DIRECTORS' STATEMENT | OF RESPONSIBILITY

The board of directors of Datacentrix Holdings Limited has pleasure in presenting its report on the activities of the company and the group for the year ended 28 February 2006.

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 auditors is to independently audit and report on the fairness of the financial statements and their report is represented on page 23.

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 2006.

The directors of the group, whose names are given on pages 4 and 5 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 Listing Requirements of the JSE Limited.

The annual financial statements appearing on pages 24 to 57 were approved by the board of directors on 18 April 2006 and signed on its behalf by:

Gary Morolo
Chairman

Gerhard Uys
Chief Executive Officer

Pretoria
18 April 2006

REPORT OF THE | INDEPENDENT AUDITORS

To the members of Datacentrix Holdings Limited:

We have audited the annual financial statements and group annual financial statements of Datacentrix Holdings Limited set out on pages 24 to 57 for the year ended 28 February 2006. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group at 28 February 2006, and the results of their operations and 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
Registered Auditors

Per Xavier Botha
Partner

Pretoria
18 April 2006

CERTIFICATE | BY 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 2006 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.

Johan Landsberg
Company Secretary

Pretoria
18 April 2006

INCOME STATEMENTS
for the year ended 28 February 2006

	Notes	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
Revenue	4	1 034 397	882 205	-	-
Other operating income		2 397	75	-	-
Changes in inventories of finished goods and work in progress		1 929	(682)	-	-
Finished goods sold		(736 217)	(606 996)	-	-
Employee benefits expense		(181 317)	(161 132)	-	-
Depreciation, amortisation and impairments		(18 231)	(18 649)	-	-
Operating expenses		(32 528)	(35 386)	(136)	(562)
Operating profit (loss)	5	70 430	59 435	(136)	(562)
Share of profit of associate		-	472	-	-
Income from investments	6	7 960	6 663	1	2
Finance costs	7	(104)	(986)	-	-
Profit (loss) before taxation		78 286	65 584	(135)	(560)
Income tax expense	8	(28 341)	(23 571)	(2 239)	(3)
Profit (loss) for the year attributable to ordinary shareholders		49 945	42 013	(2 374)	(563)
Basic earnings per ordinary share (cents)	9	25.5	21.5		
Diluted basic earnings per ordinary share (cents)	9	24.9	20.9		
Dividend per share (cents)	10	30.0	9.0		

BALANCE SHEETS
as at 28 February 2006

	Notes	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
ASSETS					
Non-current assets		68 194	77 682	33 827	50 957
Property and equipment	11	31 217	33 360	-	-
Investment property	12	-	2 333	-	-
Goodwill	13	16 257	24 114	-	-
Other intangible assets - software	14	751	892	-	-
Investment in associate	15	-	1 413	-	-
Long-term receivables	16	7 230	-	-	-
Investment in subsidiaries	17	-	-	33 827	50 957
Deferred tax assets	18	12 739	15 570	-	-
Current assets		381 947	290 027	6 767	6 640
Loan to share trust	19	-	-	6 627	6 627
Inventories	20	4 836	6 765	-	-
Trade and other receivables	21	211 496	116 116	123	5
Cash and cash equivalents	22	165 615	167 146	17	8
TOTAL ASSETS		450 141	367 709	40 594	57 597
EQUITY AND LIABILITIES					
Capital and reserves		244 347	214 150	40 453	57 091
Share capital	23	21	20	21	20
Share premium	23	40 311	39 589	39 280	38 378
Treasury shares	23	(20 203)	(14 060)	-	-
Equity-settled share scheme reserve	23	5 042	1 735	5 042	1 735
Retained earnings (accumulated loss)		219 176	186 866	(3 890)	16 958
Non-current liabilities		19 746	19 260	-	-
Obligations under finance leases	24	4 205	-	-	-
Deferred revenue - long-term	25	15 541	19 260	-	-
Current liabilities		186 048	134 299	141	506
Deferred revenue - short-term	25	17 590	12 842	-	-
Trade and other payables	26	136 423	82 389	212	506
Current tax liabilities		5 124	10 106	(71)	-
Provisions	27	26 611	27 879	-	-
Lease liability		300	163	-	-
Acquisition consideration due to vendors	28	-	920	-	-
TOTAL EQUITY AND LIABILITIES		450 141	367 709	40 594	57 597

