

1. PRESENTATION OF FINANCIAL STATEMENTS

In the current year's financial statements, the classification and presentation of financial statement components are consistent with prior periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements are prepared on the historical cost basis, and incorporate the following principal accounting policies, which have been consistently applied in all material respects. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

Adoption of Statements of South African Generally Accepted Accounting Practice

In the current year the group adopted the following South African Statements of Generally Accepted Accounting Practice for the first time:

AC111 Revenue (revised)

AC116 Employee Benefits (revised)

AC135 Investment property

Adoption of these Statements has resulted in some changes in the detailed application of the group's accounting policies and some modifications to financial statements presentation. However, none of these amendments has affected the results for the current or prior periods.

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and its subsidiary companies. The operating results of subsidiary companies are included from the effective dates of acquisition up to the effective dates of disposal. All significant inter-company transactions and balances are eliminated.

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 accounting policy for goodwill.

Property and equipment

All items of property and equipment are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	5%
Motor vehicles	25%
Furniture and fittings	16,67%
Computer equipment	33,33%
Office equipment	15 – 33,33%
Software	33,33%
Leasehold improvements	over period of lease

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

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.

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 cash flows are discounted to their present values

The 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 to income in the year in which the expense is incurred, and are shown at a nominal value in the balance sheet.

Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet 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 tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax 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 tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, 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 tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Finance 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Finance leases (continued)

Assets held under finance leases are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. All other leases are treated as operating leases and the relevant rentals are charged to income in a systematic manner related to the period of use of the assets concerned.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Redundant and slow-moving stocks are identified and written down with regard to their estimated economic or realisable values. Spares stock is depreciated over the average period of the underlying long-term contracts.

Financial instruments

Financial assets

The group's principal financial assets are bank balances and cash, trade receivables, loans receivable and equity investments. Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The loan receivable from the share trust is stated at cost less any permanent impairment due to a permanent reduction to the value of the underlying shares. Other loans receivable are stated at cost. Investments, where the group is not in a position to exercise significant influence or joint control, are stated at cost less impairment losses recognised where the investment's carrying amount exceeds its estimated recoverable amount.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Debt instruments issued which carry a right to convert to equity that is dependent on the outcome of uncertainties beyond the control of both the group and the holder, are classified as liabilities except where the possibility of non-conversion is remote. Significant financial liabilities include trade and other payables.

The accounting policy adopted for finance lease obligations is outlined above. Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Off balance sheet derivative instruments

Derivative financial instruments, comprising currency forward contracts and options and interest rate swap agreements, are not recognised in the financial statements on inception. The policy adopted for instruments designed to hedge foreign exchange risks is outlined under 'foreign currencies' below. Net income or expense associated with interest rate swap agreements is recognised on an accrual basis over the life of the swap agreements as a component of interest.

Revenue

Revenue represents the invoiced value of goods and services, excluding value added tax. Where revenue is received in advance in terms of long-term contracts, or revenue streams on these contracts do not match the expense streams or timing of service efforts, an appropriate portion of the revenue is deferred or accrued to achieve an appropriate recognition of revenue.

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. Goodwill is recognised as an asset or negative asset and impairment reviews are conducted annually to determine write-offs required, if any. Amortisation is charged so as to write off the cost of goodwill over the estimate useful life of the underlying acquisition, normally between three and twenty years, using the straight-line method. Negative goodwill is amortised over the average lifespan of the depreciable assets underlying the acquired entity.

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 on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

In order to hedge its exposure to foreign exchange risks, the group enters into forward contracts and options. If a foreign currency denominated transaction is appropriately hedged with a forward exchange contract, the costs of hedging are included in the measurement of the underlying transaction and the transaction is therefore recorded at the forward rate.

Investments

Investments classified as long-term assets are carried in the balance sheet at cost. Where, in the opinion of the directors, there has been a permanent diminution in the carrying value of an investment, the investment is written down to the anticipated recoverable amount.

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.

