equipment and goods by road, rail and air, throughout South Africa. Datacentrix ensures that its clients receive their equipment in time and without damage - every time.

Integrated Business Model and Overview (continued)

Our Focus (continued)

Datacentrix Managed Services Division

The Datacentrix Managed Services division ensures maximum infrastructure uptime for its clients through the provision of systems deployment, management and support services. These services range from procurement, setup, configuration and deployment through to ongoing management and maintenance services.

The focus on Managed Services includes:

Outsource Services
Outsource services offer clients an opportunity to use outsourcing as a business tool, and to leverage the economies, efficiencies and know-how that Datacentrix' outsourcing model provides.

Resourcing
Resourcing provides select on-site human resources that add further value to client operations and which are underlined by an in depth understanding of the client's short- and long-term resourcing requirements.

Managed Print Services (MPS)
MPS achieves user efficiency, not only in terms of cost savings, but also through cutting the average time to print documents by increasing device availability. MPS provides clients with access to fast, reliable, state of the art equipment for a best-fit solution.

Hardware Services
Hardware services provide lifecycle services for desktop, notebook, printer and server equipment from procurement to end-of-life decommissioning. In-warranty services are rendered on behalf of Hewlett Packard, IBM and Lenovo.

Projects
The Projects business unit ensures that project deliverables are met within time and budget constraints, and that client expectations are exceeded. Whatever the project, be it an infrastructure roll-out, upgrade, re-location or decommission, the Projects business unit provides complete lifecycle involvement - from solution analysis and implementation, to testing and post-implementation evaluation.

Service Desk
The Service Desk operates internally with highly trained personnel using proven processes to support users and clients. An integrated technology layer underpins the service desk model and enables the team to support computer hardware systems, software applications, Internet and Intranet environments and business systems.

Stimulating job creation

Investing in communities

Datacentrix Business Solutions Division

The Datacentrix Business Solutions division offers a line of integrated, adaptable business management solutions that automate and streamline business processes in a way that helps drive business success.

Customising and integrating software applications and data helps businesses enhance data processing and automates business processes. This provides decision makers with greater insight into all the business functions from supply chain, manufacturing, sales and customer relationship management to finance. The Datacentrix Business Solutions division provides the resources and expertise to create new systems definitions and extends the life of key system investments.

The focus on Business Solutions includes:

Enterprise Resource Planning (ERP)
The ERP business unit offers a line of integrated, adaptable business management solutions that automate and streamline financial and supply chain processes in a way that helps drive business success.

Business Intelligence (BI)
BI provides the ability to transform data into valuable information through data and information strategy, data warehousing, analytical applications and corporate reporting solutions.

Enterprise Content Management (ECM)
ECM helps clients manage and gain true value from their business content. This is achieved through an in-depth understanding of all types of content and by managing the content from creation through to disposal. The solution includes the simplifying and streamlining of business processes, ensuring that the right work is delivered to the right people at the right time. The solution optimises the processing time within a company's operations, provides cost savings and increases the efficiency of the business operations.

Five-year Review

	2011	2010	2009	2008	2007
Revenue (R'000)	**1 575 739**	1 290 781	1 513 322	1 346 971	1 201 904
EBITDA (R'000)	**150 091**	126 619	165 534	157 096	124 564
Total assets (R'000)	**662 441**	590 254	610 333	548 529	457 345
Cash holdings (R'000)	**321 170**	284 836	232 841	221 896	173 841
HEPS (cents)	**46.3**	41.0	61.5	52.0	40.4
EPS (cents)	**46.1**	41.1	61.5	52.0	40.0
Net asset value (cents)	**214.5**	195.7	184.2	150.4	127.0
Tangible net asset value (cents)	**205.4**	186.9	175.4	141.3	118.6
Actual number of shares in issue ('000)	**195 798**	195 798	195 785	195 785	195 655
Number of employees	**980**	876	820	707	670
Group EE: % Black staff	**54%**	55%	53%	51%	51%
Group EE: % Designated staff	**67%**	68%	66%	66%	66%

EBITDA: Earnings before interest, taxation, depreciation and amortisation
EE: Employment equity

Board of Directors and Executive Management

Non-Executive Directors

1. Gary Morolo (52)
Chairman
BA, MBA, AEP
Date of appointment: August 1998
Other directorships: Aka Capital (Pty) Ltd, Savcio Holdings Ltd, Vametco Holdings

2. Alwyn Martin (72)
Independent Director
BCom CA (SA)
Date of appointment: May 2005
Other directorships: Trans Hex Group Ltd, Petmin Ltd, Northam Platinum Ltd

3. Joan Joffe (73)
Independent Director
BA (Mathematics)
Date of appointment: September 1998

4. Dudu Nyamane (54)
Independent Director
BA (Social Sciences), MBA
Date of appointment: June 2009
Other directorships: South African Roads Agency Ltd (SANRAL)

5. Thenjiwe Chikane (45)
Independent Director
BCom Honours, Chartered Accountant
Date of appointment: April 2009
Other directorships: Nedbank Group and Nedbank Ltd, Africa Rice Board of Trustees, Institute of Directors of Southern Africa

6. Troy Dyer (47)
Independent Director
BCom BAcc, CA (SA), CFA, MBA
Date of appointment: March 2011
Other directorships: Audax Ideas Management Consulting (Pty) Ltd

Executive Directors

7. Ahmed Mahomed (49)
Chief Executive Officer
Date of appointment: March 2003
Appointed CEO: March 2008

8. Elizabeth Naidoo (37)
Financial Director
BCom, BAcc, CA (SA)
Date of appointment: October 2003

Executive Management

9. Johann Coetzee (48)
Managing Director: Commercial
BEng: Industrial Engineering, MBA

10. Juane Peacock (52)
Managing Director: Coastal Infrastructure and Enterprise Content Management Solutions

11. Vernon Tutton (52)
Managing Director: Managed Services
Diploma in Electronic Engineering

12. Charl Joubert (52)
Managing Director: Enterprise Resource Planning and Business Intelligence
BCom (Hons) (Marketing)

13. Rainer Jeske (58)
Managing Director: Technology Solutions

14. Kenny Nkosi (50)
Managing Director: Government
Diploma in Business Administration, Executive Development Program

Committees

Audit Committee
Alwyn Martin* (Chairman), Thenjiwe Chikane*, Troy Dyer*

Risk Committee
Thenjiwe Chikane* (Chairman), Alwyn Martin*, Joan Joffe*, Troy Dyer*, Ahmed Mahomed, Elizabeth Naidoo

Human Resources and Remuneration Committee
Dudu Nyamane* (Chairman), Joan Joffe*, Thenjiwe Chikane*

** Independent, non-executive director*

Gary Morolo
Chairman

Chairman's Report

Datacentrix emerges yet again from another tough year a stronger bigger player with decent organic growth, both at revenue and bottom-line levels. This has been achieved in spite of the continuing challenges of poor spending in the public sector as well as the general pressures experienced by the IT sector. This past year has seen a contraction in the number of both listed and unlisted IT companies through mergers and acquisitions as well as insolvencies.

Datacentrix on the other hand, has done a lot to reposition itself strategically over the last few years and anticipates to substantially complete this repositioning in the course of this financial year. The percentage contribution to the bottom line has moved decidedly in favour of services and solutions, the reliance on public sector contribution to the bottom-line has substantially reduced, a growing proportion of the revenue is now annuity income and significant investment in high-level specialist skills is already showing better than hoped for results. Most importantly a few years ago the company outlined three key corporate objectives: improving the company's black shareholding, enhancing the company's executive incentivisation and retention by facilitating significant management share ownership, and addressing the issue of the company's excess capital. The company has better than reasonable prospects in putting everything in place to achieve all these during the course of this year.

In spite of what may seem or have seemed to be relatively easy pickings in the acquisitions space, Datacentrix has stayed focussed on its strategy of building a solid company and increasing shareholder wealth, albeit at the possible expense of growing at a faster pace. Datacentrix continues to evaluate a number of acquisitions, however, value - enhancing and strategically compelling acquisitions have remained elusive. On the other hand, while acquisitions that call for the deployment of the company's balance sheet have been elusive, the company has made significant investment using the income statement to bring on board high- level skills and building new products and offerings. While these investments will have significant medium- and long-term benefit, there has been obvious immediate short-term impact on the company's bottom-line as the cost of the investment is fully absorbed without immediate top-line impact.

This strategy, which has been implemented over the last few years, has had the cumulative impact of substantially repositioning Datacentrix in the competitive landscape. The company's reliance on infrastructure business has substantially reduced. Datacentrix not only derives a significant portion of its income from solutions and services, principally managed services or outsourcing business, but it is now a first tier competitor in this arena, with pleasing wins in the year under review.

The company has consolidated its position as one of the topmost providers of skills and expertise in the data centre space and is building much sought after intellectual property. As part of the migration up the value chain, Datacentrix is evaluating its options as a solutions provider in the cloud computing space. The company's current approach is to explore crafting solutions in partnership with leading telecoms and data centre infrastructure providers.

As much as the company's reliance on infrastructure related business has reduced, so has the company's reliance on government business reduced. Income from government business now accounts for marginally more than a tenth of Datacentrix current bottom-line. In the last few years the company has more than replaced foregone revenues from the public sector with growth in the private sector. Having said that the company has taken the view that the government sector cannot be written off and the capacity to serve this sector has been maintained in anticipation of a return to normal spending patterns.

Datacentrix is currently finalising details of a transaction to improve its black shareholding in line with requirements of the mooted ICT Charter as well as the requirements from most public sector entities. These entities require at least 30% black shareholding in ICT companies wishing to do business with public sector entities. Given Datacentrix' current EmpowerDex rating, the transaction will likely improve and consolidate Datacentrix' empowerment rating to an AA and possibly better. This transaction should bring to a successful end Datacentrix' long quest to secure sustainable empowerment that also helps to achieve simultaneously other important corporate goals. These goals include the ability, through this transaction, to bring management into a position of significant equity ownership to address long-standing challenges of executive incentivisation and retention.

The company is currently busy with efforts to improve its compliance with newly introduced corporate governance requirements as per the new King III and the new Companies Act. Various compliance audits have been completed or are still underway and various measures are being taken to bring the company in line with the new requirements.

In line with implementing the pertinent aspects of King III and the new Companies Act, an additional independent non-executive director has been appointed to the Datacentrix board. The appointment will provide the board with a greater balance of skills. The board is pleased to announce the appointment of Troy Dyer as an independent non-executive director effective 23 March 2011. This is one of two appointments the board anticipates making in this financial year. Troy's qualifications include a CA (SA), CFA, and an MBA. He brings a wealth of experience in consulting, particularly in strategy and the board believes he will bring much needed skills as well as new insights to assist the board take the company on a new growth path. The board warmly welcomes him and looks forward to a rewarding relationship.

The company looks to the coming financial year with much anticipation. By and large our repositioning strategies have been successfully put in place, the skills base of the company has been significantly enhanced and our competitive positioning has improved, there are fewer competitors, and importantly, there is a flicker of life in public sector IT spending. Our offerings in outsourcing, data centre engagements, and key niche areas such as security, are all maturing. All of the above put us in a position where the board feels quietly confident about the company's future and its potential to outperform in coming years.

The board recognises that people are the cornerstone of its business and would like to acknowledge that the results achieved would not have been possible without the commitment of its entire staff. The Datacentrix team has been unwavering in its commitment to deliver to its clients and to meet market expectations. I take this opportunity on behalf of the board, to thank the staff for putting in a sterling effort in a challenging year and producing creditable results. I also convey the appreciation of the board to management for committing to challenging targets and the courage to pursue strategies, which unfortunately had a short-term punitive effect on the bottom-line but, which will assist in achieving sustainable organic growth. Lastly I want to thank my colleagues on the board who have provided counsel and support to management and importantly, have ensured that the highest standards of corporate governance continue to be maintained at Datacentrix.

With the company's future positioning largely in place, the board will be able to reassess the cash requirements of the company and therefore to review its dividend policy. Shareholders will be kept appraised of developments in this regard.

Gary Morolo
Chairman

Ahmed Mahomed
CEO

Chief Executive Officer's Report

Nature of the Business

Datacentrix is a leading South African company operating within the Information and Communication Technology (ICT) sector. The group has three operating divisions, namely Infrastructure, Managed Services and Business Solutions, providing end-to-end technology solutions that drive business value to companies within all sectors of the market.

Commentary

Datacentrix is pleased to announce its annual results for the year ended 28 February 2011 showing solid organic revenue, and a profit profile between the divisions that is shifting in favour of the Managed Services and Business Solutions divisions.

It is clear that the market profile of Datacentrix has migrated from a principally commodity player to a credible total services and solutions provider, as evidenced by a number of invitations to participate in closed outsourcing tenders historically not within grasp of the group. The positioning has also allowed the company to participate in key strategic opportunities in a heavily contested managed services market.

A marked change in sectorial revenue was noted, with the largest portion of the business this year being generated from the commercial market segment, a sharp contrast to the historical public sector bias.

The group continues to maintain diligent financial and operational discipline across the business, evident in the strong operating cash flow generation of R163 million, resulting in cash on hand of R321 million with no interest-bearing debt. Tangible net asset value improved by 10 percent to 205 cents. Revenue grew organically from R1.3 billion to R1.6 billion, a growth of 22 percent, while EBITDA increased from R127 million to R150 million, a rise of 19 percent. EBITDA margins have held steady at 9.5 percent. Due to lower interest rates, group interest earned declined by R2.1 million. Headline earnings per share and basic earnings per share increased from 41 cents to 46 cents, a growth of 13 percent.

Operational Review

The group is satisfied with the overall performance of its divisions. Its primary contributor, the Infrastructure division contributed 51 percent to group profit before taxation (PBT), while the Managed Services and Business Solutions divisions contributed 25 and 14 percent respectively. The Managed Services and Business Solutions divisions grew divisional PBT by 32 and 64 percent respectively, boosting the combined contribution of these divisions to a healthy 40 percent of group PBT.

Targeted growth areas have performed well, showing significant new client wins. Good performances were noted within both newly established and existing competencies, in particular storage, security, data centres, outsourcing and managed print services (MPS). The company has invested in the basic constructs of a cloud solution and has already started engaging clients.

Infrastructure

The Infrastructure division reflected a marginal PBT (3 percent) increase for the year under review. When contextualised against the backdrop of the continued subdued public sector expenditure, the performance of the rest of the business was commendable, more than offsetting the poor public sector performance. While public sector tender activity is still robust, the awarding of these tenders remains inhibited.

The Infrastructure division continues to be a leading supplier of total, integrated IT solutions and related services, from design to provisioning and deployment through to maintenance and ongoing support. Although the year was challenging for this division, as mentioned, the commercial sector business outperformed as a result of increasing its share of wallet in existing clients and new project wins. The specialist technology areas within the division also performed well.

The Datacentrix Infrastructure division is the largest and most broadly certified HP integrator in the local market. In addition, the company is now also one of the strongest partners for both IBM and Symantec, after strengthening its capabilities by securing the services of pre-eminent management and technical resources in these spaces. At the same time, the division boasts some of the highest certified technical skills in virtualisation technologies (VMware), a targeted growth area.

Managed Services

A strong performance was delivered by the Managed Services division, increasing divisional PBT by 32 percent. This performance benefited handsomely from a once-off MPS project relating to the 2010 FIFA World Cup South Africa and the recent signing of a three year infrastructure outsourcing term contract with a large mining house. MPS is an area where Datacentrix has gained recognition as a leading contender.

The Managed Services division is committed to delivering solutions that enable its clients to use information technology as a strategic asset in achieving their business objectives, while at the same time, reducing cost and risk. In support of this strategy, Datacentrix will continue to invest in improved operational capacity including people, processes and technology.

Business Solutions

The Business Solutions division has shown excellent growth over the year in review, highlighted in particular by the Enterprise Content Management (ECM) business unit, which has one of the largest services capabilities in the market and is focused primarily on the ECM, Business Process Management and Information Lifecycle Management spaces.

The Business Intelligence (BI) business unit has shown a revival after a skills injection, resulting in a positive contribution to the division's overall performance.

With regards to its Enterprise Resource Planning (ERP) offering, the group has decided to invest in Softline's SAGE X3 ERP solution expertise. This will increase Datacentrix' presence in the ERP market and will complement its current Microsoft solution set.

"Datacentrix' investment in new competencies continues with the skills acquisition and establishment of a storage focused unit. Further investments are expected to be made in the storage, security, outsourcing, MPS, data centre solutions, BI and cloud capabilities."

Operating Margins

Despite some pressure during 2010, the group continues to achieve industry leading operating margins of 8 percent. The commodity margins in the Infrastructure business are increasingly under pressure and this is set to continue for the year ahead.

Skills Acquisition and Talent Management

Datacentrix' investment in new competencies continues with the skills acquisition and establishment of a storage focused unit. Further investments are expected to be made in the storage, security, outsourcing, MPS, data centre solutions, BI and cloud capabilities.

The retention of key talent and competencies remains one of the biggest challenges. Datacentrix continues to attract and develop the best talent in the industry predominantly technical resources, strengthening its technical skills base, despite the economic downturn.