STATEMENTS OF CHANGES IN EQUITY
for the year ended 28 February 2006

	Note	Share capital R'000	Share premium R'000	Treasury shares R'000	Equity-settled share scheme reserve R'000	Acquisition consideration due R'000	Retained earnings/ (accumulated loss) R'000	Total R'000
GROUP								
Balance at 29 February 2004 as previously stated		20	50 831	(11 078)	-	1 746	152 249	193 768
Effect of adoption of IFRS	40	-	-	-	416	-	(416)	-
Effect of other restatements	40	-	-	-	-	-	(6 980)	(6 980)
Balance at 29 February 2004 restated		20	50 831	(11 078)	416	1 746	144 853	186 788
Net income for the year restated		-	-	-	1 319	-	42 013	43 332
Net income for the year as previously stated		-	-	-	-	-	44 659	44 659
Effect of adoption of IFRS	40	-	-	-	1 319	-	(1 319)	-
Effect of other restatements	40	-	-	-	-	-	(1 327)	(1 327)
Treasury shares - movement during the year		-	-	(2 982)	-	-	-	(2 982)
Share issue expenses		-	(26)	-	-	-	-	(26)
Shares issued on achievement of profit warranties		-	1 746	-	-	(1 746)	-	-
Capital distribution		-	(13 444)	-	-	-	-	(13 444)
Profit on sale of treasury shares		-	482	-	-	-	-	482
Balance at 28 February 2005 restated		20	39 589	(14 060)	1 735	-	186 866	214 150
Net income for the year		-	-	-	-	-	49 945	49 945
Treasury shares - movement during the year		-	-	(6 143)	-	-	-	(6 143)
Raised on new acquisitions		1	912	-	-	-	-	913
Share-based payments		-	-	-	3 307	-	-	3 307
Dividend paid		-	-	-	-	-	(17 635)	(17 635)
Share issue expenses		-	(10)	-	-	-	-	(10)
Loss on sale of treasury shares		-	(180)	-	-	-	-	(180)
Balance at 28 February 2006		21	40 311	(20 203)	5 042	-	219 176	244 347
COMPANY								
Balance at 29 February 2004 as previously stated		20	50 743	-	-	-	17 521	68 284
Effect of adoption of IFRS		-	-	-	416	-	-	416
Balance at 29 February 2004 restated		20	50 743	-	416	-	17 521	68 700
Net loss for the year		-	-	-	-	-	(563)	(563)
Capital distribution		-	(14 085)	-	-	-	-	(14 085)
Share-based payments		-	-	-	1 319	-	-	1 319
Shares issued on achievement of profit warranties		-	1 746	-	-	-	-	1 746
Share issue expenses		-	(26)	-	-	-	-	(26)
Balance at 28 February 2005 restated		20	38 378	-	1 735	-	16 958	57 091
Net loss for the year		-	-	-	-	-	(2 374)	(2 374)
Raised on new acquisitions		1	912	-	-	-	-	913
Share-based payments		-	-	-	3 307	-	-	3 307
Dividend paid		-	-	-	-	-	(18 474)	(18 474)
Share issue expenses		-	(10)	-	-	-	-	(10)
Balance at 28 February 2006		21	39 280	-	5 042	-	(3 890)	40 453