3. DIRECTORS

The directors in office at year end and at the date of this report, are as follows:

Non-executive	Executive
J Joffe	GKA Morolo (Chairman)
SN Nematswerani	PG Uys
CG Botha	KJ Lammers
N Kuper-Cohen	FC Joubert
I Mkhize	SG Barker

Appointments and resignations during the year

SG Barker and FC Joubert joined the Datacentrix Holdings board as executive directors on 21 May 2001.
 N Kuper-Cohen was appointed as a non-executive director to the board on 21 May 2001.
 CG Botha returned to the board on 21 May 2001 as a non-executive director after an absence of seven months.
 GKA Morolo assumed the position of executive chairman on 1 June 2001.
 I Mkhize was appointed to the board as non-executive director on 20 September 2001.

L Theron resigned as executive director of the Datacentrix Holdings board on 1 November 2001.

Restraint of trade agreements and long-term employment contracts

All five executive directors and several senior staff members are bound by restraint of trade agreements.

GKA Morolo and FC Joubert have employment contracts that extend beyond the next financial year-end.

Directors' remuneration

Executive directors

	Salaries	Bonus	Benefits	Retirement	Total
	R'000	R'000	R'000	contributions	R'000
				R'000	
GKA Morolo (from 1 June 2001)	469	210	91	53	823
PG Uys	572	339	88	96	1 095
KJ Lammers	523	333	138	97	1 091
FC Joubert	261	–	84	40	385
SG Barker	344	330	123	70	867
L Theron (to 31 October 2001)	237	–	103	50	390
	2 406	1 212	627	406	4 651

Engagement payments

GKA Morolo	1 725
SG Barker	300
Paid by subsidiaries	6 676

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

2002
R'000

3. DIRECTORS (continued)

Non-executive directors – fees

GKA Morolo (to 31 May 2001)	8
SN Nematswerani	30
J Joffe	30
CG Botha	23
N Kuper-Cohen	23
I Mkhize	13
	127

Directors' shareholding

2002
Shares

Executive directors

PG Uys	16 053 031
KJ Lammers	14 553 030
SG Barker	95 800
FC Joubert	38 095
Total	30 739 956

Non-executive directors

J Joffe	454 545
CG Botha	108 334
Total	562 879

Executive directors' share options:

	Total	Option price	Conditions
GKA Morolo	1 000 000	1,00	None
PG Uys	1 000 000	1,00	None
KJ Lammers	1 000 000	1,00	None
SG Barker	1 000 000	1,00	*

GKA Morolo, PG Uys and KJ Lammers qualified for their share options on 28 February 2002 in terms of headline earnings per share growth target achieved.

*Conditions are set in the rules of the Datacentrix Holdings Limited Share Trust.

FC Joubert has the conditional right to 934 412 shares dependent on profit warranties over the next three years.

Directors' interest in contracts

No director had any interest in material contracts at year-end.

	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000
4. OPERATING EXPENSES				
Changes in inventories of finished goods and work in progress	387 428	305 481	-	-
Staff costs	70 465	44 272	-	-
Other operating expenses	24 310	20 013	295	87
	482 203	369 766	295	87

5. ACQUISITIONS AND DISPOSALS

Datacentrix purchased a call centre business for R580 000.

The board of directors of Commerce Centre of Southern Africa (Proprietary) Limited (Commerce Centre) decided to discontinue the FMCG business line during October 2001 and this was operationally completed by January 2002. On 25 February 2002, Datacentrix entered into a binding agreement to purchase the 30% of Commerce Centre held by Paranet LLC.

The board of directors of Commerce Centre decided to sell the OrderOnline business line during December 2001 and concluded a binding agreement of sale on 28 February 2002.

During the year under review Datacentrix sold the Landmark business, the agency to the Landmark performance measurement software for mainframe systems, to Leon Theron. The disposal had no material impact on the results of the group.