The board's employment equity is 88 percent with 50 percent of the total board made up of women. The management team and total staff complement employment equity profile is 40 percent and 54 percent respectively.

Relocation of Offices

We are pleased to have finalised the consolidation of our three Gauteng offices, spread between Pretoria, Samrand and Woodmead into a single, centrally situated office in Midrand. The demonstrated benefits of this move have been compelling. Foremost has been the enhanced level of communication and cooperation between various individuals and business units, and enhancement of efficiencies and elimination of duplication. Added benefits include reduced travelling time especially between offices, improved employee morale and pride in the workplace, and improvement in the cultivation of a common corporate culture. The new office has been secured at comparable overall office rental and other operating costs. Datacentrix now also enjoys visibility and brand awareness, with corporate signage fronting the busiest corridor route in Gauteng.

Prospects

The industry is changing constantly - technology advances at an ever increasing rate and the dynamics of today's business call for increased cost efficiency and agility more than ever before. In this highly competitive environment, companies are looking for innovative solutions that will reduce costs, add business value and increase agility.

Key focus areas for Chief Information Officers currently include effective data management, the optimisation of information technology infrastructure, virtualisation (specifically within the data centre space), security, increasing compliance requirements and software, device and asset management.

Industry consolidation is expected to continue. From Datacentrix' perspective, the company's strategy to grow its total solutions portfolio will continue, with specific focus this year turning to further enhancing its security and data centre capabilities, including selected cloud solutions.

Management is committed to its strategy to move the group's operations higher up the value chain. While the company's hopeful expectations this year regarding government related business did not materialise, the company remains focused on this segment in order to benefit optimally from public sector ICT spending as it may arise. Recent wins in the outsourcing business have substantially strengthened the company's market positioning and places it in good stead for future growth. The company intends to continue developing business solutions to deliver tangible business value to its clients.

While Datacentrix has a bias towards organic growth, management is considering appropriate acquisitions.

Ahmed Mahomed
Chief Executive Officer

Corporate Governance Report

King III

The Datacentrix group remains committed to compliance with the regulatory requirements of sound corporate governance principles. The group endorses the application of the principles recommended in the King III Report, and has been effectively implementing and reporting on a spectrum of governance principles, underpinned by the values of responsibility, accountability, fairness and transparency.

Statement of Compliance

The board has satisfied itself on the extent of the group's compliance with King III and with the Listings Requirements of the JSE Limited, which is dealt with under appropriate sections throughout this report.

The group is pleased to report that there have been no material instances of non-compliance during the year under review. Whilst the board is satisfied with its level of compliance with applicable governance and regulatory requirements, it recognises that its practices can always be improved, and accordingly the board has and will continuously review the group's governance framework against governance best practices.

Structure, Governance and Operation of the Board of Directors

The company's board consists of the chairman, five non-executive directors, all of whom are independent, and two executive directors. Directors' abridged curriculum vitae are provided on pages 10 and 11.

The board remains the focal point of the company's corporate governance system and is ultimately accountable and responsible for the key governance processes and the sustainable growth, performance and affairs of the company.

Board Charter

The board charter details and governs the manner in which the business is to be conducted by the board in accordance with the principles of sound corporate governance. The board charter is reviewed by the board on an annual basis and was revised in the year under review to ensure it incorporates King III principles adopted by the board.

The charter regulates and deals with, inter alia:

- Board leadership, and defines the separate responsibilities of the chairman and the chief executive and the role of the lead independent director;
- Procedures, pre-requisites and competencies for membership, size and composition of the board, period of office, reward, induction and succession planning;
- The role and responsibilities of the board, which includes the adoption of strategic plans, the monitoring of management's implementation of board plans and strategies, the delegation of powers and duties to management, the determination of policy processes to ensure the integrity of management, internal controls and information technology (IT) governance;
- Board governance processes, including board procedures and matters requiring annual and regular review;
- Board committees, including delegation of authority, but not responsibility, and the requirements for transparency and full disclosure by the committees;
- Matters specifically reserved for the board of a financial, administrative and manpower nature;
- Risk management;
- Procedures for board meetings, frequency, quorum, agendas, board papers, conflicts of interest and minutes;
- Share dealings;
- Board, committee and individual evaluations and performance; and
- The role and responsibility of the company secretary.

Corporate Governance Report (continued)

Board Charter (continued)

The board charter stipulates that the operation of the board and the executive responsibility for the running of the company's business should be two key and separate tasks and that there should be a clear division of responsibilities at the head of the company to ensure a balance of power and authority, ensuring that no individual or block of individuals has unfettered powers of decision making or can dominate the board's decision taking.

Board Chairman

The board is chaired by Gary Morolo, a non-executive director. The board chairman is not considered to be independent, as he is a shareholder and director of Aka Capital Limited, which is a material shareholder of the company. Though the board chairman cannot be classified as independent in terms of the governance criteria, the board is of the view that the board chairman brings valuable expertise, experience and skill to the board and exercises independent judgement in relation to board matters.

The chairman of the board is responsible, inter alia, for ensuring the integrity and effectiveness of the board's governance processes, and in terms of the company's Articles of Association, is subject to annual election. The chairman is also responsible for leadership, promoting the highest standards of governance and effectiveness of the board. The CEO is responsible for the leadership and operational management of the group within the strategy agreed upon with the board. The CEO ensures that there are appropriate management structures to effectively implement the group's strategy and business plans.

Lead Independent Director (LID)

The board charter requires the appointment of a LID in the event that the board chairman does not meet the criteria for independence in terms of the relevant governance criteria. Accordingly, Joan Joffe was appointed as the LID with effect from 1 March 2010. The LID provides leadership assistance at any board, committee or shareholder meeting or in consultations with other directors or executives in circumstances where the board chairman is conflicted. The LID also leads and introduces discussions at board and committee meetings regarding the performance and evaluation of the board chairman. The LID is subject to annual election by the board.

Board Composition

Datacentrix has a unitary board structure comprising a mix of executive and non-executive directors. The majority of directors are independent, non-executive directors and the board presently comprises of two executive and six non-executive directors, of whom five are considered independent in terms of the criteria contained in the governance requirements. In line with the King III recommendation, both the Chief Executive Officer and Chief Financial Officer are directors of the company.

The composition of the board remains under constant review, not only to maintain required balance in terms of independence of directors, but to ensure the optimum mix of skills and experience as well as demographic profile. The non-executive directors have the necessary skills, qualifications and experience, as is evidenced from their curriculum vitae (CV), to provide judgement independent of management on material board issues. View the composition of the board and their abridged CVs on page 10 and 11 of this report.

Chief Executive Officer

Ahmed Mahomed was appointed as the chief executive officer (CEO) on 1 March 2008. The board's governance and management functions are linked through the CEO, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the board. All board authority conferred on management is delegated through the CEO and the accountability of management is considered to be the authority and the accountability of the CEO. Appropriate and uniform controls and processes are in place within the company and the group and are communicated to management to ensure the monitoring of the application of levels of authority throughout the group particularly in the areas of capital expenditure, contracts, procurement and human resources.

Board authority is delegated by way of an approvals framework. Levels of authority and materiality have been established and are reviewed annually by the board.

Roles and Responsibilities

The board is responsible for determining strategy and the overall conduct of the business. The board has the responsibility for the performance of the group and is required to exercise objective judgement, independent from management on corporate matters.

A corporate governance framework defines the roles and responsibilities of the constituent elements of the group's management structure. This enables the board to plan, execute, control and monitor the group's activities in accordance with strategic objectives.

The matters that the board has specifically reserved for its decision are:

- Approval of the group's strategy and annual budget;
- Review of the group's performance;
- Monitoring of and reviewing the effectiveness of the group's internal controls and risk management system;
- Appointment, removal and remuneration of executive directors and the company secretary;
- Determination of the terms of reference of board committees; and
- Approval of major capital expenditure or disposals, material contracts, material acquisitions and developments.

The general powers of the directors are conferred in the company's Articles of Association. Subject to specific fundamental, strategic and formal matters reserved for its decision, the board may delegate certain responsibilities to a number of standing committees, which operate within defined terms of reference laid down by the board, as referred to below.

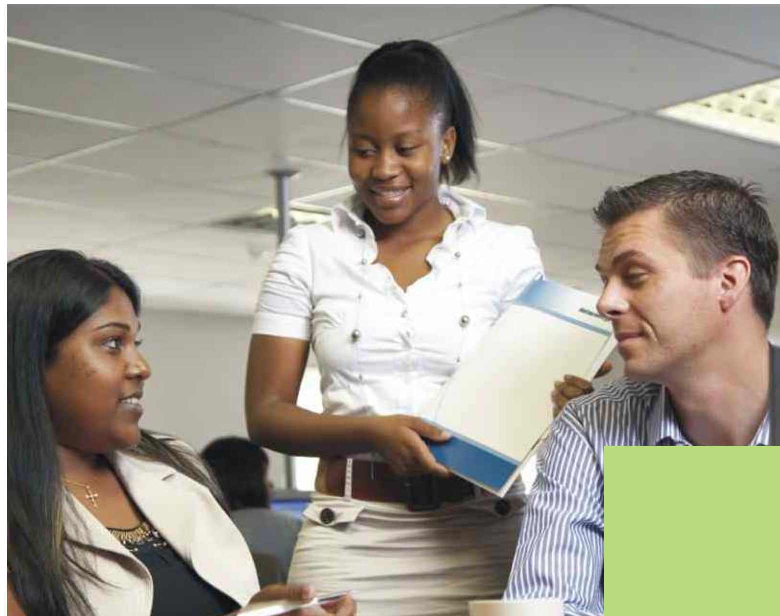
The board has at least eight scheduled meetings annually. A formal performance evaluation of the board and committees is conducted annually by means of a series of self evaluation questionnaires, with the aim of evaluating and improving the effectiveness of the board, its members and committees.

Access to Company Information and Confidentiality

Procedures are in place, through the board chairman and the company secretary, enabling the directors to have access, at reasonable times, to all relevant company information and to senior management, to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions. Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information.

During the 2011 financial year, none of the company's directors were materially interested in any proposed transaction or company that the group does business with.

The board delegates specific responsibility to three committees, namely the Audit Committee, Risk Committee, and the Human Resources and Remuneration Committee. The terms of reference, and composition of the committees are determined and approved by the board and have been adopted by all the committees. Terms of reference are reviewed by the board on an annual basis with the most recent review having been conducted in 2011 in order to incorporate the relevant provisions advocated by King III.



Corporate Governance Report (continued)

Meetings of the Board of Directors:

Name	21 May '10	21 Jul '10	21 Sep '10	4 Oct '10	30 Nov '10	19 Jan '11	23 Mar '11	18 Apr '11
Gary Morolo (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓
Ahmed Mahomed	✓	✓	✓	✓	✓	✓	✓	✓
Alwyn Martin*	✓	✓	✓	✓	✓	✓	✓	✓
Elizabeth Naidoo	✓	✓	✓	✓	×	✓	✓	✓
Dudu Nyamane*	✓	✓	✓	✓	✓	✓	✓	✓
Joan Joffe*	✓	✓	✓	✓	✓	✓	✓	✓
Thenjiwe Chikane*	✓	✓	✓	×	✓	✓	✓	✓
Troy Dyer*	–	–	–	–	–	–	**Appointed**	✓

* independent, non-executive director

Group Executive Committee

The Group Executive Committee comprises eight executives (including two directors), under the chairmanship of Ahmed Mahomed, CEO. The Executive Committee meets monthly and is responsible for the day-to-day running of the business and the execution of the group's strategy.

The Executive Committee is actively involved in performing the following functions:

- Formulating group strategies and monitoring their implementation according to the board's directives;
- Monitoring the performance of the group and the group's system of internal control;
- Assisting the CEO and the financial director in preparing the annual budget for review and approval by the board;
- Compiling and presenting non-financial information to the board;
- Succession management and the planning and development of management;
- Designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the company; and
- Ensuring compliance to all relevant statutory and regulatory requirements, including applicable codes of best business practice as identified.

Meetings of the Executive Committee:

Name	16 Apr '10	14 May '10	18 Jun '10	16 Jul '10	13 Aug '10	17 Sep '10	15 Oct '10	12 Nov '10	10 Dec '10	14 Jan '11	18 Feb '11	18 Mar '11	14 Apr '11
Ahmed Mahomed (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Charl Joubert	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Elizabeth Naidoo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Johann Coetzee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Juane Peacock	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kenny Nkosi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Rainer Jeske	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Vernon Tutton	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Audit Committee

The Audit Committee operates under the chairmanship of Alwyn Martin, an independent, non-executive director and includes three other independent, non-executive members. The chairman of the committee reports on committee proceedings at the next board meeting.

The Audit Committee has four scheduled meetings annually. Meetings are attended by the external and internal auditors and, on invitation, members of executive management, including those involved in risk management and finance.

The composition of the committee complies with the requirements of the Companies Act and consists only of independent, non-executive directors who are financially literate, with the necessary expertise to discharge their responsibilities.

The chairman of the board on occasion attends the meetings. The internal and external auditors have unlimited access to the chairman of the Audit Committee.

The Audit Committee is primarily responsible for overseeing the company's reporting process on behalf of the board, and assists the board in discharging its fiduciary duties relating to the safeguarding of assets, the operation of adequate systems, maintenance of control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, accounting standards and listing requirements. The committee also performs all the functions required to be performed by an audit committee including as required by section 270A of the Companies Act, 1973, as amended and under Section 270A(1) on behalf of all subsidiaries.

In addition, as advocated by King III, the Audit Committee has overseen the integrated reporting for 2011, and has recommended the approval of the annual report by the board.

The specific responsibilities of the committee include inter alia the following:

- Overseeing the integrity of the financial statements;
- Overseeing the appointment, fee, qualifications, independence and performance of the external auditor and the integrity of the audit process as a whole;
- Approving the audit fees for internal audit;
- Specifying the nature and extent of non-audit services;
- Pre-approving contracts for non-audit services;
- Overview of the internal audit function;
- Dealing with concerns or complaints relating to the accounting policies, the internal audit, the audit and content of the annual financial statements and the internal financial controls;
- Verifying the effectiveness of financial risk management (in consultation with the risk committee), controls and governance processes as well as the competence of the financial director;
- Reviewing the integrated report;
- Ensuring compliance with applicable legal and regulatory requirements; and
- Ensuring compliance by management with constraints imposed by the board.

The Audit Committee has adopted written terms of reference approved by the board and has satisfied its responsibilities in compliance therewith in all material respects during the financial year. Its terms of reference were reviewed and amended by the board during the year to ensure compliance with regulatory changes and best practice and to incorporate the relevant provisions of King III as approved by the board.

The committee evaluates its performance and effectiveness as part of the formal annual board evaluation process. Self evaluation questionnaires are used for this purpose. Based on the results, the committee and board believe that the committee functions effectively and complies with its terms of reference.

Corporate Governance Report (continued)

Internal Audit

The internal audit function is being fulfilled by KPMG who were appointed at the beginning of the financial year. The internal audit function is designed to serve and support management and the board of directors through independent evaluations and examinations of the group's activities and resultant business risks. The purpose, authority and responsibility of the internal audit function are formally defined in an internal audit charter, which is reviewed by the Audit Committee and approved by the board. This charter is reviewed on an annual basis and revised as necessary.

The internal audit function is designed to respond to management's needs while maintaining an appropriate degree of independence to render impartial and unbiased judgements in performing its services. The scope of the internal audit function includes performing independent evaluations of the adequacy and effectiveness of group companies' controls, financial reporting mechanisms and records, information systems and operations, reporting on the adequacy of these controls and providing additional assurance regarding the safeguarding of assets and financial information. Internal audit is also responsible for monitoring and evaluating operating procedures and processes. Risk assessment is co-ordinated with the board's assessment of risk through interaction between internal audit, the audit and risk committees which also minimises duplication of effort. Internal audit reports at all audit and risk committee meetings respectively and has unrestricted access to the chairmen of the company and the audit and risk committees. The appointment or dismissal of the internal auditor is with the concurrence of the Audit Committee.

In the year under review, the internal auditors worked of an audit plan comprising specific identified management risks. Their reviews were able to provide feedback as to weakness in controls and ensure proper controls were immediately implemented to prevent any further deficiencies.

The board of directors is responsible for the group's systems of internal control. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The controls throughout the group concentrate on critical risk areas. All controls relating to the critical risk areas are closely monitored by the directors and subjected to internal audit reviews. Continual review and reporting structures enhance the control environments. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the group has occurred during the year.

The committee has considered and satisfied itself of the appropriateness of the expertise and experience of the financial director/chief financial officer, Elizabeth Naidoo, and the finance function. A brief curriculum vitae of the financial director, Elizabeth Naidoo, appears on page 10 of the annual report.

The chairman of the Audit Committee is required to attend the annual general meeting to deal with enquiries relative to the committee's mandate.