CASH FLOW STATEMENTS
for the year ended 28 February 2006

	Notes	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from customers		941 992	882 181	-	-
Cash paid to suppliers and employees		(889 490)	(781 299)	(552)	(57)
Cash generated from (utilised in) operations	A	52 502	100 882	(552)	(57)
Interest received		7 960	6 663	1	2
Interest paid		(104)	(899)	-	-
Dividend/capital distribution paid		(17 635)	(13 444)	(18 474)	(14 085)
Taxation (paid) receivable	B	(30 492)	(19 263)	(2 306)	1
Net cash inflow (outflow) from operating activities		12 231	73 939	(21 331)	(14 139)
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property and equipment		(7 578)	(26 788)	-	-
Proceeds from sale of property and equipment		274	446	-	-
Increase in amounts receivable under finance leases		(9 491)	-	-	-
Proceeds on disposal of investment property		3 960	-	-	-
Decrease in investment and advance payments	C	-	3 199	21 350	13 526
Acquisition of intangible assets	D	(714)	(566)	-	-
Business and subsidiary acquired	E	(751)	-	-	-
Proceeds on disposal of subsidiary	E	503	-	-	-
Net cash (outflow) inflow from investing activities		(13 797)	(23 709)	21 350	13 526
CASH FLOW FROM FINANCING ACTIVITIES					
Share capital issued	F	913	-	-	-
Increase in treasury shares		(6 143)	(2 982)	-	-
Increase in finance lease obligation		6 195	-	-	-
Share issue expenses	F	(10)	(26)	(10)	(26)
Acquisition consideration - cash payments	G	(920)	(11 098)	-	-
Net cash inflow (outflow) from financing activities		35	(14 106)	(10)	(26)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1 531)	36 124	9	(639)
Cash and cash equivalents at the beginning of the year		167 146	131 022	8	647
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	H	165 615	167 146	17	8

	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
A. RECONCILIATION OF PROFIT (LOSS) BEFORE TAXATION TO CASH GENERATED FROM (UTILISED IN) OPERATIONS				
Profit (loss) before taxation	78 286	65 584	(135)	(560)
Adjusted for:	11 894	14 019	(1)	(2)
Profit on sale of property and equipment	-	(75)	-	-
Depreciation of property and equipment	9 519	8 705	-	-
Impairment of goodwill and amortisation of software	8 712	9 944	-	-
Income from associate	-	(472)	-	-
Interest received	(7 960)	(6 663)	(1)	(2)
Profit on sale of investment property	(1 671)	-	-	-
Profit on disposal of subsidiary	(74)	-	-	-
Straight-line accounting for leases	137	(207)	-	-
Share-based payments	3 307	1 319	-	-
(Profit) loss on sale of treasury shares	(180)	482	-	-
Interest paid	104	986	-	-
Operating profit (loss) before working capital changes	90 180	79 603	(136)	(562)
Working capital changes	(37 678)	21 279	(416)	505
Inventories	2 031	1 439	-	-
Trade and other accounts receivable	(88 545)	(24)	(122)	(1)
Trade, other accounts payable and liabilities	48 836	19 864	(294)	506
Cash generated from (utilised in) operations	52 502	100 882	(552)	(57)
B. TAXATION (PAID) RECEIVABLE				
Opening balance	(10 106)	(2 274)	4	8
Income statement charge - current and secondary taxation	(28 341)	(23 571)	(2 239)	(3)
Associate - taxation charge included in current charge	-	143	-	-
Movement in deferred taxation balance	2 831	(3 667)	-	-
Closing balance	5 124	10 106	(71)	(4)
	(30 492)	(19 263)	(2 306)	1
C. DECREASE IN INVESTMENT AND ADVANCE PAYMENTS				
Movements in investment adjusted for non-cash flow items in equity	-	3 199	21 350	11 780
Acquisition consideration due transferred from subsidiary company	-	-	-	1 746
	-	3 199	21 350	13 526

