

Notes to the Annual Financial Statements (continued)

for the year ended 29 February 2004

17. LOAN TO SHARE TRUST

	Group		Company	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Loan to Datacentrix Holdings Share Trust	-	-	6 627	6 627

The loan is interest free and there are no fixed terms of repayment. (Refer to note 10 and 21 for details in respect of the share trust.)

18. INVENTORIES

	2004	2003	2004	2003
Finished goods	3 219	5 795	-	-
Work in progress	3 323	1 415	-	-
Spares	5 165	3 193	-	-
	11 707	10 403	-	-

It was not necessary to adjust any inventories to net realisable value. Spares stock is being depreciated over the period of the underlying service contract or a maximum of 36 months.

19. ACCOUNTS RECEIVABLE

	2004	2003	2004	2003
Trade receivables	114 278	118 891	-	-
Other receivables	1 814	1 993	8	516
	116 092	120 884	8	516

Accounts receivable are presented net of the allowance for doubtful receivables. There is a low credit risk with respect to trade receivables. There has historically been very little bad debt due to the spread and quality of customers.

20. BANK BALANCES AND CASH

	2004	2003	2004	2003
Bank balances and cash	131 022	117 784	647	40

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

21. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

Share Capital

	2004	2003	2004	2003
Authorised				
400 000 000 ordinary shares of R0,0001 each	40	40	40	40
Issued and deemed issued				
204 271 818 (2003: 198 362 659) ordinary shares of R0,0001 each	20	20	20	20

The authorised share capital of the company remained unchanged.

11 190 538 shares were issued during the year or are deemed to be issued at the end of the year to the following non-public entities as defined by the JSE Securities Exchange Listing Requirements in terms of profit warranties achieved:

- 1 367 619 to the original shareholders of Styleprops Services 18 (Proprietary) Limited at R2.10;
- 1 500 000 to the original shareholder of Dirigible IT (Proprietary) Limited at R1.35;
- 1 000 000 to the original shareholders of Dezzo Trading (Proprietary) Limited at R1.50; and
- 7 322 919 to the original shareholders of Solution Management NetworkX (Proprietary) Limited at R1.00.

The issued shares include 4 409 159 ordinary shares deemed to be issued in terms of profit warranties achieved effective 29 February 2004. 831 429 unissued ordinary shares of R0,0001 each are committed to the previous vendors of Styleprops Services 18 (Proprietary) Limited. The balance of the unissued shares is under the control of the directors until the next annual general meeting of the 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. No shares were repurchased during the year.

21. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)

	Group		Company	
	2004 R'000	2003 R'000	2004 R'000	2003 R'000
Share Premium				
Opening balance	43 740	31 986	43 754	31 994
Premium on issue of ordinary shares	7 075	12 002	7 075	12 002
Share issue expenses	(86)	(242)	(86)	(242)
Profit (loss) on sale of treasury shares	102	(6)	-	-
Closing balance	50 831	43 740	50 743	43 754
Treasury Shares	(11 078)	(10 135)	-	-

The number of treasury shares held by the Datacentrix Holdings Share Trust amounts to 9 248 400 (2003: 9 323 400) ordinary shares at average cost.

Share Trust

In 1998 the group approved the incentive plan whereby share options or shares are offered to participating employees under a deferred delivery scheme.

The trust may hold a maximum of 10% of the issued share capital of the company. Share options granted may be exercised at any time but lapse after 10 years from option date. Once exercised, participants may deal in their shares to a maximum of 12.5% after one year from option date and thereafter 12.5% every six months. Options not exercised whilst in the employment of the company generally lapse upon termination of employment.

Shares held by the Datacentrix Holdings Share Trust

	2004 Shares	2003 Shares
Opening balance	9 323 400	9 323 400
Shares issued to the trust or acquired by the trust during the year	1 705 169	376 080
Shares issued to beneficiaries	(1 780 169)	(376 080)
Closing balance	9 248 400	9 323 400
Share options allocated as detailed below	(16 523 727)	(17 070 650)
Maximum potential shortfall	(7 275 327)	(7 747 250)

Share Options

	Opening balance	Options offered	Options lapsed	Exercised	Closing balance	Average option price
2004	17 070 650	1 896 700	(663 454)	(1 780 169)	16 523 727	1.20
2003	11 139 858	6 306 872	-	(376 080)	17 070 650	1.10

The average cost price of the shares held by the trust is 120 cents (2003: 110 cents) and the market value of the shares at year-end is 190 cents (2003: 130 cents).

At year-end there were no unpaid exercised options outstanding. At that time the trust had a contingent profit of R67 809 (2003: exposure of R441 160) in terms of options granted below market value of 190 cents (2003: 130 cents) at year-end.

The trust has a maximum contingent exposure of R2 998 494 (2003: R2 454 013) because of options granted at values below the cost price of shares already owned by the trust or below the market value of 190 cents (2003: 130 cents) at year-end for options granted in excess of the number of shares the trust already owns. There is no immediate need for the trust to acquire new shares.

Datacentrix Holdings Limited funds the cash flow of the trust and has the obligation to fund the deficit of the trust on termination.