The following results relating to the discontinued operation have been included in the income statement of the group:

	Discontinued operations	
	2002 R'000	2001 R'000
Revenue	1 049	228
Operating expenses	6 214	6 553
Operating loss before depreciation, loss from closure of business line and finance costs	(5 165)	(6 325)
Depreciation	1 451	54
Loss from closure of business line	2 220	-
Operating loss before interest and taxation	(8 836)	(6 379)
Net interest received	-	270
Loss before taxation	(8 836)	(6 109)
Taxation	2 866	1 802
Net loss after taxation	(5 970)	(4 307)

5. ACQUISITIONS AND DISPOSALS (continued)

R'000

The loss after tax from the closure of the business lines consists of:

Profit on the sale of OrderOnline business line	(996)
Scrapping on return of software	4 943
Impairment of computer equipment	2 800
Foreign exchange profit	(5 043)
Other costs	516
Net loss before taxation	2 220
Taxation effect of loss on the closure	(30)
Net loss after taxation from closure of the business lines	2 190

2002
R'000

2001
R'000

Items relating to the discontinued operations included in the group's cash flow statement:

Cash (outflow) inflow from operating activities	(4 109)	8 800
Cash inflow (outflow) from investing activities	10	(21 910)
Cash (outflow) inflow from financing activities	(2 064)	23 472

GROUP COMPANY

2002 2001 2002 2001
R'000 R'000 R'000 R'000

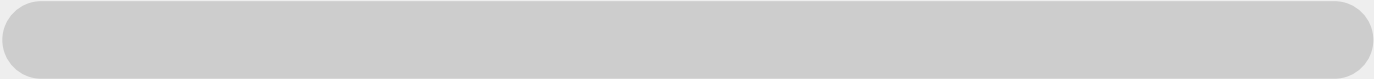
6. OPERATING INCOME

Operating income is arrived at after taking the following items into account:

Auditors' remuneration:

– Audit fees	363	219	–	–
– Fees for other services	71	101	–	–
– Prior year under provision	–	38	–	–
	434	358	–	–

	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000
6. OPERATING INCOME (continued)				
Depreciation and scrapping:				
– Buildings	110	31	–	–
– Motor vehicles	159	239	–	–
– Furniture and fittings	212	127	–	–
– Computer equipment	6 140	951	–	–
– Office equipment	182	101	–	–
– Leasehold improvements	103	16	–	–
– Software	4 965	2	–	–
	11 871	1 467	–	–
Net loss (profit) on disposal of equipment:				
– Motor vehicles	(160)	(19)	–	–
– Furniture and fittings	(1)	(1)	–	–
– Computer equipment	288	(4)	–	–
– Office equipment	13	–	–	–
	140	(24)	–	–
Operating lease payments:				
– Properties	3 992	2 424	–	–
Retirement fund contributions	4 837	2 178	–	–
Foreign exchange gains	7 658	–	–	–
The majority of this gain relates to discontinued operations and was thus excluded from headline earnings per share (refer note 5).				
7. NET INTEREST RECEIVED				
Interest received on bank balances	1 492	2 097	22	–
Interest paid on bank overdrafts	(386)	(204)	–	–
Capitalised lease liabilities	(12)	(66)	–	–
Net foreign exchange losses	–	(128)	–	–
	1 094	1 699	22	–



	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000
8. TAXATION				
South African normal taxation				
Comprising:				
Current taxation – Current year	12 548	9 508	6	2
– Prior year	–	42	–	–
Deferred taxation – Current year	(2 327)	(2 047)	–	–
	10 221	7 503	6	2
	%	%	%	%
South African normal rate of taxation	30,0	30,0	(30,0)	(30,0)
Increase in rate for the year:				
Expenses not allowed for tax	2,8	4,1	32,2	32,3
Current and deferred taxation – effective rate	32,8	34,1	2,2	2,3

9. DIVIDENDS

No dividends have been declared or paid during this year. At present the directors believe that the cash resources and positive cash flow can be best employed within the group to increase returns to shareholders.