	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
D. ACQUISITION OF INTANGIBLE ASSETS				
Opening balance	25 006	34 384	-	-
Impairment/amortisation of intangible assets	(8 712)	(9 944)	-	-
Goodwill on acquisition during the year	1 712	-	-	-
Goodwill realised on disposal during the year	(1 712)	-	-	-
Closing balance	(17 008)	(25 006)	-	-
	(714)	(566)	-	-
E. BUSINESS AND SUBSIDIARY ACQUIRED AND DISPOSED				
Business and subsidiary acquired				
Assets acquired				
- property and equipment	28	-	-	-
- bank balances and cash	249	-	-	-
- trade receivables	3 884	-	-	-
- investments	320	-	-	-
- inventory	102	-	-	-
Liabilities assumed				
- trade and other payables	(2 969)	-	-	-
	1 614	-	-	-
Less: existing share of net assets of associate before acquisition	(1 413)	-	-	-
	201	-	-	-
Goodwill arising on acquisition	1 712	-	-	-
	1 913	-	-	-
Bank balances and cash in business	(249)	-	-	-
	1 664	-	-	-
Satisfied by:				
- acquisition consideration paid in shares	913	-	-	-
- cash consideration paid	751	-	-	-
Total consideration	1 664	-	-	-
Subsidiary disposed				
Assets disposed				
- investments	320	-	-	-
- share of net assets	24	-	-	-
Goodwill on acquisition	1 712	-	-	-
Total net assets disposed	2 056	-	-	-
Profit on disposal	74	-	-	-
	2 130	-	-	-
Satisfied by:				
- acquisition consideration paid in shares	913	-	-	-
- outstanding debtor at year-end	714	-	-	-
- cash consideration	503	-	-	-
Total consideration	2 130	-	-	-

NOTES TO THE | CASH FLOW STATEMENTS
for the year ended 28 February 2006 (continued)

	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
F. SHARE CAPITAL MOVEMENTS				
Opening balance	(39 609)	(50 851)	(38 398)	(50 763)
Closing balance	40 332	39 609	39 301	38 398
Share issue expenses	10	26	10	26
Capital distribution	-	13 444	-	14 085
(Loss) profit on sale of treasury shares	180	(482)	-	-
Raised on new acquisitions	-	(1 746)	(913)	(1 746)
	913	-	-	-
G. ACQUISITION CONSIDERATION DUE - CASH PAYMENTS				
Opening balance	(920)	(13 677)	-	-
Share issues to vendors on achievement of profit warranties	-	1 746	-	1 746
Transfer of acquisition consideration due from subsidiary companies	-	-	-	(1 746)
Deemed interest as per AC133 fair value adjustment	-	(87)	-	-
Closing balance	-	920	-	-
	(920)	(11 098)	-	-
H. CASH AND CASH EQUIVALENTS				
Bank balances and cash	165 615	167 146	17	8

NOTES TO THE | ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2006

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

In the current year, the group adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2005. The adoption of these new and revised Standards and Interpretations has resulted in changes to the group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- share-based payments (IFRS 2);
- business combinations (IFRS 3); and
- property and equipment (IAS 16).

The impact of these changes in accounting policies is discussed in detail later in this note. The impact on basic and diluted earnings per share is disclosed in note 40.

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

IFRS 6: Exploration for and Evaluation of Mineral Resources;
IFRS 7: Financial Instruments: Disclosures;
IFRIC 4: Determining whether an Arrangement contains a Lease;
IFRIC 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
IFRIC 6: Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment;
IFRIC 7: Applying the Restatement Approach under IAS 29: Financial Reporting in Hyperinflationary Economies;
IFRIC 8: Scope of IFRS 2; and
IFRIC 9: Reassessment of Embedded Derivatives.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group.

IFRS 2: Share-based Payments
IFRS 2: *Share-based Payments* requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of IFRS 2, the group did not recognise the financial effect of share-based payments until such payments were settled.

In accordance with the transitional provisions of IFRS 2, the Standard has been applied retrospectively to all grants of equity instruments after 07 November 2002 that were unvested as of 01 January 2005, and to liabilities for share-based transactions existing at 01 January 2005. The Standard therefore applies to share options granted in 2004 and 2005.

For 2005, the change in accounting policy has resulted in a net decrease in profit for the year of R1,319 million. The balance sheets at 29 February 2004 and 28 February 2005 have been restated to reflect the recognition of a equity-settled share scheme reserve as detailed in note 40. For 2006, the impact of share-based payments is a net charge to income of R3,307 million. At 28 February 2006 the equity-settled share scheme reserve amounted to R5,042 million.