Meetings of the Audit Committee:

Name	7 Jul '10	29 Sep '10	25 Nov '10	18 Jan '11	13 Apr '11
Alwyn Martin* (Chairman)	✓	✓	✓	✓	✓
Joan Joffe*	✓	✓	✓	✓	Resigned
Thenjiwe Chikane*	✓	✓	✓	✓	✓
Troy Dyer*	–	–	–	–	Appointed
Ahmed Mahomed (invitee)	✓	✓	✓	✓	✓
Elizabeth Naidoo (invitee)	✓	✓	✓	✓	✓

*independent, non-executive director

Risk Committee

The Risk Committee operates under the chairmanship of Thenjiwe Chikane, an independent, non-executive director and includes two other independent, non-executive members. The chairman of the Audit Committee is an ex officio member of this committee. The members of the committee as a whole have sufficient qualifications and experience to fulfil their duties. The chairman of the committee reports on committee proceedings at the next board meeting.

The Risk Committee has four scheduled meetings annually. Meetings are attended by the CEO and financial director (who acted as the Chief Risk Officer for the period under review) and on invitation, members of executive management, including those involved in risk management, control and finance.

The committee assists the board in the discharge of its duties relating to risk management. The board is responsible for monitoring and reviewing the risk management by the company and the group, and the committee assists the board in fulfilling this responsibility. The executives and management are responsible, through delegated authority, to manage the company risk.

The company has implemented an effective policy and framework for risk management that will enhance the company's ability to achieve its strategic objectives; and ensuring that the disclosure regarding risk is comprehensive, timely and relevant. The Risk Committee undertakes this by:

- Annual review of the policy and framework for risk management, which are recommend for approval to the board;
- Monitoring the implementation of the policy and plan by management;
- Making recommendations to the board concerning the levels of tolerance and appetite;
- Monitoring that risks are managed within the levels of tolerance and appetite as approved by the board;
- Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company;
- Ensuring that risk management assessments are performed annually and updated on a continuous basis;
- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- Ensuring that management considers and implements appropriate risk responses;
- Ensuring that continuous risk monitoring by management takes place;
- Liaising closely with the Audit Committee to exchange information relevant to risk;
- Expressing the committee's formal opinion to the board on the effectiveness of risk management by the company;
- Reviewing risk management reporting that is included in the integrated report for it being timely, comprehensive and relevant; and
- Reporting to the board on risk management.

The committee has adopted a written mandate and terms of reference approved by the board, the terms of which are reviewed annually by the committee and the board. These were reviewed and amended during the year to incorporate those provisions of King III that have been approved by the board.

Meetings of the Risk Committee:

Name	7 Jul '10	29 Sep '10	25 Nov '10	18 Jan '11	7 Apr '11
Thenjiwe Chikane* (Chairman)	✓	✓	✓	✓	✓
Joan Joffe*	✓	✓	✓	✓	✓
Alwyn Martin*	✓	✓	✓	✓	✓
Troy Dyer*	–	–	–	–	Appointed
Ahmed Mahomed	✓	✓	✓	✓	✗
Elizabeth Naidoo	✓	✓	✓	✓	✓

*independent, non-executive director

Corporate Governance Report (continued)

Risk Committee (continued)

It is the view of the Risk Committee:

- There were no undue, unexpected or unusual risks taken by the company nor were there any material losses suffered for the period under review; and
- That the risks associated with the strategic direction of the company have been managed effectively by the company throughout the year under review.

The chairman of the Risk Committee is required to attend the annual general meeting to deal with enquiries relative to the committee's mandate.

Risk Management, Accountability and Audit

Risk Management

The directors of Datacentrix have committed the company to a process of risk management that is aligned to the principles of the King III code. Sound management of risk enables management to anticipate and respond to changes in the business environment, as well as take informed decisions under conditions of uncertainty.

Risk management processes are embedded in the business systems and processes, so that responses to risk remain current and dynamic. All key risks, whether reputational, financial or nonfinancial, associated with major change and significant actions by the company also fall within the processes of risk management. The nature of Datacentrix' risk profile demands that the company adopts a prudent approach to corporate risk, and its decisions around risk tolerance and risk mitigation reflect this. Controls and risk interventions are chosen on the basis that they increase the likelihood that management will fulfil its intentions to stakeholders.

During the year, the company's risk register, comprising the top 20 risks, was updated and each risk reviewed, re-ranked and documented. The review process also explored the possibility of new risks having entered the risk environment, and these were defined and ranked in the same way as existing risks. The register continues to be updated on an annual basis, or as often as circumstances necessitate. Ownership of each risk remains the responsibility of assigned senior executives, who report on progress made on agreed upon action plans.

The group's annual internal audit plan incorporates the outcomes of the risk management process and the top risks in the group have been incorporated into the internal audit plan and internal audit investigates the effectiveness of risk controls. These risks are addressed by the plan at least once a year. The internal auditors attend risk committee meetings where risk is addressed in order to verify that the risk management process is appropriate. The internal audit function formally reviews the effectiveness of the group's risk management processes once a year and reports on its findings to the Audit Committee, with future reporting planned for the Risk Committee.

The board is satisfied with the process of identifying, monitoring and managing significant risks and internal controls and that appropriate systems are in place to manage the identified risks, measure the impact thereof and that these are proactively managed so that the company's assets and reputation are suitably protected.

Human Resources and Remuneration Committee

The members of the Human Resources and Remuneration Committee are considered by the company to be independent, non-executive directors. This committee comprises three independent, non-executive directors and used to be chaired by Joan Joffe. Dudu Nyamane now chairs the committee effective 18 March 2010.

The Human Resources and Remuneration Committee is responsible for the remuneration strategy of the group, the approval of mandates for incentive schemes within the group and the determination of the remuneration of Executive Committee members, relative to local and International industry benchmarks. It reviews the balance of experience, knowledge and skills of the board to ensure that it delivers strategic direction and leadership required for success. The committee also fulfils the role of nominations of new directors.

Meetings of the Human Resources and Remuneration Committee:

Name	20 May '10	21 Jul '10	21 Sept '10	30 Nov '10	19 Jan '11	23 Mar '11
Dudu Nyamane* (Chairman)	✓	✓	✓	✓	✓	✓
Joan Joffe*	✓	✓	✓	✓	✓	✓
Thenjiwe Chikane*	✓	✓	✓	✓	✓	✓
Ahmed Mahomed (invitee)	✓	✓	✓	✓	✓	✓
Elizabeth Naidoo (invitee)	✓	✓	✓	✓	✓	✓

*independent, non-executive director

The role of the committee is to assist the board in its oversight of:

- The remuneration policy and its specific application to the CEO, the executive and non-executive directors and the CEO's direct reports, and its general application to all employees;
- The adoption of annual and longer term incentive plans;
- The determination of levels of reward for the CEO and approval of reward to the CEO's direct reports;
- The annual evaluation of the performance of the CEO, by giving guidance to the chairman;
- The communication to shareholders on remuneration policy and the committee's work on behalf of the board; and
- Compliance with applicable legal and regulatory requirements associated with human resources matters such as skills development and employment equity.

Group Remuneration Philosophy and Policy

The commitment and contribution of employees are imperative for the delivery of sustainable growth. As such, Datacentrix is committed to a reward philosophy, which focuses on rewarding consistent and sustainable individual and corporate performance. The approach towards remuneration aims to ensure that that there is a balance between the operational and strategic requirements of the company and providing appropriate remuneration packages. The intention is to attract, motivate, reward and retain high-calibre people, with great competence and leadership abilities. A few of the key objectives of such a philosophy are to encourage and promote superior performance, to drive employee productivity, and to address diversity in the workplace.

In line with the group's remuneration philosophy, remuneration is reviewed annually by the Human Resources and Remuneration Committee. The group's primary executive remuneration objective is to reward executive directors and other members of the executive management team to ensure that their interests, as far as possible, commensurate with the interests of shareholders. In addition, the remuneration packages are benchmarked taking into account local, regional and national responsibilities. Details of the remuneration of the directors and information on share options are set out later in the corporate governance report.

Group employees receive a total guaranteed package, which is based on the role of the employee, market value, individual personal performance and level of competence. Employer contributions towards retirement, life and medical benefits are included in the total guaranteed package. Members have the option to structure their pensionable income and monthly contri - butions to the Datacentrix Provident Fund, however membership is compulsory.

Corporate Governance Report (continued)

Group Remuneration Philosophy and Policy (continued)

The group's annual short-term incentive plan intends to recognise the achievement of a combination of group and business unit performance objectives. Medium-term incentive plans are being introduced to provide employees with an incentive to remain with the organisation, and to provide qualifying employees with an opportunity to participate in the growth of the group.

This plan will provide an incentive, which will stretch from 12 months to three years, and an annual review will be conducted. The key criteria will link this with the achievement of pre-determined performance targets that are aligned with business goals of the group.

Long-term incentives are offered through participation in the Datacentrix Holdings Limited Share Incentive Trust, and intend to reward improved sustainable group business performance, aligned with shareholder interests over a longer term. Allocations of options from the Trust are designed to retain key senior employees over a longer period aligned with group strategy and to recognise their contribution to the group's performance.

Fees for non-executive directors are recommended to the board by the Human Resources and Remuneration Committee and reviewed annually with reference to external benchmarks. The committee takes cognisance of market norms and practices, as well as the additional responsibilities placed on board members by new acts, regulations and corporate governance guidelines. Fifty percent of the non-executive director's fee is structured as an annual fixed fee and the other 50 percent is paid as an attendance fee for board and committee meetings.

Directors' Remuneration

Executive Directors

Remuneration and benefits 2011 for executive directors were as follows:

2011	Salaries R'000	Bonuses R'000	Benefits R'000	Retirement contributions R'000	Total R'000
Ahmed Mahomed	**2 430**	**4 524**	**51**	**312**	**7 317**
Elizabeth Naidoo	**1 427**	**1 299**	**30**	**252**	**3 008**
Total	**3 857**	**5 823**	**81**	**564**	**10 325**
2010					
Ahmed Mahomed	2 247	3 753	22	286	6 308
Elizabeth Naidoo	1 316	984	72	176	2 548
Total	3 563	4 737	94	462	8 856

No current or retired director receives a pension funded by the group.

Group Executive Committee

The total remuneration of members of the executive committee is set out below:

2011	Salaries R'000	Bonuses R'000	Benefits R'000	Retirement contributions R'000	Total R'000	2010 Total R'000
Total	**6 593**	**4 165**	**543**	**606**	**11 907**	**11 773**
Number of members					**6**	**6**

The above figures include two of the top three earners (see next page).

Directors' Remuneration (continued)

Non-executive Directors - Fees for Services as Directors

	Total 2011 R'000	Total 2010 R'000
Gary Morolo[#]	**798**	756
Alwyn Martin	**494**	349
Dudu Nyamane	**439**	200
Joan Joffe[*]	**726**	429
Thenjiwe Chikane	**582**	280
Total	**3 039**	2 014

[#] Gary Morolo has an interest in major shareholder Aka Capital (Proprietary) Limited and accordingly the fees were paid to this company.

[*] The fee for Joan Joffe includes her role as Lead Independent Director.

Top Three Earners

The top three earners were identified by the value of total remuneration awarded for the year.

2011	Salaries R'000	Incentives R'000	Benefits R'000	Retirement contributions R'000	Total R'000
Employee 1	**1 242**	**1 546**	**56**	**51**	**2 895**
Employee 2	**1 313**	**1 217**	**-**	**162**	**2 692**
Employee 3	**1 496**	**907**	**30**	**-**	**2 433**
Total	**4 051**	**3 670**	**86**	**213**	**8 020**
2010					
Employee 1	1 357	1 135	32	-	2 524
Employee 2	642	1 609	22	-	2 273
Employee 3	1 172	1 013	40	149	2 374
Total	3 171	3 757	94	149	7 171

"Medium-term incentive plans are being introduced to provide employees with an incentive to remain with the organisation, and to provide qualifying employees with an opportunity to participate in the growth of the group."

Corporate Governance Report (continued)

Directors' Shareholding

Executive Directors	2011 Beneficial Direct	2011 Beneficial Indirect	2010 Beneficial Direct	2010 Beneficial Indirect
Ahmed Mahomed	**86 000**	**-**	36 000	-
Total	**86 000**	**-**	36 000	-

Non-Executive Directors	2011 Non-beneficial Indirect	2011 Beneficial Direct	2011 Beneficial Indirect	2010 Non-beneficial Indirect	2010 Beneficial Direct	2010 Beneficial Indirect
Joan Joffe	**-**	**502 685**	**-**	-	502 685	-
Gary Morolo	**61 152 467**	**-**	**20 000 000**	61 152 467	-	20 000 000
Total	**61 152 467**	**502 685**	**20 000 000**	61 152 467	502 685	20 000 000

Gary Morolo is a shareholder in and/or director of major shareholder Aka Capital (Proprietary) Limited (Co-ordinated Network Investments (Proprietary) Limited and Eglin Investments Number 31 (Proprietary) Limited). There has been no change in shareholding up to the date of these financial statements.

Executive Directors' Share Options

Share option allocations are considered and recommended by the board and approved by the Human Resources and Remuneration Committee.

	Number of options 28/02/2010	New options allocated during the year	Expired, sold or lapsed during the year	Number of options 28/02/2011	Option Price R	Granting date	Value of all options in total R
Ahmed Mahomed	750 000	-	-	**750 000**	1.00	01/01/2002	**750 000**
	1 750 000	-	-	**1 750 000**	3.43	02/10/2006	**6 002 500**
	500 000	-	-	**500 000**	3.11	30/01/2009	**1 555 000**
	3 000 000	-	-	**3 000 000**	4.11	25/11/2009	**12 330 000**
	-	1 333 334	-	**1 333 334**	3.97	23/06/2010	**5 293 336**
Elizabeth Naidoo	125 000	-	-	**125 000**	1.00	08/01/2002	**125 000**
	1 000 000	-	-	**1 000 000**	3.43	02/10/2006	**3 430 000**
	300 000	-	-	**300 000**	3.11	30/01/2009	**933 000**
	-	666 667	-	**666 667**	3.97	23/06/2010	**2 646 668**
	7 425 000	2 000 001	-	**9 425 001**			**33 065 504**

Conditions and exercise periods are set out in the Datacentrix Holdings Share Trust Deed.

Datacentrix Holdings Share Trust

The two trustees, Dudu Nyamane and Gary Morolo, both non-executive directors, manage the Datacentrix Holdings Share Trust. The trustees are responsible for the financial management of the Trust and ensure adherence to the rules of the Share Trust Deed.

Dealing in Securities

Trading in the company's shares and options is conducted on completion of an application form. Authorisation is given in writing by the chairman of the board or the CEO as appropriate. The written authority is kept by the company secretary with the record of the particular transaction.

The group operates a closed period prior to the publication of its year end and interim results. During this time, the group's directors, officers and employees, and their families and close associates, are restricted from dealing, whether directly or indirectly, in the company's shares on the basis of privileged, price-sensitive information before it has been publicly announced to the market. Additional closed periods can be enforced as required in terms of any corporate activity.

Company Secretary

Ithemba Governance and Statutory Solutions (Proprietary) Limited was appointed as the company secretary on 1 April 2009. The company secretary provides a central source of advice to the board on the requirements of the JSE Listings Requirements, King III and corporate governance in general. In addition to the company secretary's statutory and other duties, the secretary also provides the board as a whole, directors individually, and the committees, with guidance as to the manner in which their responsibilities should be discharged in the best interests of the company. The appointment and removal of the company secretary is a matter for the board as a whole.

Sponsor

One Capital is the company's sponsor. One Capital acquired the entire issued share capital of Barnard Jacob Mellet Corporate Finance (Proprietary) Limited (BJM) with effect from 1 November 2010. BJM was previously the group's sponsor. After a detailed review and evaluation of One Capital, the group decided to accept the engagement proposed by One Capital. One Capital's services include advising the board on the interpretation of and compliance with the JSE Listing Requirements and reviewing all notices required in terms of its statutes and the JSE rules and regulations.

External Audit

The board has recommended the re-appointment of Deloitte & Touche to perform an independent and objective audit on the group's financial statements. These financial statements are prepared in terms of International Financial Reporting Standards (IFRS). Interim reports to shareholders are not audited.

The external auditors provide the board and the Audit Committee with their independent observations and suggestions on the group's internal controls, as well as suggestions for the improvement of the financial reporting and operations of the business.

"Datacentrix believes in not only achieving its financial and economic goals, but also using its influence to help the society in which it operates."

There is close co-operation between internal and external audit and reliance is placed, where possible, on the work of internal audit, therefore minimising the duplication of effort. A combined assurance plan is being worked on and will be formalised for the new financial year. The annual external audit plan is placed before the Audit Committee for review and approval. The external auditors attend all shareholder meetings of the company.

Corporate Responsibility

Datacentrix believes in not only achieving its financial and economic goals, but also using its influence to help the society in which it operates. Datacentrix is aware of its responsibilities as a corporate citizen not only to deliver value and profit to shareholders, but also to adhere to a code of ethical conduct, to deliver solutions that answer the environmental requirements of clients, and to ensure that operations are as sustainable as is practical. Datacentrix embraces differences that every employee brings to the company as management recognises that a workforce, which is as diversified as its clients, is better able to understand the needs and more likely to have the skills and knowledge needed to deliver innovative solutions.