10. EARNINGS PER ORDINARY SHARE

	GROUP	
	2002	2001
Headline and diluted headline earnings per ordinary share (cents).	16,7	11,3
Basic and diluted basic earnings per ordinary share (cents).	13,5	9,7

The calculation of earnings per ordinary share is based on the net income for the year and the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares in issue for the year under review is 165 340 575 (2001: 161 764 533). The calculation of diluted basic and diluted headline earnings per ordinary share is based on the weighted average number of ordinary shares in issue during the year diluted for profit guarantees achieved where the shares are not yet due for issue. The diluted weighted average number of ordinary shares in issue for the year under review is 165 340 575 (2001: 161 764 533). The calculation of headline and diluted headline earnings per ordinary share is based on the net income for the year excluding surplus on disposal of equipment of R140 000, amortisation of goodwill of R3 002 000 and the net loss on closure of the Commerce Centre e-community projects of R2 220 000. In the prior year, neither the dilution of shares nor the difference between basic and headline earnings was substantial enough to change the result of basic earnings per ordinary share. No dilution has been calculated on shares to be issued in terms of profit guarantee periods starting after 28 February 2002 or periods which are in progress but do not show current potential to be issued. Shares so committed are as follows:

	Shares 2002
Styleprops Services 18 (Proprietary) Limited from 28 February 2003 onwards	2 199 048

11. PROPERTY AND EQUIPMENT

Group only

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Cost				
Land	463	–	–	463
Buildings	2 306	131	–	2 437
Motor vehicles	1 009	228	(761)	476
Furniture and fittings	1 085	510	(14)	1 581
Computer equipment	10 155	6 643	(1 946)	14 852
Office equipment	834	522	(181)	1 175
Leasehold improvements	81	301	–	382
Software	16 906	30	(11 913)	5 023
Total	32 839	8 365	(14 815)	26 389

	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
Accumulated depreciation				
Land	–	–	–	–
Buildings	285	110	–	395
Motor vehicles	454	159	(419)	194
Furniture and fittings	284	212	(15)	481
Computer equipment	2 897	6 140	(1 648)	7 389
Office equipment	351	182	(168)	365
Leasehold improvements	16	103	–	119
Software	2	4 965	–	4 967
Total	4 289	11 871	(2 250)	13 910

Net book value

	2002 R'000	2001 R'000
Land	463	463
Buildings	2 042	2 021
Motor vehicles	282	555
Furniture and fittings	1 100	801
Computer equipment	7 463	7 258
Office equipment	810	483
Leasehold improvements	263	65
Software	56	16 904
Total	12 479	28 550

Land comprises portion one of stand one, Highveld, Gauteng with buildings thereon at the original cost plus additions.

	R'000
Original cost of buildings	1 774
Additions made in 2001	532
Additions made in 2002	131
Total	2 437

GROUP**COMPANY**

2002 R'000	2001 R'000	2002 R'000	2001 R'000
---------------	---------------	---------------	---------------

12. INTANGIBLE ASSETS**Goodwill**

Carrying amount at beginning of the year	21 610	-	-	-
Goodwill at acquisition	23 310	-	-	-
Amortised to the beginning of the year	(1 700)	-	-	-
Negative goodwill on acquisition of outside shareholders' interest in subsidiary (refer note 5)	(2 240)	-	(2 240)	-
Goodwill on acquisition of call centre business	290	-	-	-
Goodwill recognised on General Food Industries Limited transaction	-	9 075	-	-
Goodwill on acquisition of Styleprops Services 18 (Proprietary) Limited acquisition	-	14 235	-	-
Amortisation recognised during the year	(3 002)	(1 700)	-	-
Carrying amount at end of the year	16 658	21 610	(2 240)	-
Goodwill at acquisition	21 360	23 310	(2 240)	-
Amortised to the end of the year	(4 702)	(1 700)	-	-

The group acquired the 30% outside shareholders interest in the Commerce Centre of Southern Africa (Proprietary) Limited subsidiary and a call centre business during the current year.