IFRS 3: Business Combinations
IFRS 3 has been adopted for business combinations for which the agreement date is on or after 31 March 2004. The option of limited retrospective application of the Standard has not been taken up, thus avoiding the need to restate past business combinations. The group had no acquisitions during the 2005 accounting period. Therefore, the first transaction to which the new Standard has been applied was the acquisition of Vukani Technologies (Proprietary) Limited on 01 March 2005 (refer note 29).

After initial recognition, IFRS 3 requires goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses. Under IAS 36: *Impairment of Assets (as revised in 2004),* impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. IFRS 3 prohibits the amortisation of goodwill. Previously, under IAS 22, the group carried goodwill in its balance sheet at cost less accumulated amortisation and accumulated impairment losses. Amortisation was charged over the estimated useful life of the goodwill, subject to the rebuttable presumption that the maximum useful life of goodwill was 20 years.

In accordance with the transitional rules of IFRS 3, the group has applied the revised accounting policy for goodwill prospectively from the beginning of its first annual period beginning on or after 31 March 2004, i.e. 01 March 2005, to goodwill acquired in business combinations for which the agreement date was before 31 March 2004. Therefore, from 01 March 2005, the group has discontinued amortising such goodwill and has tested the goodwill for impairment in accordance with IAS 36. At 01 March 2005, the carrying amount of amortisation accumulated before that date of R29,522 million has been eliminated, with a corresponding decrease in goodwill.

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

IFRS 3: Business Combinations (continued)
Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods. No amortisation has been charged in 2006. The charge in 2005 was R8,471 million.

An impairment loss of R7,857 million has been recognised in the current period in accordance with IAS 36. Had the group's previous accounting policy been applied in the current year, this amount would have been an amortisation charge of R12,958 million and an impairment loss of R2,064 million.

IAS 16: Property and Equipment
Spare parts were usually carried as inventory and recognised in profit and loss when consumed. However, major spare parts and standby equipment qualify as property and equipment when an entity expects to use them during more than one period. The spares carried within the group meet this definition and have therefore been reclassified as property and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The disclosures required by IFRS 1 concerning the transition from SA GAAP to IFRS are detailed in note 40. The financial statements have been prepared on the historical costs 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.

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.

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 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.

Investment in Associate
An associate is an enterprise in which the group holds an equity interest and over which it has the ability to exercise significant influence, but not control, through its financial and operating policy decisions. It is neither a subsidiary nor a joint venture. The results, assets and liabilities of the associate are incorporated in the group's annual financial statements using the equity method of accounting.

Under the equity method, interests in associates are carried in the balance sheet at cost as adjusted by post acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of the investment.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Where a group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment
All items of property and equipment are stated at original cost less accumulated depreciation and any impairment losses. Depreciation and impairment losses are charged to profit or loss. Depreciation is charged so as to write-off the cost of assets over their estimated useful lives, 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. 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.

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.

Investment Property
Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation at the balance sheet date. Depreciation is charged to profit or loss, so as to write-off the cost of the property over its estimated useful life to residual values, using the straight-line method.

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 on an annual basis, regardless of whether there are any indicators of impairment. 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 the income statement.

Other than for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (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 in the income statements.

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 any 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 balance sheet 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
Taxation represents the sum of the tax currently payable and deferred tax. 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 investment 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 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, which case the deferred tax is also dealt with in equity.

Secondary tax on companies (STC) is recognised in the year 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
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.

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 on the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and Other Receivables
Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. It is reduced by appropriate allowances for estimated irrecoverable amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Investments
Investments are recognised on a trade-date basis and are initially measured at cost, including transaction costs.

At subsequent reporting dates, debts securities that the group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial Liabilities and Equity
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.

Treasury Shares
Shares purchased by wholly owned group companies in their holding company and by the Datacentrix Holdings Share Trust are classified as treasury shares and held at cost. Dividends received on treasury shares are eliminated on consolidation.

Trade and Other Payables
Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effect interest rate method.

Equity Instruments
Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Derivative Financial Instruments
The group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Such derivatives are initially recorded at cost, if any, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of designated fair value hedges and derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are no closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 tax. 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 are 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 recognise revenue as the difference between the gross sales price to the customer 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 on the balance sheet date. 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.