Corporate Governance Report (continued)

Corporate Responsibility (continued)

The group takes responsibility for the health and safety of its employees and of all visitors to its sites. It aims to create an environment, which facilitates and supports practicable, safe and healthy conditions for everyone. Training and supervision is provided to all staff members who work in this environment.

Datacentrix is committed to responsible environmental stewardship and sustainable business practices. In the interest of all, the company is firmly committed to minimising the impact that it may have on the environment through continual improvement of business practices and to developing and implementing IT solutions and services that assist in preventing pollution.

Datacentrix has a relatively low direct environmental impact. However management acknowledges that climate change is a global problem and is committed to responsible environmental practices.

Social and community engagement initiatives are organised to address the various needs in society. Education, old age and health are three key areas where investments continue to be made to support those in need. Some of the donations that the company made during the year include:

- St Stithians School foundation aids over 360 teachers from all over Gauteng including 80 teachers from Limpopo. This project supports and upgrades the skills of maths and science teachers;
- Charity Calendars raises funds to meet various needs of previously disadvantaged children, including food, educational toys, infrastructure requirements as well as the cost of caregivers and their respective training requirements;
- Ma Afrika Tikkun assists previously disadvantage children in Orange Farm. Datacentrix' donation was used to build computer room facilities: and
- Mpumalanga Health Summit was attended by members from various non-profit organisations. Datacentrix assisted with the accommodation requirements for some of these members during the Summit.

Black Economic Empowerment (BEE)

Datacentrix achieved a Level 4 BEE certificate in December 2010 from EmpowerDex in an independent audit of its progress in the elements of BEE as required by the Department of Trade and Industry BEE Codes of Good Practice.

Enterprise Development
Datacentrix commenced its Enterprise Development Programme in 1998 by partnering with a pool of black owned and empowered Small, Medium Enterprises (SMEs) to service and cover South Africa's widely dispersed geographical regions. The main objective of this programme is to incorporate SME partners in various value adding operations as part of the delivery mechanism to clients, to build capacity within these enterprises, and also accelerate the development, sustainability and ultimate financial and operational independence of the same SME partners.

Socio-economic Development
Datacentrix continuously seeks to accurately align itself with all the principles of good practice. Datacentrix believes in actively investing in socio-economic strategies that have the potential to deliver a positive, long-term impact on the company's business, clients, employees and the South African community. In that regard, Datacentrix' programme support is biased towards education and training, old age and health.

Affirmative Procurement
Datacentrix annually reviews its supplier base and is committed to procure directly from those suppliers who have made significant progress in developing and supporting BEE.

Ownership
Direct black equity in Datacentrix was first established in 1998. Over time this shareholding has settled at a totally unencumbered equity of 10% of the business. There is further indirect black ownership via institutional shareholding and the share incentive scheme. It is Datacentrix' stated goal to improve this aspect as circumstances allow.

Management Control
Since listing in 1998, the black shareholders have exercised management control, including formally assuming the roles of CEO and chairman. This involvement continues through active participation in various processes of governance and operations, ranging from the board to management committees. In addition the two most senior positions in the company are occupied by black individuals.

Employment Equity
The group currently employs 980 (2010: 876) permanent employees of which 54 percent (2010: 55 percent) are black. 67 percent (2010: 68 percent) of the staff complement is previously disadvantaged. The company is working on a focussed plan to improve its employment equity at the various levels. This is being driven at an executive level.

Skills Development
This refers to the skills development expenditure for black employees on any program specified in the learning programme's matrix, including learnerships. Datacentrix' learnership programme is managed in conjunction with various accredited educational institutions that develop and provide the theoretical component of the programme. This includes the Datacentrix Microsoft Learning Academy, which offers an NQF level 5 (MCSE or MCSD) programme on a 12-month period. Based on the students' performance they have an equal opportunity to be permanently placed within the group. In the forthcoming year, a more specific plan has been drafted to ensure that investment is made in skills to strengthen the organisation.

Empowerment Scorecard	Actual Score	Target Score
Enterprise development	15.00	15.00
Socio-economic development	5.00	5.00
Affirmative procurement	20.00	20.00
Ownership	10.66	20.00
Management control	9.91	10.00
Employment equity	3.99	15.00
Skills development	1.49	15.00
Total Score	**66.05**	**100.00**

Directors' Statement of Responsibility

The annual financial statements are prepared in accordance with the appropriate accounting policies based on International Financial Reporting Standards (IFRS) and incorporate appropriate and responsible disclosure, supported by reasonable and prudent judgements and estimates, which have been used consistently. The responsibility of the external auditor is to independently audit and report on the fair presentation of the financial statements in all material respects and their report is presented on page 33.

The directors accept responsibility for the integrity, objectivity and reliability of the financial statements of the company and group. Complete accounting records have been kept to support this. The directors support the principle of transparent reporting and delegated the responsibility for the preparation and presentation of the financial statements to management.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurances as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitable, trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors believe that the group has adequate resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors are satisfied that the financial statements fairly present the financial situation and results of operations and cash flows of the company and the group for the year ended 28 February 2011.

The directors of the group, whose names are given on pages 10 and 11 of this Annual Report, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted, which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Annual Report contains all the information required by the Listings Requirements of the JSE Limited.

The annual financial statements appearing on pages 34 to 73 were approved by the board of directors on 18 April 2011, and are signed on its behalf by:

Gary Morolo, Chairman
Midrand, 18 April 2011

Ahmed Mahomed, Chief Executive Officer

Certificate of the Company Secretary

I certify, in my capacity as company secretary and in accordance with section 268G (d) of the Companies Act of South Africa, Act 61 of 1973, as amended, that for the year ended 28 February 2011 the company has lodged with the Registrar of Companies all such returns as are required from a public company in terms of the Act and that these returns are true, correct and up to date.

Annamarie van der Merwe
Ithemba Governance and Statutory Solutions (Proprietary) Limited
Company Secretary
Midrand, 18 April 2011

Independent Auditors' Report

To the members of Datacentrix Holdings Limited
We have audited the accompanying annual financial statements and group annual financial statements of Datacentrix Holdings Limited, which comprise the consolidated and separate statements of financial position as at 28 February 2011, and the consolidated and separate statements of comprehensive income, changes in equity and of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the directors' and audit committee's reports set out on pages 34 to 73.

Director's Responsibility for the Financial Statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with statements of International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Datacentrix Holdings Limited as at 28 February 2011, and of its consolidated and separate financial performances and its consolidated and seperate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per Zuleka Jasper
Partner

PO Box 11007, Hatfield, 0028
221 Waterkloof Road, Waterkloof, Pretoria, 0181

Midrand, 18 April 2011

Directors' and Audit Committee's Reports

DIRECTORS' REPORT

The directors have pleasure in presenting their report on the activities of the group and company for the year ended 28 February 2011.

General Review
The year under review is fully covered in the chairman's and the CEO's reports.

Share Capital
There were no movements in the share capital of the company. Details of the authorised and issued share capital appear in note 20 to the annual financial statements.

Directors and Secretary
Biographical notes of the current directors are shown within this report. Details of directors' remuneration and options are reported on in the corporate governance report. During the financial year under review, Dudu Nyamane was re-appointed to the board as an independent, non-executive director and as a member of the Human Resources and Remuneration Committee. The board is pleased to announce the appointment of Troy Dyer as an independent non-executive director effective 23 March 2011. According to the company's Articles of Association, at the forthcoming Annual General Meeting, three directors should retire by rotation. The company secretary is Ithemba Governance and Statutory Solutions (Proprietary) Limited.

Auditors
Deloitte & Touche were the auditors for the year ended 28 February 2011 and will be proposed for re-appointment as auditors for the forthcoming year at the Annual General Meeting.

Directors' Responsibilities
The annual financial statements are the responsibility of the directors of the company. The directors fulfil this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisation and that the financial records are reliable.

Going Concern
Following due consideration of the operating budgets, an assessment of group debt covenants and funding requirements, solvency and liquidity, the major risks, outstanding legal, insurance and taxation issues, and other pertinent matters presented by management, the directors have recorded that they have reasonable expectation that the company and the group have adequate resources and the ability to continue in operation for the foreseeable future. For these reasons, the financial statements have been prepared on a going concern basis.

Audit Committee and Risk Committee
Details of the Audit Committee and Risk Committee are reported under the corporate governance report.

Subsidiaries
Details of principal subsidiary companies appear within note 14.

Holding Companies and Major Shareholders
Shareholders holding beneficially, directly or indirectly in excess of five percent of the issued share capital of the company are detailed in note 30.

Financial Results
The financial results for the year ended 28 February 2011 are set out in detail within these annual financial statements.

Capital Expenditure
The company spent R23.7 million (2010: R19 million) on assets. R9 million (2010: R15.5 million) was spent on spares stock, also classified as fixed assets.

Dividends
Details of the dividends and distributions declared and paid are shown in note 9.

Events Subsequent to Financial Year End
The board advised that the need to be fully BEE compliant, especially in relation to black shareholding, has become imperative, and in the light of that the company has embarked on a process to conclude a BEE transaction that would make the company more fully compliant with the current and emerging policy and regulatory developments. The directors are not aware of any other matters or circumstances arising since the end of the financial year until the date of this report, not otherwise dealt with in the annual financial statements, which would significantly affect the financial position of the group or the results of its operations.

Interests of Directors
Details of directors' interest in contracts or share or reference to, are dealt within the corporate governance report.

Directors' Remuneration
Details of directors' remuneration are dealt with in the corporate governance report.

Insurance
The group has placed cover in the South African traditional insurance markets to ensure that all categories of risk are covered adequately. Additional cover on a per risk basis has been purchased where appropriate.

AUDIT COMMITTEE' S REPORT

The Corporate Laws Amendment Act 24 of 2006 (CLAA) came into effect on 14 December 2007. In compliance with the CLAA and section 270A of the Companies Act, Act 61 of 1973 (as amended by the Corporate Laws Amendments Act 24 of 2006), an Audit Committee was appointed by the board of directors. This committee comprises of Alwyn Martin (chairman), Thenjiwe Chikane and Troy Dyer.

During the financial year ended 28 February 2011, in addition to the duties set out in the Audit Committee's terms of reference, the Audit Committee carried out its functions as follows:

- Nominated the appointment of Deloitte & Touche as the registered independent auditor after satisfying itself through enquiry that Deloitte & Touche is independent as defined in terms of the CLAA;
- Determined the fees to be paid to Deloitte & Touche and their terms of engagement;
- Ensured that the appointment of Deloitte & Touche complied with the CLAA and any other legislation relating to the appointment of auditors;
- Approved a non-audit services policy that determines the nature and extent of any non-audit services, which Deloitte & Touche may provide to the company; and
- Pre-approved any proposed contract with Deloitte & Touche for the provision of non-audit services to the company.

The Audit Committee has satisfied itself through enquiry that Deloitte & Touche and Zuleka Jasper, the designated auditor, are independent of the company. The Audit Committee recommended the annual financial statements for the year ended 28 February 2011 for approval to the board. The board has subsequently approved the annual financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

Alwyn Martin
Audit Committee Chairman
Midrand, 18 April 2011

Statements of Comprehensive Income

for the year ended 28 February 2011

	Notes	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Revenue	3	**1 575 739**	1 290 781	**-**	-
Changes in inventories of finished goods and work in progress		**2 005**	(2 444)	**-**	-
Finished goods sold		**(1 006 215)**	(811 567)	**-**	-
Employee benefits expense		**(362 090)**	(295 314)	**-**	-
Depreciation, amortisation and impairments		**(25 653)**	(19 446)	**-**	-
Operating expenses		**(59 348)**	(54 837)	**(712)**	(723)
Income from investments	4	**12 839**	14 945	**97 809**	28 011
Finance costs	5	**(45)**	(21)	**-**	-
Profit before taxation	6	**137 232**	122 097	**97 097**	27 288
Income taxation expense	7	**(47 034)**	(41 692)	**(6 261)**	(6 240)
Total comprehensive income for the year attributable to ordinary shareholders		**90 198**	80 405	**90 836**	21 048
Basic earnings per ordinary share (cents)	8	**46.1**	41.1		
Diluted basic earnings per ordinary share (cents)	8	**45.3**	40.6		
Declared dividend per share (cents)	9	**#13.9**	30.0		

 # interim dividend only

Statements of Financial Position

as at 28 February 2011

	Notes	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
ASSETS					
Non-current assets		**76 997**	72 099	**87 389**	52 325
Property and equipment	10	**37 536**	39 297	**-**	-
Goodwill	11	**15 596**	15 596	**-**	-
Intangible assets - software	12	**2 354**	1 680	**-**	-
Long-term receivables	13	**-**	1 036	**-**	-
Investment in subsidiaries	14	**-**	-	**87 389**	52 325
Deferred taxation assets	15	**21 511**	14 490	**-**	-
Current assets		**585 444**	518 155	**7 077**	6 873
Loan to share trust	16	**-**	-	**6 627**	6 627
Current taxation assets		**154**	-	**-**	-
Inventories	17	**10 877**	12 882	**-**	-
Trade and other receivables	18	**253 243**	220 437	**142**	147
Cash and cash equivalents	19	**321 170**	284 836	**308**	99
TOTAL ASSETS		**662 441**	590 254	**94 466**	59 198
EQUITY AND LIABILITIES					
Capital and reserves		**420 027**	383 152	**94 155**	59 035
Share capital	20	**21**	21	**21**	21
Share premium	20	**37 544**	37 442	**39 280**	39 280
Treasury shares	20	**(38 799)**	(38 200)	**-**	-
Equity-settled share scheme reserve	20	**24 761**	17 872	**24 761**	17 872
Retained earnings		**396 500**	366 017	**30 093**	1 862
Non-current liability		**18 292**	11 921	**-**	-
Deferred revenue - long-term	21	**18 292**	11 921	**-**	-
Current liabilities		**224 122**	195 181	**311**	163
Deferred revenue - short-term	21	**42 962**	32 520	**-**	-
Trade and other payables	22	**177 773**	158 019	**311**	163
Current taxation liabilities		**-**	1 098	**-**	-
Provisions	23	**1 500**	1 849	**-**	-
Lease smoothing liability		**1 887**	1 695	**-**	-
TOTAL EQUITY AND LIABILITIES		**662 441**	590 254	**94 466**	59 198

Statements of Changes in Equity

for the year ended 28 February 2011

	Share capital R'000	Share premium R'000	Treasury shares R'000	Equity-settled share scheme reserve R'000	Retained earnings R'000	Total R'000
GROUP						
Balance at 28 February 2009	21	37 366	(37 166)	15 272	345 132	360 625
Total comprehensive income for the year	-	-	-	-	80 405	80 405
Treasury shares - movement during the year	-	-	(1 034)	-	-	(1 034)
Share-based payment	-	-	-	2 600	-	2 600
Dividend paid	-	-	-	-	(59 520)	(59 520)
Profit on sale of treasury shares	-	76	-	-	-	76
Balance at 28 February 2010	**21**	**37 442**	**(38 200)**	**17 872**	**366 017**	**383 152**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**90 198**	**90 198**
Treasury shares - movement during the year	**-**	**-**	**(599)**	**-**	**-**	**(599)**
Share-based payment	**-**	**-**	**-**	**6 889**	**-**	**6 889**
Dividend paid	**-**	**-**	**-**	**-**	**(59 715)**	**(59 715)**
Profit on sale of treasury shares	**-**	**102**	**-**	**-**	**-**	**102**
Balance at 28 February 2011	**21**	**37 544**	**(38 799)**	**24 761**	**396 500**	**420 027**
COMPANY						
Balance at 28 February 2009	21	39 280	-	15 272	43 214	97 787
Total comprehensive income for the year	-	-	-	-	21 048	21 048
Share-based payment	-	-	-	2 600	-	2 600
Dividend paid	-	-	-	-	(62 400)	(62 400)
Balance at 28 February 2010	**21**	**39 280**	**-**	**17 872**	**1 862**	**59 035**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**90 836**	**90 836**
Share-based payment	**-**	**-**	**-**	**6 889**	**-**	**6 889**
Dividend paid	**-**	**-**	**-**	**-**	**(62 605)**	**(62 605)**
Balance at 28 February 2011	**21**	**39 280**	**-**	**24 761**	**30 093**	**94 155**

Statements of Cash Flow

for the year ended 28 February 2011

	Notes	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from clients		**1 542 933**	1 355 701	**5**	-
Cash paid to suppliers and employees		**(1 379 816)**	(1 202 368)	**(564)**	(712)
Cash generated from (utilised in) operations	**34**	**163 117**	153 333	**(559)**	(712)
Interest received		**12 839**	14 945	**9**	11
Interest paid		**(45)**	(21)	**-**	-
Dividend received from subsidiaries		**-**	-	**97 800**	28 000
Dividend paid		**(59 715)**	(59 520)	**(62 605)**	(62 400)
Taxation paid	**35**	**(55 307)**	(42 217)	**(6 261)**	(6 240)
Net cash inflow (outflow) from operating activities		**60 889**	66 520	**28 384**	(41 341)
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property and equipment to maintain operations		**(23 695)**	(18 985)	**-**	-
Proceeds from sale of property and equipment		**632**	3 162	**-**	-
Decrease in amounts receivable under finance leases		**1 036**	3 914	**-**	-
(Increase) decrease in investment and advance payments		**-**	-	**(28 175)**	41 259
Acquisition of intangible assets		**(1 929)**	(1 582)	**-**	-
Net cash (outflow) inflow from investing activities		**(23 956)**	(13 491)	**(28 175)**	41 259
CASH FLOW FROM FINANCING ACTIVITIES					
Increase in treasury shares		**(599)**	(1 034)	**-**	-
Net cash outflow from financing activities		**(599)**	(1 034)	**-**	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**36 334**	51 995	**209**	(82)
Cash and cash equivalents at the beginning of the year		**284 836**	232 841	**99**	181
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**321 170**	284 836	**308**	99