13. INVESTMENT IN SUBSIDIARIES

Shares at cost	22 313	21 288
Amount owing by subsidiary companies	1 652	2 518
	23 965	23 806

13. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary <i>Principal activity</i>	Issued share capital		Effective percentage held		Book value of holding company interest	
	2002 R	2001 R	2002 %	2001 %	Shares at cost R'000	Net (payable) receivable R'000
Datacentrix (Proprietary) Limited <i>IT infrastructure and related services</i>	2	2	100	100	10 857	(7 220)
Datacentrix Infrastructure Optimisation (Proprietary) Limited <i>Optimisation software and related services</i>	22 220	22 220	100	100	1 657	–
Commerce Centre of Southern Africa (Proprietary) Limited <i>Business solutions</i>	200	200	100	70	9 799	8 872
Datacentrix Properties (Proprietary) Limited <i>Property</i>	100	100	100	100	–	–
Styleprops Services 18 (Proprietary) Limited <i>Dormant</i>	100	100	100	100	–	–
e-centrix (Proprietary) Limited <i>Dormant</i>	100	100	100	100	–	–
					22 313	1 652
The interest of the group in the net income (loss) of its subsidiary companies is:					2002 R'000	2001 R'000
Datacentrix (Proprietary) Limited					24 307	17 287
Datacentrix Infrastructure Optimisation (Proprietary) Limited					3 979	1 617
Commerce Centre of Southern Africa (Proprietary) Limited					(5 665)	(3 015)
Datacentrix Properties (Proprietary) Limited					4	(31)
					22 625	15 858

14. INVESTMENT AND LOANS

Group only	Percentage holding		Carrying value	Carrying value
Name and <i>principal activity</i>	2002	2001	2002	2001
			R'000	R'000
Unlisted investments – Shares				
Vukani Technologies (Proprietary) Limited	49%	49%	123	123
<i>Computer consumables</i>				
Directors' valuation R1 375 000 (2001: R1 066 000)				
Unlisted investments – Loans receivable				
Vukani Technologies (Proprietary) Limited			1 510	2 052
Premier Foods Limited			1 641	–
			3 274	2 175

The loan to Premier Foods Limited represents an unsecured advance in terms of an outsourcing agreement, bears interest at a rate of 16% per annum and is repayable over 36 months until 31 December 2004.

The loan to Vukani is unsecured, bears no interest and is repayable in equal instalments of R68 636 per month over the next 22 months. Vukani holds 160 000 shares in Datacentrix Holdings Limited. Vukani has been accounted for as an investment and not as an associate company, because the investment is deemed to be of a short-term nature. The information required by paragraphs 62 – 64 of schedule 4 of the Companies Act is disclosed below:

	2002	2001
	R'000	R'000
Summarised balance sheet		
Equity	(727)	(1 185)
Long-term liabilities	1 510	2 052
	783	867
Investment	160	160
Equipment	59	87
Deferred taxation	53	9
Net current assets	511	611
	783	867
Summarised income statement		
Net income (loss)	458	(25)

	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000
15. DEFERRED TAXATION				
Trademarks	3 150	3 675	-	-
Provisions	1 196	1 302	-	-
Difference in rates of depreciation of property and equipment	851	(90)	-	-
Leases	-	107	-	-
Calculated tax loss	4 242	1 751	-	-
Deferred revenue on long-term contracts	(367)	-	-	-
	9 072	6 745	-	-
Movements in deferred taxation				
Opening balance	6 745	4 698	-	-
Movements in:				
Trademarks	(525)	(525)	-	-
Provisions	(106)	881	-	-
Difference in rates of depreciation of property and equipment	941	61	-	-
Leases	(107)	(63)	-	-
Calculated tax loss	2 491	1 751	-	-
Deferred revenue on long-term contracts	(367)	-	-	-
Prior year tax rate adjustment	-	(58)	-	-
Closing balance	9 072	6 745	-	-
There has been no setting off of deferred taxation assets or liabilities between group companies.				
16. LOAN TO SHARE TRUST				
Loan to Datacentrix Holdings Limited Share Trust	10 114	7 415	6 627	3 928
The average cost price of the shares held by the trust is 108 cents and the market value of the shares at year-end is 90 cents. The directors believe that the company's exposure to the trust at year-end of R1 723 578 due to the low market value is of a temporary nature and have therefore not provided against this loan receivable. Refer to note 20 for share trust information.				
17. INVENTORIES				
Finished goods	3 204	1 047	-	-
Work in progress	1 996	3 662	-	-
Spares	2 383	1 758	-	-
	7 583	6 467	-	-