Related Party Transactions

The company does not have a single controlling shareholder. All subsidiaries and associated companies of the group are related parties. A list of major subsidiaries and associated companies are included in notes 15 and 17. Details of loans to and from associated companies are also provided.

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 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.

Fair value is measured by use of a binomial model. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the following judgements that have the most significant effect on the amounts recognised in the financial statements:

Revenue Recognition

Note 4 sets out the different types of revenue recognised for the businesses of infrastructure and related services and the solutions business. In making it's 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.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet 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 calculation 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 the balance sheet date was R16,257 million (2005: R24,114 million) after an impairment loss of R7,851 million was recognised (2005: Rnil). Details of the impairment loss calculation are provided in note 13.

Bonus Provision - Executive Share Options

Determining the value of the provision required making assumptions regarding the probability of the bonus being paid out and the market price to be used in calculating the bonuses. Full details are provided in notes 3 and 27.

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 are of the opinion that the useful lives and residual values of the assets currently carried are in line with industry norms.

3. DIRECTORS

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

Executive:	Non-Executive:	Independent Non-Executive:
Ahmed Mahomed	Gary Morolo (Chairman)	Alwyn Martin
Charl Joubert		Christoff Botha
Elizabeth Naidoo		Imogen Mkhize
Gerhard Uys (CEO)		Joan Joffe
Klaas Lammers		
Stewart Barker		

Appointments and Resignations During the Year

Alwyn Martin and Thenjiwe Chikane were appointed to the board in May 2005. In June 2005 Sam Nematswerani resigned from the board of directors. Thenjiwe Chikane resigned from the board of directors in September 2005. Both directors resigned due to conflicting commitments.

Restraint of Trade Agreements and Long-Term Employment Contracts

All seven executive directors and most senior staff members are bound by restraint of trade agreements.

3. DIRECTORS (continued)

Directors' Remuneration (all regarded as short-term benefits)

Executive Directors 2006	Salaries R'000	Bonuses R'000	Benefits R'000	Retirement contributions R'000	Total R'000
Gary Morolo (Chairman)	1 372	-	13	176	1 561
Gerhard Uys (CEO)	1 509	920	14	193	2 636
Klaas Lammers	1 523	920	-	193	2 636
Charl Joubert	816	203	15	130	1 164
Stewart Barker	893	602	13	115	1 623
Ahmed Mahomed	1 118	921	-	142	2 181
Elizabeth Naidoo	786	366	12	101	1 265
Total	8 017	3 932	67	1 050	13 066
2005					
Gary Morolo (Chairman)	1 364	773	22	176	2 335
Gerhard Uys (CEO)	1 354	773	32	176	2 335
Klaas Lammers	1 378	773	8	176	2 335
Charl Joubert	753	342	45	119	1 259
Stewart Barker	828	478	25	108	1 439
Ahmed Mahomed	949	705	1	116	1 771
Elizabeth Naidoo	625	200	47	85	957
Total	7 251	4 044	180	956	12 431

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

Non-Executive Directors - Fees for Services as Directors	2006 R'000	2005 R'000
Joan Joffe	180	80
Sam Nematswerani (7 months)	75	100
Christoff Botha	210	80
Alwyn Martin (9 months)	105	-
Thenjiwe Chikane (4 months)	40	-
Imogen Mkhize	155	100
Total	765	360

Sam Nematswerani has an interest in major shareholder Aka Capital (Proprietary) Limited (Co-ordinated Network Investments (Proprietary) Limited and Eglin Investments Number 31 (Proprietary) Limited)) and accordingly the fees were paid to this company during his tenure as non-executive director and chairman of the Audit and Risk Management Committee.

Christoff Botha has an interest in shareholder Treacle Nominees (Proprietary) Limited and accordingly the fees are paid to this company.