Notes to the Annual Financial Statements

for the year ended 28 February 2011

1. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following Standards and Interpretations have been adopted during the year:

International Financial Reporting Standard		Effective Date
IFRS 2	Share-based Payment - Amendments relating to group cash-settled share-based payment transactions.	Annual periods beginning on or after 1 January 2010
IFRS 3	Business Combinations - Comprehensive revision on applying the acquisition method.	Annual periods beginning on or after 1 July 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from May 2008 Annual Improvements to IFRSs.	Annual periods beginning on or after 1 July 2009
IFRS 7	Financial Instruments: Disclosures - Amendment related to the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments. Removal of disclosure requirements. The company has applied the amendments in advance of their effective date.	Annual periods beginning on or after 1 January 2011
IAS 1	Presentation of Financial Statements - clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.	Annual periods beginning on or after 1 January 2010
IAS 1	Presentation of Financial Statements - Statement of changes in equity clarification. The company has applied the amendments in advance of their effective date.	Annual periods beginning on or after 1 January 2011
IAS 7	Statement of Cash Flows - specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.	Annual periods beginning on or after 1 January 2010
IAS 27	Consolidated and Separate Financial Statements - The revised Standard has affected the companies' policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control.	Annual periods beginning on or after 1 January 2010
IAS 28	Investments in Associates - Consequential amendments arising from amendment to IAS 27 and Improvements to IFRSs that the amendments should be applied prospectively.	Annual periods beginning on or after 1 July 2010
IFRIC 18	Transfer of Assets from Customers - Addressing the accounting by recipients for transfers of property, plant and equipment from 'customers'.	Annual periods beginning on or after 1 July 2009
Improve-ments to IFRSs issued in 2009	Except for the amendments to IFRS 5, IAS 1 and IAS 7 described earlier, the application of Improvements to IFRSs issued in 2009 has not had any material effect on amounts reported in the financial statements.	

1. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)

At the date of authorisation of the annual financial statements, the following Standards and Interpretations applicable to the company were in issue, but not yet effective:

International Financial Reporting Standard		Effective Date
IFRS 1	First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters.	Annual periods beginning on or after 1 July 2010
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendment permitting the use of revaluation carried out after the date of transition as a basis for deemed cost.	Annual periods beginning on or after 1 January 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards - clarifying that changes in accounting policies in the year of adoption that fall outside of the scope of IAS 8.	Annual periods beginning on or after 1 January 2011
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendment permitting the use of carrying amount under previous GAAP as deemed cost for operations subject to rate regulation.	Annual periods beginning on or after 1 January 2011
IFRS 3	Business Combinations - Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS.	Annual periods beginning on or after 1 January 2011
IFRS 3	Business Combinations - Clarification on the measurement of non-controlling interests.	Annual periods beginning on or after 1 January 2011
IFRS 3	Business Combinations - Additional requirements on un-replaced and voluntarily replaced share-based payment awards.	Annual periods beginning on or after 1 January 2011
IFRS 7	Financial Instruments: Disclosures - Amendment related to the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments. Removal of disclosure requirements.	Annual periods beginning on or after 1 January 2011
IFRS 7	Financial Instruments: Disclosures - Amendments requiring additional disclosure on transfer transactions of financial assets, and the effects of any residual risks that the transferring entity retains. And additional disclosures for disproportionate number of transfer transactions undertaken around the end of a reporting period.	Annual periods beginning on or after 1 July 2011
IFRS 9	Financial Instruments - Classification and Measurement.	Annual periods beginning on or after 1 January 2013
IAS 1	Presentation of Financial Statements - Statement of changes in equity clarification.	Annual periods beginning on or after 1 January 2011
IAS 21	The Effects of Changes in Foreign Exchange Rates - Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements. The transition rules iro the disposal or an interest in a foreign operation.	Annual periods beginning on or after 1 July 2010

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

1. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)

International Financial Reporting Standard		Effective Date
IAS 24	Related Party Disclosures - Revised definition of related parties.	Annual periods beginning on or after 1 January 2011
IAS 27	Consolidated and Separate Financial Statements - The transition requirements for amendments arising as a result of IAS 27 Consolidated.	Annual periods beginning on or after 1 July 2010
IAS 27	Consolidated and Separate Financial Statements - The transition requirements for amendments arising as a result of IAS 27 Consolidated.	Annual periods beginning on or after 1 July 2010
IAS 28	Investments in Associates - Consequential amendments arising from amendment to IAS 27.	Annual periods beginning on or after 1 July 2010
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendment to IAS 27.	Annual periods beginning on or after 1 July 2010
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues.	Annual periods beginning on or after 1 February 2010
IAS 34	Interim Financial Reporting - Disclosure requirements for significant events and transactions (including financial instruments).	Annual periods beginning on or after 1 January 2011
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction - Prepayments of a Minimum Funding Requirement.	Annual periods beginning on or after 1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments.	Annual periods beginning on or after 1 July 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with the prior year. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, which are stated at fair value or amortised cost, as applicable. The principal accounting policies adopted are set out below. All subsidiaries, and other entities controlled by the company complied with these accounting policies.

Basis of Consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company, its subsidiary companies and the Datacentrix Holdings Share Trust, all of which are controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The operating results of subsidiary companies are included from the effective dates of acquisition, up to the effective dates of disposal. All inter-company transactions and balances have been eliminated on consolidation. Premiums that arise on the acquisition of subsidiary companies and any excess of the net assets of a subsidiary company over the cost of acquisition are treated in terms of the group's accounting policy for goodwill and negative goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3: Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss. The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Property and Equipment

All items of property and equipment, except for land which is stated at cost, are stated at original cost less accumulated depreciation and any impairment losses. Depreciation is charged so as to write-off the cost of assets over their estimated useful lives to their residual values, using the straight-line method. Depreciation commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Computer equipment utilised in large enterprise outsourcing contracts are depreciated over the term of the contract to their residual values. When the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are discounted to their present values.

A gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income. Loose tool replacements are written-off as an expense in the year in which the expense is incurred, and are shown at a nominal value in the statement of financial position.

Non-current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Assets

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Goodwill is reviewed for impairment on an annual basis, regardless of whether there are any indicators of impairment or more frequently when there is an indication that the cash generating unit to which it belongs may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised in profit and loss for the year. It is first allocated to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis.

Other than for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount. This is done so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit and loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

A cash generating unit within the group is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets.

Intangible Assets

Goodwill and Negative Goodwill

Goodwill and negative goodwill represents the excess or shortfall of the cost of acquisition of the group's interest over the fair value of the identifiable assets and liabilities of a division, subsidiary, associate or jointly controlled entity at the date of acquisition.

All business combinations are accounted for by applying the purchase method. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and tested annually for impairment. A recognised impairment loss is never reversed in a subsequent period. Negative goodwill arising on an acquisition is recognised directly in income. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Software

All items of software are stated at original cost less accumulated amortisation and impairment losses. Amortisation is charged so as to write-off the cost of assets over their estimated useful lives to residual values, using the straight-line method.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as Lessor (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as Lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Taxation

Income taxation expense represents the sum of the taxation currently payable and deferred taxation. The charge for current taxation is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using taxation rates that have been enacted or substantively enacted by the year end.

Deferred taxation is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable profit. In principle, deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the taxation profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising from investment in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation is calculated at the taxation rates that are expected to apply when the asset is realised or the liability is settled. Deferred taxation is charged or credited in profit and loss for the year, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred taxation is also dealt with accordingly.

Secondary taxation on companies (STC) is recognised in the year when dividends are declared, net of dividends received on which STC credits arise. A taxation asset is recognised on unutilised STC credits when it is probable that such STC credits will be utilised in future.

Inventories

All inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Redundant and slow-moving inventories are identified and written-down with regard to their estimated economic or realisable values.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories (continued)
The net realisable value is determined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Financial Instruments
Financial assets and financial liabilities are recognised in the statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial Assets
Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial Assets at FVTPL
Financial assets are classified as FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets (continued)

Financial Assets as FVTPL (continued)
Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 29.

AFS Financial Assets
Unlisted shares and listed redeemable notes held by the group that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 29. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period. Dividends on AFS equity instruments are recognised in profit or loss when the group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at year end. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and Receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of Financial Assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:
- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 45 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets (continued)

Impairment of Financial Assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of Financial Assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity Instruments issued by the Group

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at 'FVTP' or 'other financial liabilities'.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Liabilities and Equity Instruments issued by the Group (continued)

Financial Liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 29.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of Financial Liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Derivative Financial Instruments

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 29.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each year end. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions, or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Liabilities and Equity Instruments issued by the Group (continued)

Embedded Derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Fair Value Hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of comprehensive income relating to the hedged item.

Revenue
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value-added taxation.

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the group and the amount of revenue can be measured reliably. Sale of goods is recognised when goods are delivered and title has passed.

The group generates revenue both as a principal and an agent. The group sells certain licences on behalf of software developers and recognises revenue as the difference between the gross sales price to the client and the gross cost paid to the licence provider. For all other classes of revenue the group generates revenue as a principal.

Revenue derived from services rendered relates to service and maintenance contracts taken out over a 12 to 36 month period. The revenue, which is deferred, is recognised over the period of the contract.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Foreign Currencies
Transactions in currencies other than South African Rands are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling at year end. Profit and losses arising on exchange are dealt with in profit or loss.

Retirement Benefits
Payments to defined contribution retirement plans are charged as an expense as they fall due.

Provisions
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

Finance Costs
All finance costs are recognised in profit or loss in the period in which they are incurred.

Related Party Transactions
The company does not have a single controlling shareholder. All subsidiaries of the group are related parties. A list of major subsidiaries is included in note 14.

Employee Benefits
Options are granted to employees and directors in terms of equity compensation plans at fair value of the company's shares at the date of granting the options. When exercised at a later date, shares are issued at the option value.

Any losses or profits incurred by the group or the Datacentrix Holdings Share Trust on the exercise of options by employees are accounted for against share premium. Shares held by the trust are treated as treasury shares. Any potential losses that could be incurred by the trust where vested options are immediately exercisable are booked against share premium. Potential losses or profit on vested options exercisable at future dates or profits on options exercisable immediately are disclosed by way of a note.

Share-based Payments
The group issues equity-settled payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined with the binomial model at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market vesting conditions.

The expected life used in the binomial model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical Judgements in Applying the Group's Accounting Policies
In the process of applying the group's accounting policies, which are described earlier in this note, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Revenue Recognition
Note 3 sets out the different types of revenue recognised for the businesses of Infrastructure, Managed Services and Business Solutions. In making its judgement of how to treat the revenue of the various transactions, management considered the detailed criteria for the recognition of revenue from the sale of goods and services, set out in IAS 18: Revenue, and in particular, whether the group had transferred to the buyer the significant risks and rewards of ownership of the goods.

Where a single contract price is negotiated with a client for both goods and services, the split is determined with reference to the usual sales prices for these specific goods and services.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units to which goodwill has been allocated. The value in use requires the group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at year end was R15.596 million (2010: R15.596 million) with no impairment losses in the current and prior financial year.

Useful Lives and Residual Values of Assets

Useful lives and residual values of assets are reviewed at least once a year, at year end. Management is of the opinion that the useful lives and residual values of the assets currently carried are in line with industry norms. Refer to note 10 and 12 for details.

Inventory Carried at Net Realisable Value

The net realisable value of inventory represents the estimated selling price in the current market at year end. The group provides for the amount, which the cost of inventory is higher than the net realisable value multiplied by the units of stock on hand at year end. No such provision was required in the current or prior year.

Leave Pay Accrual

The leave pay accrual relates to possible vesting leave pay to which employees may become entitled upon leaving the employment of the group. The accrual arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The accrual is utilised when employees become entitled to and are paid for the accumulated leave pay or utilise compensated leave due to them.

Provision for Bad Debts

The provision for bad debts relates to possible recoverability and ageing issues regarding specific debtors. These are analysed on a one-on-one basis. No provision was raised in the current and prior financial year.

Fair Value of Financial Instruments

As described in note 29, the directors used their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. For derivative financial instruments assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

3. REVENUE

An analysis of the group's revenue for the year is as follows:

	Group	
	2011 R'000	**2010 R'000**
Sale of goods	**991 292**	834 592
Services rendered	**526 502**	413 118
Rental income - hardware	**3 656**	8 098
Commission income - sale of licenses	**54 289**	34 973
	1 575 739	1 290 781

4. INCOME FROM INVESTMENTS

	Group		Company	
	2011 R'000	**2010 R'000**	**2011 R'000**	**2010 R'000**
Interest on bank deposits	**12 839**	14 945	**9**	11
Dividends received from subsidiaries	**-**	-	**97 800**	28 000
	12 839	14 945	**97 809**	28 011

5. FINANCE COSTS

	Group 2011	Group 2010	Company 2011	Company 2010
Interest paid to financial institutions	**45**	21	**-**	-

6. PROFIT BEFORE TAXATION

Profit before taxation for the year has been arrived at after charging (crediting):

	Group	
	2011 R'000	**2010 R'000**
Auditors' remuneration		
- external audit fees	**2 350**	2 200
- fees for other services (taxation and advisory services)	**432**	1 427
Net foreign exchange loss		
- realised	**1 802**	3 662
- unrealised	**313**	635
	2 115	4 297
Depreciation of property and equipment	**24 398**	18 013
Total employee benefits expense	**362 090**	295 314
Operating lease payments - properties	**13 456**	11 239
Retirement fund contributions (included in employee benefits expense)	**20 214**	19 564
Amortisation of software	**1 255**	1 433
Loss (profit) on disposal of property and equipment		
- various assets	**425**	(212)
Loss on sale of software	**-**	11

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

7. INCOME TAXATION EXPENSE

	Group		Company	
	2011 R'000	**2010 R'000**	**2011 R'000**	**2010 R'000**
Taxation charge				
SA normal taxation - current year	**47 793**	29 112	**-**	-
SA normal taxation - prior year	**-**	(124)	**-**	-
Deferred taxation - current year	**(7 027)**	6 383	**-**	-
Deferred taxation - prior year	**7**	81	**-**	-
Secondary taxation on companies	**6 261**	6 240	**6 261**	6 240
	47 034	41 692	**6 261**	6 240

SA normal income taxation is calculated at 28% (2010: 28%) of the estimated assessable profit for the year. Secondary Taxation on Companies (STC) is calculated at 10% (2010: 10%) on the net dividends payable. The company elected to only pay STC declared by the company and not its subsidiaries. Deferred taxation is calculated at 28% (2010: 28%).