GROUP**COMPANY**

	2002	2001	2002	2001
	R'000	R'000	R'000	R'000

18. ACCOUNTS RECEIVABLE

Trade receivables	121 915	67 047	-	-
Other receivables	2 458	1 303	590	287
	124 373	68 350	590	287

Accounts receivable are presented net of the allowance for doubtful receivables. There is a low risk with respect to trade receivables due to the spread of customers and historically very few bad debts have been incurred.

19. BANK BALANCES AND CASH

The group did not have any overdrawn bank accounts at year-end and therefore no offsetting of bank accounts has occurred on the group balance sheet. All cash resources are placed with reputable bankers.

20. SHARE CAPITAL**Authorised**

400 000 000 Ordinary shares of R0,0001 each	40	40	40	40
---	----	----	----	----

Issued

187 581 280 (2001: 161 830 224) Ordinary shares of R0,0001 each	19	16	19	16
---	----	----	----	----

Included in issued ordinary shares are 572 857 ordinary shares deemed to be issued in terms of profit guarantees achieved effective 28 February 2002 (refer note 21).

Shares were issued during the current year with a total premium of R24 911 000. 4 015 506 unissued ordinary shares of R0,0001 each are committed for future issue to the Datacentrix Holdings Limited Share Trust and to the previous owners of Styleprops Services 18 (Proprietary) Limited (refer note 10). The balance of the unissued shares are under the control of the directors until the next annual general meeting of shareholders. The directors also have authority until the next annual general meeting of shareholders to repurchase issued shares of the company on the open market.

25 751 056 shares were issued during the year or are deemed to be issued during the year to the following non-public entities as defined by the JSE listing rules.

These share issues were made as follows:

20 982 924	to Eglin Investments (Proprietary) Limited, the investment vehicle of CNI, to increase empowerment shareholding.
3 000 000	to Datacentrix Holding Limited Share Trust to increase shares available for allocation to employees.
1 195 275	to the original shareholders of Supported Software (Proprietary) Limited in connection with profit guarantees achieved.
572 857	to the original shareholders of Styleprops Services 18 (Proprietary) Limited in connection with profit guarantees achieved.

20. SHARE CAPITAL (continued)

	2002 Shares	2001 Shares
Shares held by the share trust		
Opening balance	6 323 400	4 321 900
Shares issued to the trust or acquired by the trustees during the year	3 000 000	2 001 500
Closing balance	9 323 400	6 323 400
Share options allocated as detailed below	11 139 858	6 323 400
Shortfall and maximum potential dilution	1 816 458	0

Share options

	Opening balance	Net options allocated	Exercised	Closing balance	Average option price
2002	6 323 400	4 816 458	–	11 139 858	1,12
2001	4 321 900	2 001 500	–	6 323 400	1,19

Per the Trust deed the trust may hold a maximum of 10% of the issued share capital of the company. Share options may be exercised to a maximum of 12,5% after one year and thereafter 12,5% every six months. There are no restrictions on trading options exercised. Options allocated are shown net of options which have lapsed.

The following special resolutions have been passed in the current year by group companies:

Datacentrix Holdings Limited

19 June 2001 – Granting of general authority to directors to repurchase shares issued by the company.

25 February 2002 – The issue of shares to Eglin Investments (Proprietary) Limited, the investment vehicle of CNI.

	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000

21. ACQUISITION CONSIDERATION DUE

Langraphix Cape (Proprietary) Limited, Network Architects Close Corporation, J Peacock sole proprietor	–	2 850	–	–
Styleprops Services 18 (Proprietary) Limited	9 500	10 750	–	–
Supported Software (Proprietary) Limited	7 438	18 209	7 438	18 209
Premier Foods Limited	5 445	7 260	–	–
Value of shares deemed to be issued based on profit targets achieved on 28 February 2002	(1 203)	(1 996)	–	–
Transfer to non-distributable reserve	(7 438)	(6 399)	(7 438)	(6 005)
Total acquisition consideration due	13 742	30 674	–	12 204
Long-term cash portion	(6 390)	(9 125)	–	–
Short-term cash portion	(2 735)	(9 300)	–	(5 775)
Total acquisition consideration due in form of equity shares to be issued	4 617	12 249	–	6 429

21. ACQUISITION CONSIDERATION DUE (continued)

Acquisition consideration due represents amounts owing to the original shareholders, members or owners in respect of acquisitions of subsidiaries and businesses and will be settled through the issue of fixed quantities of shares and the payments of fixed amounts of cash contingent on the fulfilment of profit warranties. The amounts owing are interest free, unsecured and will be settled within the next four years.

	GROUP		COMPANY	
	2002 R'000	2001 R'000	2002 R'000	2001 R'000

22. OUTSIDE SHAREHOLDERS' INTEREST AND LOANS PAYABLE

Outside shareholders' interest	-	2 469	-	-
Outside shareholders' loan	-	3 280	-	-
Total	-	5 749	-	-

The outside shareholders' interest in Commerce Centre of Southern Africa (Proprietary) Limited was acquired before year-end (refer note 5).

23. LONG-TERM LIABILITIES

Secured

Capitalised lease obligations	-	355	-	-
Short-term portion included in accounts payable (refer note 24)	-	(106)	-	-
	-	249	-	-

24. ACCOUNTS PAYABLE

Trade payables	86 484	66 933	-	-
Other payables	17 449	11 608	7	68
Total	103 933	78 541	7	68

25. PROVISIONS

Group only 2002	Opening balance	Provision made	Provision utilised	Closing balance
Leave pay provision	1 780	1 874	(363)	3 291
2001				
Leave pay provision	620	1 160	-	1 780

The leave pay provision is based on the number of leave days due to the employees at year-end and their remuneration.

26. RETIREMENT BENEFIT PLANS

The Orion Fixed Contribution Provident Fund and the Supported Software Pension and Provident Funds are defined contribution funds of which most of the group's permanent employees are members. These funds have been registered by the Registrar of Pension Funds and are governed by the Pension Funds Act. The group does not provide any post-retirement medical benefits to its employees.

27. RELATED PARTY TRANSACTIONS

Related party	Nature of relationship	Type of transactions	Transactions	Balance outstanding R'000
ParaNet LLC	Previous 30% shareholder in Commerce Centre of Southern Africa (Proprietary) Limited	Cancellation of software licences by shareholders of ParaNet LLC	11 913	-
Vukani Technologies (Proprietary) Limited	Investment	Computer consumables purchased	4 692	1 510

28. FINANCIAL INSTRUMENTS

The group and company's financial instruments consist mainly of cash at bank and cash equivalents, loans receivable, accounts receivable, accounts payable, acquisition consideration due and derivative financial instruments.

Fair values

The carrying amounts of the following financial instruments approximate their fair values:

- Cash at bank – deposits with commercial interest rates
- Accounts receivable – subject to normal trade credit terms and provision is made for long outstanding debts
- Accounts payable – subject to normal trade credit terms and a relatively short payment cycle
- Loan receivable from Premier Foods Limited – subject to commercial rates (refer note 14).

The following financial instruments are all interest free and the terms of payment are either not determined or conditional. The fair value of these assets can therefore not be calculated:

- Loan to share trust (refer note 16)
- Loans to subsidiaries

The interest rates applicable to the following loans are not market related:

	GROUP	
	Carrying value	Fair value
Long-term cash portion of acquisition consideration due	(6 390)	(4 827)
Loan receivable from Vukani Technologies (Proprietary) Limited	1 510	1 313

28. FINANCIAL INSTRUMENTS (continued)

Risks

The credit risks attached to accounts and loans receivable and bank and cash are discussed in notes 14, 16, 18 and 19. Due to the nature, and extent of the group's financial instruments, it is not unduly exposed to price risks, interest rate risks, cash flow risks and liquidity risks. Although frequent purchases are made from foreign entities, foreign exchange contracts are entered into for most transactions and the group owns enough foreign currency to settle creditors at any point in time. On short-term contracts currency fluctuations are passed onto customers. Limited currency risks related to long-term contract exist.