	%	%	%	%
Reconciliation of rate of taxation				
Taxation at statutory rate	**28.0**	28.0	**28.0**	28.0
Expenses (income) not allowed for taxation	**1.7**	1.1	**(28.0)**	(28.0)
Secondary taxation on companies	**4.6**	5.1	**6.5**	22.9
Effective taxation rate for the year	**34.3**	34.2	**6.5**	22.9

8. EARNINGS PER SHARE AND OTHER PER SHARE INFORMATION

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the company is based on the following data:

	Group	
	2011 R'000	**2010 R'000**
Earnings for the purpose of earnings per share	**90 198**	80 405
Number of shares		
Weighted average number of ordinary shares for the purposes of earnings per share	**195 797 991**	195 797 991
Effect of dilutive potential ordinary shares: Share options	**3 392 086**	2 459 308
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**199 190 077**	198 257 299
Earnings per share (cents)		
Basic	**46.1**	41.1
Diluted	**45.3**	40.6
Headline earnings for the purposes of headline earnings per share		
Total comprehensive income attributable to ordinary shareholders	**90 198**	80 405
Loss (profit) on disposal of assets	**425**	(212)
Headline earnings for the purposes of basic and diluted headline earnings per share	**90 623**	80 193

8. EARNINGS PER SHARE AND OTHER PER SHARE INFORMATION (continued)

	Group	
	2011 R'000	**2010 R'000**
Number of shares		
Weighted average number of ordinary shares for the purposes of headline earnings per share	**195 797 991**	195 797 991
Effect of dilutive potential ordinary shares: Share options	**3 392 086**	2 459 308
Weighted average number of ordinary shares for the purposes of diluted headline earnings per share	**199 190 077**	198 257 299
Headline earnings per share (cents)		
Basic	**46.3**	41.0
Diluted	**45.5**	40.5
Net asset value per share		
Net asset value per share is calculated by dividing the ordinary shareholder's equity by the issued share capital at year end		
Number of shares		
Closing number of shares (net of shares held by the Datacentrix Holdings Share Trust)	**195 797 991**	195 797 991
Net asset value		
Ordinary shareholder's equity	**420 027**	383 152
Net asset value (adjusted for treasury shares) per share (cents)	**214.5**	195.7
Tangible net asset value		
Tangible net asset value per share is calculated by dividing the ordinary shareholder's equity, less intangibles, by the issued share capital at year end		
Number of shares		
Closing number of shares (net of shares held by the Datacentrix Holdings Share Trust)	**195 797 991**	195 797 991
Net asset value		
Ordinary shareholder's equity	**420 027**	383 152
Adjustment: less intangible assets	**(17 950)**	(17 276)
Tangible net asset value	**402 077**	365 876
Tangible net asset value (adjusted for treasury shares) per share (cents)	**205.4**	186.9

9. DIVIDEND

On 17 May 2010 a dividend of 16.6 cents per share was paid to shareholders. In respect of the current year, the directors declared an interim dividend of 13.96 cents. The board advised that the need to be fully BEE compliant, especially in relation to black shareholding, has become imperative, and in the light of that the company has embarked on a process to conclude a BEE transaction that would make the company more compliant with the current and emerging policy and regulatory developments.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

10. PROPERTY AND EQUIPMENT - GROUP ONLY

2011	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COST				
Land	**1 915**	**-**	**-**	**1 915**
Buildings	**13 548**	**-**	**-**	**13 548**
Motor vehicles	**1 630**	**1 099**	**(433)**	**2 296**
Furniture and fittings	**6 351**	**1 621**	**(19)**	**7 953**
Computer equipment	**20 630**	**5 625**	**(2 414)**	**23 841**
Office equipment	**5 993**	**2 516**	**(579)**	**7 930**
Spare parts	**31 183**	**9 015**	**(4 785)**	**35 413**
Leasehold improvements	**1 414**	**3 819**	**(26)**	**5 207**
Total	**82 664**	**23 695**	**(8 256)**	**98 103**

	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
ACCUMULATED DEPRECIATION				
Land	**-**	**-**	**-**	**-**
Buildings	**252**	**-**	**-**	**252**
Motor vehicles	**1 179**	**397**	**(330)**	**1 246**
Furniture and fittings	**4 664**	**729**	**(14)**	**5 379**
Computer equipment	**14 849**	**4 640**	**(1 683)**	**17 806**
Office equipment	**3 668**	**835**	**(311)**	**4 192**
Spare parts	**17 507**	**17 606**	**(4 834)**	**30 279**
Leasehold improvements	**1 248**	**191**	**(26)**	**1 413**
Total	**43 367**	**24 398**	**(7 198)**	**60 567**

2010	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COST				
Land	1 915	-	-	1 915
Buildings	13 548	-	-	13 548
Motor vehicles	1 630	-	-	1 630
Furniture and fittings	6 153	198	-	6 351
Computer equipment	24 021	2 985	(6 376)	20 630
Office equipment	5 707	298	(12)	5 993
Spare parts	21 483	15 504	(5 804)	31 183
Leasehold improvements	1 414	-	-	1 414
Total	75 871	18 985	(12 192)	82 664

	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
ACCUMULATED DEPRECIATION				
Land	-	-	-	-
Buildings	252	-	-	252
Motor vehicles	904	275	-	1 179
Furniture and fittings	4 121	543	-	4 664
Computer equipment	11 964	6 808	(3 923)	14 849
Office equipment	2 882	798	(12)	3 668
Spare parts	13 277	9 537	(5 307)	17 507
Leasehold improvements	1 196	52	-	1 248
Total	34 596	18 013	(9 242)	43 367

10. PROPERTY AND EQUIPMENT - GROUP ONLY (continued)

	Group	
	2011 R'000	**2010 R'000**
NET BOOK VALUE AND DEPRECIATION RATES APPLIED		
Land	**1 915**	1 915
Buildings (5%)	**13 296**	13 296
Motor vehicles (25%)	**1 050**	451
Furniture and fittings (16.7%)	**2 574**	1 687
Computer equipment (33.3%)	**6 035**	5 781
Office equipment (15% to 33.3%)	**3 738**	2 325
Spare parts (33.3%)	**5 134**	13 676
Leasehold improvements (period of lease)	**3 794**	166
Total	**37 536**	39 297

Land comprises stand number 865 Kosmosdal, Extension 11, Gauteng with buildings and additions thereon at additional costs. The register of land and buildings is open for inspection at the registered office of the company.

Computer equipment includes an amount of R6,625,000 cost (2010: R6,040,000) and R4,712,000 accumulated depreciation (2010: R4,371,000) in relation to printers used within our Managed Print Services business on client premises.

11. GOODWILL

Carrying amount at the beginning of the year	**15 596**	15 596
Goodwill at acquisition	**24 114**	24 114
Accumulated impairments	**(8 518)**	(8 518)
Impairment recognised during the year	**-**	-
Carrying amount at the end of the year	**15 596**	15 596
Goodwill at acquisition net of disposals	**24 114**	24 114
Accumulated impairments	**(8 518)**	(8 518)

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The calculations were done with reference to the smallest cash generating units being the Johannesburg unit and the Business Solutions division respectively. The recoverable amounts of the cash generating units are determined based on value in use. This value in use is determined by means of a discounted cash flow model. Five year cash flow forecasts were used to assess this. The key assumptions in the calculations included an average discount rate of 9% (2010: 14%) and expected volume growth of zero percent. Management considers these rates to be conservative.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

12. OTHER INTANGIBLE ASSETS - SOFTWARE

	Group	
	2011 R'000	**2010 R'000**
Carrying amount at the beginning of the year	**1 680**	1 542
Cost	**9 957**	7 907
Amortised to the beginning of the year	**(8 277)**	(6 365)
Additions during the year	**1 929**	1 582
Disposals during the year	**-**	(11)
Amortisation recognised during the year	**(1 255)**	(1 433)
Carrying amount at the end of the year	**2 354**	1 680
Cost at acquisition	**11 886**	9 957
Amortised to the end of the year	**(9 532)**	(8 277)

The amortisation rate applied was 33% (2010: 33%).

13. LONG-TERM RECEIVABLES

Amounts receivable under finance leases	**-**	3 108
- Short-term portion (within one year) (refer note 18)	**-**	2 072
- Long-term portion (after one year)	**-**	1 036

An amount of R10.9 million was prepaid to a supplier in respect of a desktop management outsource transaction with a client. This cost was settled earlier by the client resulting in no balances outstanding.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 R'000	**2010 R'000**
Shares at cost	**22 313**	22 313
Amount owing by subsidiary companies	**65 076**	30 012
	87 389	52 325

14. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary / *Principal activity*	Issued share capital 2011 R'000	Issued share capital 2010 R'000	Effective percentage held 2011 %	Effective percentage held 2010 %	Shares at cost 2011 R'000	Shares at cost 2010 R'000	Net receivable 2011 R'000	Net receivable 2010 R'000
Datacentrix (Proprietary) Limited *IT infrastructure and managed services*	**2**	2	**100**	100	**10 857**	10 857	**56 204**	21 140
Datacentrix Solutions (Proprietary) Limited *Business solutions*	**200**	200	**100**	100	**9 799**	9 799	**8 872**	8 872
Datacentrix Infrastructure Optimisation (Proprietary) Limited *Dormant*	**22 220**	22 220	**100**	100	**1 657**	1 657	**-**	-
Dezzo Trading (Proprietary) Limited *Dormant*	**100**	100	**100**	100	**-**	-	**-**	-
E-centrix (Proprietary) Limited *Dormant*	**100**	100	**100**	100	**-**	-	**-**	-
Datacentrix Properties (Proprietary) Limited* *Property*	**100**	100	**100**	100	**-**	-	**-**	-
Styleprops Services 18 (Proprietary) Limited* *Dormant*	**100**	100	**100**	100	**-**	-	**-**	-
Datacentrix Outsourcing (Proprietary) Limited *Dormant*	**100**	100	**100**	100	**-**	-	**-**	-
Dirigible IT (Proprietary) Limited* *Dormant*	**100**	100	**100**	100	**-**	-	**-**	-
					22 313	22 313	**65 076**	30 012

* Indirect holding, i.e. through a subsidiary

The amounts owing by subsidiary companies are interest free with no fixed repayment terms.
The interest of the group in the net income (loss) of its subsidiary companies and special purpose entity is:

	Group	
	2011 R'000	**2010 R'000**
Datacentrix (Proprietary) Limited	**99 697**	69 689
Datacentrix Solutions (Proprietary) Limited	**(2 798)**	17 359
Datacentrix Holdings Share Trust	**113**	34
Datacentrix Properties (Proprietary) Limited	**252**	275
	97 264	87 357

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

15. DEFERRED TAXATION ASSETS

	Group	
	2011 R'000	**2010 R'000**
Provisions, forward exchange contract and lease liabilities	**12 897**	9 163
Property and equipment	**7 226**	5 369
Calculated taxation loss	**332**	367
Prepayments and restraint of trade payments	**(51)**	(64)
Deferred revenue on long-term contracts and finance leases	**1 107**	(345)
	21 511	14 490
Movement in deferred taxation:		
Carrying amount at the beginning of the year	**14 490**	20 954
Movement in:		
Provisions, forward exchange contract and lease liabilities	**3 734**	1 447
Property and equipment	**1 857**	446
Calculated taxation loss	**(35)**	6
Prepayments and restraint of trade payments	**13**	(38)
Deferred revenue on long-term contracts and finance leases	**1 452**	(8 325)
Carrying amount at the end of the year	**21 511**	14 490

The taxation effects of temporary timing differences of the company and subsidiary companies resulted in deferred taxation assets. It is probable that future taxable income will be sufficient to allow the taxation benefit to be realised.

16. LOAN TO SHARE TRUST

	Company	
	2011 R'000	**2010 R'000**
Loan to Datacentrix Holdings Share Trust	**6 627**	6 627

The loan is unsecured, interest-free and there are no fixed terms of repayment. Refer to note 26 for details in respect of the share trust.

17. INVENTORIES

	Group	
	2011 R'000	**2010 R'000**
Finished goods	**3 978**	3 510
Work in progress	**3 768**	4 954
Consumables	**3 131**	4 418
	10 877	12 882

Consumables stock relates to cartridges, which are supplied by the Managed Print Services business unit to clients.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 R'000	**2010 R'000**	**2011 R'000**	**2010 R'000**
Trade receivables	**243 823**	211 901	**-**	-
Short-term portion of long-term receivables (refer note 13)	**-**	2 072	**-**	-
Other receivables	**9 420**	6 464	**142**	147
	253 243	220 437	**142**	147

The average credit period on sale of goods is 45 days (2010: 45 days). No interest is charged on the trade receivables. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. There has historically been very limited bad debt due to the spread and quality of clients.

Before accepting any new client, the group considers bank and trade references to assess the potential client's credit quality and defines credit limits by client. There are no clients who represent more than 10% of the total balance of trade receivables.

Included in the group's trade receivable balance is debtors with a carrying amount of R20 million (2010: R24 million), which is past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances. The average age of these receivables is 56 days (2010: 58 days).

19. CASH AND CASH EQUIVALENTS

Bank balances and cash	**321 170**	284 836	**308**	99

The group and company had no overdrawn bank accounts at year end and therefore no off-setting of bank accounts has occurred on the statement of financial position. All cash resources are placed with reputable bankers.

20. SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND EQUITY-SETTLED SHARE SCHEME RESERVE

Share Capital				
Authorised				
400,000,000 (2010: 400,000,000) ordinary shares of R0,0001 each	**40**	40	**40**	40
Issued				
205,265,683 (2010: 205,265,683) ordinary shares of R0,0001 each	**21**	21	**21**	21
Share Premium				
Carrying amount at the beginning of the year	**37 442**	37 366	**39 280**	39 280
Profit on sale of treasury shares	**102**	76	**-**	-
Carrying amount at the end of the year	**37 544**	37 442	**39 280**	39 280
Treasury Shares	**(38 799)**	(38 200)	**-**	-

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

20. SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND EQUITY-SETTLED SHARE SCHEME RESERVE (continued)

The number of treasury shares held by the Datacentrix Holdings Share Trust amounts to 9,467,692 (2010: 9,467,692) ordinary shares.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Equity-settled Share Scheme Reserve				
Carrying amount at the beginning of the year	**17 872**	15 272	**17 872**	15 272
Expensed during the year	**6 889**	2 600	**6 889**	2 600
Carrying amount at the end of the year	**24 761**	17 872	**24 761**	17 872

The share-based payments expense in terms of IFRS 2 has been expensed to the statement of comprehensive income as part of the employee benefits and credited to this equity account.

21. DEFERRED REVENUE

	Group	
	2011 R'000	2010 R'000
Carrying amount at the beginning of the year	**44 441**	59 833
Long-term portion	**11 921**	16 328
Short-term portion	**32 520**	43 505
Deferral of revenue during the year	**92 604**	65 859
Realisation of revenue during the year	**(75 791)**	(81 251)
Carrying amount at the end of the year	**61 254**	44 441
Long-term portion	**18 292**	11 921
Short-term portion	**42 962**	32 520

Deferred revenue relates to service and maintenance contracts contracted for a 12 to 36 month period. The related revenue, which has been deferred, is recognised over the period of the contract.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Trade payables	**120 035**	112 448	**-**	-
Other accruals and payables	**57 738**	45 571	**311**	163
	177 773	158 019	**311**	163

23. PROVISIONS (short-term in nature)

	Group	
	2011 R'000	2010 R'000
Provision for Audit Fee		
Carrying amount at the beginning of the year	**1 849**	1 132
Provision made	**3 210**	3 054
Provision utilised	**(3 559)**	(2 337)
Carrying amount at the end of the year	**1 500**	1 849

Provision for Audit Fee

The audit fee provision is based on the total budget approved by the Audit Committee.

24. CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND LITIGATION STATEMENT

The directors of the company are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had, from 1 March 2010 up to the date of this notice, a material effect on the group's financial position.

The following bank guarantees were in place for subsidiary companies:

- R108,000 (2010: R108,000) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being Rosehip Properties 6 (Proprietary) Limited;
- R126,566 (2010: R126,566) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being Acucap Investments (Proprietary) Limited;
- R65,000,000 (2010: Rnil) for the execution of related contracts for Datacentrix (Proprietary) Limited with the beneficiary being IBM South Africa (Proprietary) Limited;
- R697,010 (2010: Rnil) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being IFOUR Properties Three (Proprietary) Limited; and
- R533,376 (2010: Rnil) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being Parch Properties 74 (Proprietary) Limited.

There are unlimited cross-suretyships between all the subsidiaries and the company for bank facilities. The group has no material contingent liabilities or capital commitments.

25. OPERATING AND FINANCE LEASE ARRANGEMENTS

Minimum lease payments under operating leases are recognised in income for the year. Operating lease payments represent rentals payable by the group for certain of its office properties. At the end of the reporting period, the group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2011 R'000	2010 R'000
Within one year	**14 230**	10 674
In the second to fifth year	**45 107**	12 206
	59 337	22 880

Operating leases relate to office facilities with lease terms of between one to three years, with an option to extend for a furtherthree years. All operating lease contracts contain market review clauses in the event that the group exercises its option to renew. The group does not have an option to purchase the leased asset at the expiry of the lease period.

26. SHARE-BASED PAYMENTS

Equity-settled Share Option Plan

The group plan provides for a grant price equal to the average quoted market price of the group shares on the date of grant. The vesting period is 12 to 54 months for employees and 12 to 36 months for executive directors. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the group before the option vests.