Derivative financial instruments

The group utilises currency derivatives to hedge future foreign currency transactions and cash flows. 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.

At the balance sheet date, the group had contracted to buy the following amounts under forward contracts:

	Foreign currency amount '000	Average exchange rate	R'000
US Dollars	4 071	11,59	47 166
Euro	40	10,27	407
			47 574

At 28 February 2002, the fair value of the group's currency derivatives was estimated to be approximately R167 000, based on market values of equivalent instruments at the balance sheet date.

29. SHAREHOLDERS' ANALYSIS

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

	Number of shares	%
Major shareholders (over 5% holding)		
CNI	91 152 467	49
Treacle Venture Partners	26 325 168	14
PG Uys	16 053 031	8
KJ Lammers	14 553 030	8
Other directors, management and staff	9 347 447	5
Share trust	9 323 400	5
General public and corporate investors	20 253 880	11
Total	187 008 423	100

29. SHAREHOLDERS' ANALYSIS (continued)

	Number of shareholders	%	Number of shares	%
1 to 10 000	431	77	1 358 705	1
10 001 to 50 000	83	15	1 964 873	1
50 001 to 100 000	7	1	522 344	-
100 001 to 500 000	18	3	5 032 329	3
500 001 to 1 000 000	6	1	4 394 916	2
Over 1 000 000	18	3	173 735 256	93
Total	536	100	187 008 423	100

30. BORROWING POWERS OF THE COMPANY AND ITS SUBSIDIARIES

The borrowing powers of Datacentrix Holdings Limited's directors are unlimited.

The directors of the subsidiaries are governed by an approval framework, which is renewed by the Datacentrix Holdings Limited board from time to time.

31. BUSINESS AND GEOGRAPHICAL SEGMENTS

All the group's activities are within South Africa. For reporting purposes, the group was 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 and related services
- Solutions – supply of business solutions
- e-business – supply of e-business infrastructure and solutions

The business segments information is presented below (refer note 5 for segmental information on discontinued operations):

Group only

2002	Infrastructure R'000	Solutions R'000	e-business R'000	Head office R'000	Group R'000
Revenue	485 685	34 343	1 553	-	521 581
Net income (loss) after taxation	24 191	4 099	(7 109)	(279)	20 902
Capital expenditure	3 590	4 448	327	-	8 365
Depreciation, scrapping and impairment of assets	2 839	94	8 938	-	11 871
Amortisation of goodwill	-	3 002	-	-	3 002
Assets	211 831	10 131	9 181	23 870	255 013
Liabilities	118 731	6 032	10 898	7	135 668

31. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Group only

2001	Infrastructure R'000	Solutions R'000	e-business R'000	Head office R'000	Group R'000
Revenue	379 895	13 941	228	-	394 064
Net income (loss) after taxation	16 285	2 565	(4 284)	(89)	14 477
Capital expenditure	3 662	63	2 025	-	5 750
Depreciation, scrapping and impairment of assets	1 408	5	54	-	1 467
Amortisation of goodwill	-	1 700	-	-	1 700
Assets	144 840	3 002	34 338	4 221	186 401
Liabilities	90 880	2 307	15 092	5 843	114 122

32. LEASE COMMITMENTS

At the balance sheet date, the group had outstanding commitments under non-cancellable operating leases with a term of more than one year, which fall due as follows:

	2002 R'000	2001 R'000
Within one year	3 426	2 975
In the second to fifth year inclusive	5 482	3 595
	8 908	5 751

33. CONTINGENT LIABILITIES

The group has no material contingent liability.

34. SUBSEQUENT EVENTS

No material event occurred between the end of the financial year and the date of this report which requires disclosure in, or adjustments to, the annual financial statements.