The share option plan is managed by the Datacentrix Holdings Share Trust. Datacentrix Holdings Limited funds the cash flow of the trust and has the obligation to fund the deficit of the trust on termination. The financial year in which an employee may exercise his/her options are as follows:

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

26. SHARE-BASED PAYMENTS (continued)

Equity-settled Share Option Plan (continued)

Exercise price	2011	2012	2013	2014	2015	2016	Total
92 cents	23 000	-	-	-	-	-	**23 000**
100 cents	1 026 840	-	-	-	-	-	**1 026 840**
130 cents	34 375	-	-	-	-	-	**34 375**
140 cents	50 000	-	-	-	-	-	**50 000**
150 cents	20 000	-	-	-	-	-	**20 000**
170 cents	35 000	-	-	-	-	-	**35 000**
200 cents	20 000	-	-	-	-	-	**20 000**
240 cents	50 000	-	-	-	-	-	**50 000**
245 cents	7 500	-	-	-	-	-	**7 500**
250 cents	78 750	-	-	-	-	-	**78 750**
270 cents	200 862	125 575	125 575	62 787	-	-	**514 799**
285 cents	15 000	-	-	-	-	-	**15 000**
300 cents	615 625	6 250	6 250	3 125	-	-	**631 250**
305 cents	50 000	-	-	-	-	-	**50 000**
310 cents	40 625	3 750	3 750	1 875	-	-	**50 000**
311 cents	882 083	499 167	232 500	116 250	-	-	**1 730 000**
315 cents	7 500	5 000	5 000	2 500	-	-	**20 000**
325 cents	25 000	7 500	5 000	2 500	-	-	**40 000**
330 cents	58 750	16 250	10 000	5 000	-	-	**90 000**
331 cents	7 500	5 000	5 000	2 500	-	-	**20 000**
340 cents	9 375	6 250	6 250	3 125	-	-	**25 000**
343 cents	2 750 000	-	-	-	-	-	**2 750 000**
350 cents	63 125	8 750	8 750	4 375	-	-	**85 000**
351 cents	5 625	3 750	3 750	1 875	-	-	**15 000**
360 cents	21 875	11 250	8 750	3 125	-	-	**45 000**
370 cents	33 750	22 500	22 500	11 250	-	-	**90 000**
376 cents	-	2 500	2 500	2 500	2 500	-	**10 000**
380 cents	39 375	5 625	-	-	-	-	**45 000**
383 cents	-	2 500	2 500	2 500	2 500	-	**10 000**
391 cents	-	15 000	18 750	18 750	18 750	3 750	**75 000**
393 cents	-	12 500	12 500	12 500	12 500	-	**50 000**
394 cents	-	7 500	7 500	7 500	7 500	-	**30 000**
397 cents	-	1 285 000	1 285 000	1 285 000	618 334	-	**4 473 334**
400 cents	71 250	57 500	45 625	30 625	28 750	1 250	**235 000**
401 cents	-	5 000	5 000	5 000	5 000	-	**20 000**
404 cents	-	5 000	10 000	10 000	10 000	5 000	**40 000**
410 cents	10 000	20 000	20 000	20 000	10 000	-	**80 000**
420 cents	18 750	7 500	3 750	-	-	-	**30 000**
423 cents	1 250	2 500	2 500	2 500	1 250	-	**10 000**
426 cents	10 000	20 000	20 000	20 000	10 000	-	**80 000**
431 cents	1 000 000	1 000 000	1 000 000	-	-	-	**3 000 000**
439 cents	1 875	3 750	3 750	3 750	1 875	-	**15 000**
449 cents	-	3 750	7 500	7 500	7 500	3 750	**30 000**
450 cents	17 500	2 500	-	-	-	-	**20 000**
456 cents	3 750	7 500	7 500	7 500	3 750	-	**30 000**
460 cents	25 000	6 250	6 250	6 250	6 250	-	**50 000**
466 cents	1 250	7 500	10 000	10 000	8 750	2 500	**40 000**
470 cents	3 750	7 500	7 500	7 500	3 750	-	**30 000**
471 cents	-	2 500	2 500	2 500	2 500	-	**10 000**
480 cents	-	10 000	10 000	10 000	10 000	-	**40 000**

26. SHARE-BASED PAYMENTS (continued)

Equity-settled Share Option Plan (continued)

Exercise price	2011	2012	2013	2014	2015	2016	Total
481 cents	-	5 000	5 000	5 000	5 000	-	**20 000**
482 cents	-	1 250	2 500	2 500	2 500	1 250	**10 000**
485 cents	21 875	3 125	-	-	-	-	**25 000**
486 cents	17 500	2 500	-	-	-	-	**20 000**
487 cents	-	3 750	3 750	3 750	3 750	-	**15 000**
488 cents	-	2 500	5 000	5 000	5 000	2 500	**20 000**
495 cents	34 375	13 750	6 875	-	-	-	**55 000**
499 cents	71 875	28 750	14 375	-	-	-	**115 000**
500 cents	226 250	83 750	40 000	-	-	-	**350 000**
520 cents	26 250	3 750	-	-	-	-	**30 000**
530 cents	26 250	3 750	-	-	-	-	**30 000**
533 cents	12 500	5 000	2 500	-	-	-	**20 000**
550 cents	9 375	3 750	1 875	-	-	-	**15 000**
	7 782 160	3 380 992	3 015 575	1 708 412	787 709	20 000	**16 694 848**

The inputs into the binomial model are as follows for both the current and prior year, unless otherwise indicated:

Expected volatility: The historical volatility percentages used were calculated over the entire period of each grant from listing date of the share.

Expected life: 12 to 54 months

Risk free rate: The zero-coupon bond curve interest rate was used for each grant date in determining this rate.

Expected dividends: A dividend yield of 8.5% (2010: 10%), continuously compounded, was used based on industry averages.

	Group	
	2011 Options	**2010 Options**
Outstanding at beginning of the year	**12 325 890**	11 079 640
Granted during the year	**5 023 335**	3 935 000
Exercised during the year	**(258 250)**	(576 050)
Forfeited during the year	**(396 127)**	(2 112 700)
Outstanding at the end of the year	**16 694 848**	12 325 890

The weighted average share price at the date of exercise for share options exercised during the period was R4.61 (2010: R4.30). Expected volatility was determined by calculating the historical volatility of the group's share price over the previous years since listing. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The estimated fair value of the options at year end amounts to R36 711 971 (2010: R23 585 951). The trust has a potential future exposure of Rnil (2010: Rnil) since the shares owned by the trust are more than the options not yet exercised, that are in the money.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

27. RETIREMENT BENEFIT PLANS

The Alexander Forbes Provident Fund with 963 members (2010: 876 members) is a defined contribution fund of which the majority of the group's permanent employees are members. This fund has been registered by the Registrar of Pension Funds and is governed by the Pension Funds Act 24 of 1956. The group does not provide any post-retirement medical benefits to its employees.

28. EVENTS AFTER YEAR END

The board advised that the need to be fully BEE compliant, especially in relation to black shareholding, has become imperative, and in the light of that the company has embarked on a process to conclude a BEE transaction that would make the company more compliant with the current and emerging policy and regulatory developments. There are no other material events after the balance sheet date that require additional disclosure.

29. FINANCIAL INSTRUMENTS

Capital Risk Management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2010. There is currently no long-term debt on the statement of financial position of the company.

Significant Accounting

Policy details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2 to the financial statements.

Categories of Financial Instruments

GROUP 2011	Loans and receivables R'000	Total R'000	Fair value R'000
Financial assets			
Long-term receivables	**-**	**-**	**-**
Trade and other receivables	**253 243**	**253 243**	**253 243**
Cash and cash equivalents	**321 170**	**321 170**	**321 170**
	574 413	**574 413**	**574 413**
2010			
Financial assets			
Long-term receivables	1 036	1 036	1 036
Trade and other receivables	220 437	220 437	220 437
Cash and cash equivalents	284 836	284 836	284 836
	506 309	506 309	506 309

29. FINANCIAL INSTRUMENTS (continued)

Categories of Financial Instruments (continued)

GROUP 2011	Other financial liabilities R'000	Total R'000	Fair value R'000
Financial liabilities			
Trade and other payables	**177 773**	**177 773**	**177 773**
	177 773	**177 773**	**177 773**
2010			
Financial liabilities			
Trade and other payables	158 019	158 019	158 019
	158 019	158 019	158 019

COMPANY 2011	Loans and receivables R'000	Total R'000	Fair value R'000
Financial assets			
Loan to share trust and receivables	**6 627**	**6 627**	**6 627**
Trade and other receivables	**142**	**142**	**142**
Amounts owing by subsidiary companies	**65 076**	**65 076**	**65 076**
Cash and cash equivalents	**308**	**308**	**308**
	72 153	**72 153**	**72 153**
2010			
Financial assets			
Loan to share trust and receivables	6 627	6 627	6 627
Trade and other receivables	147	147	147
Amounts owing by subsidiary companies	30 012	30 012	30 012
Cash and cash equivalents	99	99	99
	36 885	36 885	36 885

COMPANY 2011	Other financial liabilities R'000	Total R'000	Fair value R'000
Financial liabilities			
Trade and other payables	**311**	**311**	**311**
	311	**311**	**311**
2010			
Financial liabilities			
Trade and other payables	163	163	163
	163	163	163

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

29. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives
The group's financial function provides services to the business and co-ordinates access to domestic and international financial markets. The Executive Committee monitors and manages the financial risks relating to the operations of the group through monthly analysis reports, which analyses risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market Risk
The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group only enters into derivative financial instruments to manage its exposure to foreign currency risk; being forward foreign exchange contracts to hedge the exchange rate risk arising on the import of electronic equipment. Market risk exposures are measured using sensitivity analysis. There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign Currency Risk Management
The group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Forward Foreign Exchange Contracts
It is the policy of the group to enter into forward foreign exchange contracts to cover all foreign currency payments and receipts within 100% of the exposure generated. As a matter of policy the group does not enter into derivative contracts for speculative purposes. All forward exchange contracts were fair valued at year end and the corresponding asset or liability is reflected under trade and other payables. At balance sheet date, the group had contracted to buy the following amounts under forward contracts.

Foreign exchange contracts are entered into for most transactions as frequent purchases are made from foreign entities. On short-term contracts, currency fluctuations are passed onto clients. Limited currency risks related to long-term contract exist. At year end, the group held no foreign denominated cash balances.

2011	Foreign currency amount R'000	Spot rate	R'000	Fair value R'000
US Dollar	**1 820**	**6.95**	**12 642**	**17 928**
GBP	**7**	**11.28**	**83**	**83**
Euro	**39**	**9.62**	**379**	**380**
			13 104	**18 391**
2010				
US Dollar	828	7.72	6 388	6 413
Euro	24	10.48	253	252
			6 641	6 665

29. FINANCIAL INSTRUMENTS (continued)

Foreign Currency Sensitivity
The US Dollar is the primary currency to which the group is exposed. The following table indicates the group's sensitivity at year end to the indicated movements in the US Dollar on financial instruments excluding forward foreign exchange contracts. The rates of sensitivity are the rates used when reporting the currency risk to the group and represents management's assessment of the possible change in the reporting foreign currency exchange rates.

2011	**USD 1: R6.43**	**R6.95**	**R7.50**	**R8.10**
Forex loss	**(1 864)**	**(2 013)**	**(2 175)**	**(2 348)**
Forward exchange contracts	**(1 822)**	**(1 968)**	**(2 126)**	**(2 296)**
Creditors	**(42)**	**(45)**	**(49)**	**(52)**
2010	**USD 1: R7.10**	**R7.72**	**R8.33**	**R9.00**
Forex gain	3 798	4 128	4 458	4 815
Forward exchange contracts	3 380	3 674	3 968	4 285
Creditors	418	454	490	530

2011	**Euro 1: R8.91**	**R9.62**	**R10.39**	**R11.23**
Forex loss	**(50)**	**(54)**	**(58)**	**(63)**
Forward exchange contracts	**(44)**	**(47)**	**(51)**	**(55)**
Creditors	**(6)**	**(7)**	**(7)**	**(8)**
2010	**Euro 1: R9.64**	**R10.48**	**R11.32**	**R12.22**
Forex gain	155	169	182	197
Forward exchange contracts	54	60	64	69
Creditors	101	109	118	128

2011	**GBP 1: R10.44**	**R11.28**	**R12.18**	**R13.16**
Forex loss	**(45)**	**(48)**	**(52)**	**(56)**
Forward exchange contracts	**(45)**	**(48)**	**(52)**	**(56)**
Creditors	**-**	**-**	**-**	**-**

Interest Rate Risk Management
The group is not exposed to any interest rate risk as it has no debt.

Credit Risk Management
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of clients, spread across diverse industries. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

29. FINANCIAL INSTRUMENTS (continued)

Credit Risk Management (continued)

The group has the following amounts due from major clients:

2011	Number of clients	Value R'000	%
Greater than R5 million	**8**	**96 696**	**40**
Greater than R2 million but less than R5 million	**17**	**56 926**	**23**
Less than R2 million	**487**	**90 201**	**37**
	512	**243 823**	**100**
2010			
Greater than R5 million	8	69 949	33
Greater than R2 million but less than R5 million	16	50 250	24
Less than R2 million	558	91 702	43
	582	211 901	100

Liquidity Risk

Liquidity risk is mainly attributable to the trade and other payables, but current cash and cash equivalents are sufficient to ensure payment of these balances. Suppliers are paid on average within 45 days.

30. SHAREHOLDER ANALYSIS

The analysis excludes shares deemed to be issued (refer to note 20).

Major Shareholders	2011 Number of shares	2011 %	2010 Number of shares	2010 %
Aka Capital (Proprietary) Limited [Co-ordinated Network Investments (Proprietary) Limited and Eglin Investments Number 31 (Proprietary) Limited]	**81 152 467**	**40**	81 152 467	40
Directors, management and staff	**1 308 513**	**1**	1 283 160	1
Datacentrix Holdings Share Trust	**9 467 692**	**5**	9 467 692	5
General public and corporate investors				
- Major banks	**10 616 206**	**5**	19 715 194	9
- Old Mutual	**24 813 797**	**11**	2 113 690	1
- Other	**77 907 008**	**38**	91 533 480	44
Total	**205 265 683**	**100**	205 265 683	100

30. SHAREHOLDER ANALYSIS (continued)

2011	Number of shareholders	%	Number of shares	%
1 to 10 000 shares	**1 430**	**79**	**4 128 818**	**2**
10 001 to 50 000 shares	**227**	**12**	**5 393 147**	**3**
50 001 to 100 000 shares	**51**	**3**	**3 817 771**	**2**
100 001 to 500 000 shares	**72**	**4**	**16 739 126**	**8**
500 001 to 1 000 000 shares	**27**	**1**	**18 638 560**	**9**
1 000 001 shares and over	**27**	**1**	**156 548 261**	**76**
Total	**1 834**	**100**	**205 265 683**	**100**
2010				
1 to 10 000 shares	1 373	79	4 043 962	2
10 001 to 50 000 shares	208	12	5 384 006	3
50 001 to 100 000 shares	46	3	3 414 466	2
100 001 to 500 000 shares	70	4	16 236 823	8
500 001 to 1 000 000 shares	25	1	17 246 982	8
1 000 001 shares and over	26	1	158 939 444	77
Total	1 748	100	205 265 683	100

31. BORROWING POWERS OF THE COMPANY AND ITS SUBSIDIARIES

The borrowing powers of Datacentrix' directors are unlimited.

The directors of the subsidiaries are governed by an approvals framework, which is reviewed by Datacentrix' board of directors on an annual basis.

32. SEGMENTAL ANALYSIS

All the group's activities are conducted within South Africa. For reporting purposes, the group is organised into three operating divisions. These divisions are the basis on which the group reports its primary segment information.

Principal activities are as follows:

- Infrastructure - supply of IT infrastructure;
- Managed Services - supply of IT services;
- Business Solutions - supply of business solutions; and
- Corporate - remaining subsidiaries, special purpose entities of the group and consolidation adjustments.

Segment assets and liabilities and segment cash flows are not separately reported to the chief operating decision maker (CEO).

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

32. SEGMENTAL ANALYSIS (continued)

2011	Infrastructure R'000	Managed Services R'000	Business Solutions R'000	Corporate R'000	Group R'000
Revenue	**1 203 762**	**345 419**	**100 489**	**(73 931)**	**1 575 739**
Changes in inventories of finished goods, work in progress and finished goods sold	**(913 196)**	**(138 905)**	**(26 520)**	**74 411**	**(1 004 210)**
Employee benefit expense	**(176 967)**	**(137 302)**	**(47 821)**	**-**	**(362 090)**
Depreciation, amortisation and impairments	**(5 708)**	**(19 461)**	**(484)**	**-**	**(25 653)**
Operating expenses	**(37 640)**	**(14 980)**	**(5 891)**	**(837)**	**(59 348)**
Income from investments	**-**	**-**	**-**	**12 839**	**12 839**
Finance costs	**-**	**-**	**-**	**(45)**	**(45)**
Profit before taxation	**70 251**	**34 771**	**19 773**	**12 437**	**137 232**
Income taxation expense	**(19 670)**	**(9 736)**	**(5 537)**	**(12 091)**	**(47 034)**
Total comprehensive income for the year attributable to ordinary shareholders	**50 581**	**25 035**	**14 236**	**346**	**90 198**

2010	Infrastructure R'000	Managed Services R'000	Business Solutions R'000	Corporate R'000	Group R'000
Revenue	974 282	281 537	97 874	(62 912)	1 290 781
Changes in inventories of finished goods, work in progress and finished goods sold	(728 004)	(119 719)	(30 855)	64 567	(814 011)
Employee benefit expense	(138 432)	(109 342)	(47 540)	-	(295 314)
Depreciation, amortisation and impairments	(5 299)	(13 510)	(637)	-	(19 446)
Operating expenses	(33 564)	(12 526)	(6 750)	(1 997)	(54 837)
Income from investments	-	-	-	14 945	14 945
Finance costs	-	-	-	(21)	(21)
Profit before taxation	68 983	26 440	12 092	14 582	122 097
Income taxation expense	(19 677)	(7 538)	(3 446)	(11 031)	(41 692)
Total comprehensive income for the year attributable to ordinary shareholders	49 306	18 902	8 646	3 551	80 405

33. RELATED PARTY TRANSACTIONS

During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with related parties. These transactions with related parties occurred under terms that are not less favourable than those arranged with third parties.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 14. No goods and services were sold by the company to its subsidiaries. Dividends received are disclosed in the statement of comprehensive income and in note 4.

Directors

Details relating to the directors' emoluments are disclosed in the corporate governance report. The directors did not purchase any equipment or inventory during the current and prior years.

Shareholders

The principal shareholders of the company are detailed in the shareholder analysis in note 30.

34. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM (UTILISED IN) OPERATIONS

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Profit before taxation	**137 232**	122 097	**97 097**	27 288
Adjusted for:	**20 467**	7 547	**(97 809)**	(28 011)
Loss (profit) on sale of property and equipment	**425**	(212)	**-**	-
Depreciation of property and equipment	**24 398**	18 013	**-**	-
Impairment of goodwill and amortisation of software	**1 255**	1 433	**-**	-
Interest received	**(12 839)**	(14 945)	**(9)**	(11)
Loss on disposal of software	**-**	11	**-**	-
Dividend received from subsidiaries	**-**	-	**(97 800)**	(28 000)
Straight-line accounting for leases	**192**	550	**-**	-
Share-based payments	**6 889**	2 600	**-**	-
Profit on sale of treasury shares	**102**	76	**-**	-
Interest paid	**45**	21	**-**	-
Operating profit (loss) before working capital changes	**157 699**	129 644	**(712)**	(723)
Working capital changes	**5 418**	23 689	**153**	11
Inventories	**2 005**	(2 444)	**-**	-
Trade and other accounts receivable	**(32 806)**	62 300	**5**	(121)
Trade, other accounts payable and provisions	**36 219**	(36 167)	**148**	132
Cash generated from (utilised in) operations	**163 117**	153 333	**(559)**	(712)

35. TAXATION PAID

	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
Opening balance	**(1 098)**	(8 087)	**-**	-
Statement of comprehensive income charge - current and secondary taxation	**(47 034)**	(41 692)	**(6 261)**	(6 240)
Movement in deferred taxation balance	**(7 021)**	6 464	**-**	-
Closing balance	**(154)**	1 098	**-**	-
	(55 307)	(42 217)	**(6 261)**	(6 240)

Notice of the Annual General Meeting

DATACENTRIX HOLDINGS LIMITED
(Incorporated in the Republic of South Africa), (Registration number: 1998/006413/06)
JSE code: DCT, ISIN: ZAE000016051, ("the company")

Notice is hereby given of the thirteenth Annual General Meeting of members of the company, which will be held at the registered office of the company, Sage Corporate Park North, 238 Roan Crescent, 1685, Old Pretoria Road, Midrand, on Friday, 10 June 2011 at 10:00 to consider and if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

Ordinary resolution 1: Adoption of annual financial statements
"To receive, consider and adopt the annual financial statements for the year ended 28 February 2011, incorporating the reports of the directors, the auditors and the audit committee therein."

Ordinary resolution 2: Re-election of directors
"To re-elect by way of separate resolutions the retiring directors in accordance with the provisions of the company's Articles of Association. The following retiring directors, being eligible, offer themselves for re-election: Gary Morolo, Alwyn Martin, Joan Joffe and Troy Dyer. Abbreviated curriculum vitae in respect of each of these directors appear on pages 10 and 11 of this Annual Report."

Ordinary resolution 3: Appointment of audit committee
"To elect by way of separate resolutions the following directors as members of the audit committee: Alwyn Martin (Chairman), Thenjiwe Chikane and Troy Dyer."

Ordinary resolution 4: Re-appointment of external auditors
"To confirm the re-appointment of Deloitte & Touche with Zuleka Jasper as designated auditor, as the group's auditors until the next Annual General Meeting."

Ordinary resolution 5: Authority to issue shares
"To resolve that the authorised but unissued shares in the capital of the company be and are hereby placed under the control of the directors for allotment and issue at the discretion of the directors of the company subject to the applicable legislation and the requirements of any stock exchange on which the shares in the capital of the company may from time to time be listed."

Ordinary resolution 6: Authority to issue shares for cash
"To resolve that in terms of the JSE Limited Listings Requirements ("Listings Requirements"), the directors be given the general authority to issue up to a maximum of 5 percent of the ordinary shares of one cent each for cash to the public as and when suitable situations arise, subject to the following conditions:

- the equity securities, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- the equity securities must be issued to public shareholders, as defined in paragraph 4.25 to 4.27 of the Listings Requirements, and not to related parties;
- securities, which are the subject of general issues for cash of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into, which they are compulsorily convertible;
- securities, which are the subject of general issues for cash as regards the number of securities that may be issued, shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:
  - less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
  - plus any securities of that class to be issued pursuant to:
    - a rights issue, which has been announced, is irrevocable and is fully underwritten; or
    - acquisition (which has had final terms announced) may be included as though they were securities in issue at the date of application;
- that this authority is in the form of a renewable mandate and is valid until the company's next Annual General Meeting, but it shall not extend beyond 15 months from the date of this Annual General Meeting;
- that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5 percent of the number of shares of that class in issue prior to the issues;
- that issues in the aggregate in any one year may not exceed 5 percent of the number of shares of that class of the company's issued share capital; and
- that, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10 percent of the average ruling price of the shares in question, as determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the company."

Note: In terms of the Listings Requirements, a 75 percent majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting must be cast in favour of ordinary resolution 6 for it to be approved.

Ordinary resolution 7: Amendment of Share Option Scheme
"To resolve that in terms of Schedule 14 of the Listing Requirements the following changes to the Share Option Scheme be and are hereby approved:

- delete clause 1.2.1 and the substitution therefor with the following new clause 1.2.1:
  - "1.2.1 "the Act" means the Companies Act No 71 of 2008 together with any regulations thereunder";
- delete clause 1.2.16 and the substitution therefor with the following new clause 1.2.16:
  - "1.2.16 "JSE" means the JSE Stock Exchange";
- delete clauses 1.2.34, 1 in its entirety and the replacement thereof with:
  - "1.2.34 "scheme allocation" means 30 619 513 (thirty million six hundred and nineteen thousand five hundred and thirteen) ordinary shares in the issued share capital of the company, provided further that this number of shares may be amended in terms of an authority granted by the company in general meeting with the approval of the JSE, if applicable";
- insert new clause 4.4 :
  - "4.4 No executive director of the company may at any time hold office as trustee of the trust. Furthermore, non-executive directors of the company, subject to any restrictions contained in the Act, may be appointed as trustees of the scheme, provided that they do not benefit from the scheme.";
- delete clause 14.3 in its entirety and the substitution therefor with the following new clause 14.3
  - "14.3 All loans to the trustees in terms hereof shall be interest free and shall be repaid from the amounts received by the trustees from beneficiaries after discharging liabilities of the trust then due and payable";
- delete clause 16.1.1 in its entirety and the replacement thereof with:
  - "16.1.1 the maximum number of scheme shares in respect whereof any one offeree shall be entitled to accept an offer and/or exercise an option pursuant to this trust, shall not exceed 10 263 284 (ten million two hundred and sixty three thousand two hundred and eighty four) ordinary shares, provided further that this number of shares may be amended in terms of an authority granted by the company in general meeting with the approval of the JSE, if applicable";
- delete clause 18.1 in its entirety and the substitution therefor with the following new clause 18.1
  - "18.1 The outstanding balance due on the purchase price of any reserved share where credit is given shall be interest free and be repaid prior to any such reserved share being released to the beneficiary in question or his nominee as provided for herein";
- delete the words " if they are requested to do so by the directors, be entitled to" in clause 24.1;
- delete clause 32 in its entirety and the substitution therefor with the following new clause 32
  - "32. RANKING
    Notwithstanding anything to the contrary contained in this deed, all ordinary shares allotted and issued to beneficiaries in terms hereof or otherwise acquired by them in terms hereof, shall rank pari passu with the existing ordinary shares of the company";
- insert the words "(in writing)" immediately after the word "certify" in the fourth line of the paragraph immediately after clause 24.1.6;

Notice of the Annual General Meeting (continued)

Ordinary resolution 7: Amendment of Share Option Scheme (continued)

- insert the following sentence immediately after the first sentence in the paragraph immediately after clause 24.1.6
  - "Such adjustments should give a beneficiary entitlement to the same proportion of the share capital in the company as that to which he was previously entitled"; and
- delete clause 4 of the First Addendum in its entirety.

Note: Ordinary resolution 7 is required, in terms of the Listings Requirements to be passed by achieving a 75 percent majority of the votes cast in favour of such resolution by all members present or represented by proxy and entitled to vote at the Annual General Meeting. The votes of equity securities held by the Datacentrix Holdings Share Trust will not be taken into account for the purpose of this resolution.

Ordinary resolution 8: Remuneration philosophy

"To approve, by way of a non-binding, advisory vote, the remuneration philosophy of the company as set out on pages 25 to 26 of the Annual Report of which this notice of the annual general meeting forms part."

Special resolution 1: Non-executive directors' fees

"To approve by special resolution payment of the following non-executive directors' fees for the financial year ending 29 February 2012 and until such time as replaced and/or amended by way of a special resolution passed by shareholders at a duly constituted annual general meeting of the company:

Non-executive fees	Present	Proposed
Chairman of the Board - annually	R797 500	R877 250
Chairman of a Committee - per meeting	R32 943	R36 240
Members of the Board / Committees - per meeting	R21 962	R24 160

Note: In terms of the relevant statutory provisions, a 75 percent majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of special resolution 1 for it to be approved. The reason for and effect of special resolution 1 is to approve the fees payable to non-executive directors during the current financial year and until such time as amended by shareholders by way of a special resolution.

Special resolution 2: Financial Assistance to all related and inter-related companies

"To approve, by way of a special resolution, a general authority to the board of directors to provide financial assistance to all related and inter-related companies within the Datacentrix group of companies, at such times and on such terms and conditions as the directors in their sole discretion deem fit and subject to all relevant statutory and regulatory requirements being met, such authority to remain in place until rescinded by way of special resolution passed at a duly constituted annual general meeting of the company."

Note: In terms of the relevant statutory provisions, a 75 percent majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of special resolution 2 for it to be approved. The reason for and effect of special resolution 2 is to approve the authority of directors to provide financial assistance to all subsidiary, related and inter-related companies within the Datacentrix group of companies.

JSE Disclosures

In terms of the JSE Listing Requirements, the following disclosures are required with reference to the resolutions set out above. These disclosures are set out elsewhere in the Annual Report of which this notice forms part:

- Directors and management: refer pages 10 - 11;
- Directors' responsibility and approval: refer page 32;
- Litigation statement: refer page 63;
- Material change: refer page 66;
- Major shareholders of the company: refer pages 70 - 71;
- Directors' interests in the company's securities: refer page 28; and
- Share capital: refer pages 61 - 62.

Voting and Proxies

On a show of hands, each shareholder who, being a natural person, is present in person or by proxy or, being a body corporate, is present by representative or proxy, shall have one vote. On a poll, if requested, each shareholder, whether present in person or by proxy or by representation, is entitled to one vote for each ordinary share held.

A form of proxy is included for completion by registered certificated shareholders and dematerialised shareholders with own name registration that are unable to attend the Annual General Meeting and wish to be represented thereat. Forms of proxy must be completed and received by the company secretary no later than 10:00 on Wednesday, 8 June 2011. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the Annual General Meeting to the exclusion of their appointed proxy(ies) should such member wish to do so.

Dematerialised shareholders, other than with own name registration, must inform their CSDP or broker of their intention to attend the Annual General Meeting and obtain the necessary Letter of Representation from their CSDP or broker to attend the Annual General Meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the Annual General Meeting. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and to vote in his/her stead. Shareholders or proxies of shareholders must provide reasonably satisfactory identification in order to attend or participate in the Annual General Meeting.

By order of the board

Annamarie van der Merwe
Ithemba Governance and Statutory Solutions (Proprietary) Limited
Company Secretary
Midrand
18 April 2011

Shareholders' Diary

Financial year end	February
Annual general meeting	10 June 2011

Results Announcements

Interim results for six months to 31 August 2011	4 October 2011
Announcement of annual results to 29 February 2012	April 2012
Annual financial statements for the year ended 29 February 2012	May 2012

Dividend

The board advised that the need to be fully BEE compliant, especially in relation to black shareholding, has become imperative, and in the light of that the company has embarked on a process to conclude a BEE transaction that would make the company more compliant with the current and emerging policy and regulatory developments.

Contact Information

Datacentrix Holdings Limited
(Incorporated in the Republic of South Africa)
Registration Number: 1998/006413/06
JSE Code: DCT
ISIN: ZAE000016051

Business Address and Registered Office
Sage Corporate Park North
238 Roan Crescent, Old Pretoria Road
Midrand, 1685
Tel: +27 87 741 5000
Fax: +27 87 741 5100
Email: info@datacentrix.co.za
Website: www.datacentrix.co.za

Company Secretary
Ithemba Governance and Statutory
(Proprietary) Limited
Office 202, Block 3, Monument Office Park
79 Steenbok Avenue, Monument Park
PO Box 4896, Rietvalleirand, 0174
Tel: +27 86 111 1010
Fax: +27 86 604 1315

Share Transfer Secretaries
Computershare Investor Services Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Tel: +27 11 370 5000
Fax: +27 11 688 7717

Auditors and Reporting Accountants
Deloitte & Touche Registered Auditors
221 Waterkloof Road, Waterkloof, Pretoria, 0181
PO Box 11007, Hatfield, Pretoria, 0028
Tel: +27 12 482 0000
Fax: +27 12 460 3633

Commercial Bankers
Absa Bank Limited
Corporate and Business Bank
2nd Floor, Loerie Place, Hillcrest Office Park
177 Dyer Road, Hillcrest, Pretoria, 0083
PO Box 4210, Pretoria, 0001
Tel: +27 12 366 6000
Fax: +27 12 362 3997

Sponsor
One Capital
17 Fricker Road, Illovo, 2196
PO Box 784573, Sandton, 2146
Tel: +27 11 550 5000
Fax: +27 86 568 3597

Proxy Form

Datacentrix Holdings Limited ("the company")
Registration Number: 1998/006413/06 • JSE Code: DCT • ISIN Code: ZAE000016051

For use at the thirteenth Annual General Meeting of members to be held at 10:00 on Friday, 10 June 2011, at the registered office of the company. To be completed by certificated shareholders and dematerialised shareholders with own name registration only.

If shareholders have dematerialised their shares with a CSDP or broker, other than with own name registration, they must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (name in block letters) ______________________

of (address) ______________________

Being the holder(s) of [ ] ordinary shares, hereby appoint:

1. ______________ of ______________ or failing him/her

2. ______________ of ______________ or failing him/her

3. The chairman of the meeting, as my/our proxy to be present and act on my/our behalf and vote on a poll on my/our behalf as indicated below at the Annual General Meeting of shareholders of the company.

Insert X in the appropriate block if you wish to vote all your shares in the same manner.
If not, insert the number of votes in the appropriate block.

Agenda items	For	Against	Abstain
Ordinary resolutions:			
1. Adoption of annual financial statements			
2. Re-election of the retiring directors:			
2.1 Gary Morolo (Chairman)			
2.2 Alwyn Martin (Non-executive Director)			
2.3 Joan Joffe (Non-executive Director)			
2.4 Troy Dyer (Non-executive Director)			
3. Election of audit committee:			
3.1 Alwyn Martin			
3.2 Thenjiwe Chikane			
3.3 Troy Dyer			
4. To re-appoint Deloitte & Touche as auditors			
5. Authority to issue shares			
6. Authority to issue shares for cash			
7. Amendments to the Share Option Scheme			
8. Remuneration philosophy			
Special resolutions:			
1. Non-executive directors' fees for the financial year ending 29 February 2012			
2. Financial assistance to all related and inter-related companies			

Signed at ______________ on ______________ 2011

Signature ______________ Assisted by (if applicable) ______________

Notes to the Proxy Form

Postal:
Computershare Investor Services Limited
Attention:
Share Transfer Secretary
PO Box 61051
Marshalltown, 2107

Physical:
Computershare Investor Services Limited
70 Marshall Street
Johannesburg, 2001

Fax:
Attention:
Share Transfer Secretary
+27 11 688 7717

1. If no indication is given, the proxy will vote as (s)he thinks fit.

2. Any alteration to the form of proxy must be signed, not initialled.

3. Each shareholder is entitled to appoint one or more proxies who need not be shareholders of the company, to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting. This does not preclude the shareholder from attending and speaking at the general meeting.

4. Relevant power of attorney or authorisation of representatives must be attached, unless recorded by the company, or waived by the chairman of the meeting.

5. The chairman of the general meeting may reject or accept any completed proxy form other than in accordance with these instructions, provided (s)he is satisfied with the manner in which a member wishes to vote.

6. Shareholders who have dematerialised their shares with a CSDP or broker, other than own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

7. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as (s)he deems fit in respect of the shareholder's votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.

8. Where there are joint holders of shares and if more than one of such joint holders is present or represented, then the person whose name appears first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.

9. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy(ies) should such member wish to do so.

10. Proxies will only be valid for the purpose of the Annual General Meeting if delivered or faxed to the share transfer secretary at the company's registered address, to reach him/her by no later than 10:00 on Wednesday, 8 June 2011.