Directors' Shareholding

Executive Directors	Beneficial Direct 2006	Beneficial Indirect 2006	Beneficial Direct 2005	Beneficial Indirect 2005
Gerhard Uys	14 053 031	-	14 053 031	-
Klaas Lammers	12 553 030	-	12 553 030	-
Charl Joubert	472 031	-	724 888	-
Stewart Barker	141	-	287 500	-
Ahmed Mahomed	15 000	-	15 000	-
Total	27 093 233	-	27 633 449	-

3. DIRECTORS (continued)

Directors' Shareholding (continued)

Non-Executive Directors	Beneficial Direct 2006	Beneficial Indirect 2006	Beneficial Direct 2005	Beneficial Indirect 2005
Joan Joffe	502 685	-	504 545	-
Christoff Botha	665 332	-	665 332	-
Total	1 168 017	-	1 169 877	-

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 28/02/2005	New options allocated during the year	Expired, sold or lapsed during the year	Number of options 28/02/2006	Option price	Granting date	Conditions
Gary Morolo	1 000 000	-	(1 000 000)	-	R1.00	01/03/2001	Note 1
	1 000 000	-	(1 000 000)	-	R1.00	01/03/2002	Note 1
	1 000 000	-	(1 000 000)	-	R2.14	01/03/2004	Note 1
Gerhard Uys	1 000 000	-	(1 000 000)	-	R1.00	01/03/2001	Note 1
	1 000 000	-	(1 000 000)	-	R1.00	01/03/2002	Note 1
	1 000 000	-	(1 000 000)	-	R2.14	01/03/2004	Note 1
Klaas Lammers	1 000 000	-	(1 000 000)	-	R1.00	01/03/2001	Note 1
	1 000 000	-	(1 000 000)	-	R1.00	01/03/2002	Note 1
	1 000 000	-	(1 000 000)	-	R2.14	01/03/2004	Note 1
Stewart Barker	1 000 000	-	(1 000 000)	-	R1.00	01/03/2001	Note 2
	100 000	-	(75 000)	25 000	R1.00	01/03/2002	Note 2
Ahmed Mahomed	750 000	-	-	750 000	R1.00	01/01/2002	Note 2
Elizabeth Naidoo	500 000	-	-	500 000	R1.00	01/08/2002	Note 2
	11 350 000	-	(10 075 000)	1 275 000			

Note 1

Gary Morolo, Gerhard Uys and Klaas Lammers were granted options based on the achievement of specific criteria, i.e. growth in headline earnings per share. The options were granted at the beginning of each financial year on 01 March and vested immediately on the last day of the financial year on the confirmation that the growth had been achieved. These options however, were granted outside of the Datacentrix Holdings Share Trust or any other trust scheme, and therefore required shareholder approval in order for the options to be exercised and the shares issued. In terms of the JSE Listing Requirements, a 75% majority vote was required to pass the special resolution.

At a general meeting held on 03 February 2006, based on a circular distributed on 13 December 2005 in this regard, the required majority vote was not achieved. As a result the shares will not be issued and the options have been reflected as lapsed in the above table.

Each of the directors received an official letter for each year in question confirming that they were entitled to the share options. The board and Human Resources and Remuneration Committee are of the opinion that these letters gave rise to a contractual obligation on the part of the group to compensate each director accordingly. In view of this, the Human Resources and Remuneration Committee decided to approve cash bonuses in lieu of the options to these executive directors. It is management's view that the services in relation to these bonuses were rendered in the respective years of 2002, 2003 and 2005, i.e. the years in which the share options vested. Hence a provision for bonuses totalling R14,580 million has been raised, and comparative figures have been restated to this effect.

Note 2

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

4. REVENUE

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

	Group 2006 R'000	Restated 2005 R'000
Sale of goods	910 775	749 034
Services rendered	100 200	121 780
Commission income - sale of licences	23 422	11 391
	1 034 397	882 205

5. OPERATING PROFIT (LOSS)

Operating profit (loss) for the year has been arrived at after charging (crediting):

	Group 2006 R'000	Restated 2005 R'000
Auditors' remuneration		
- audit fees	1 500	1 100
- audit fees - prior year under provision	125	-
- fees for other services (taxation and advisory services)	371	95
	1 996	1 195
Net foreign exchange (gains) losses	(652)	183
Depreciation of property, equipment and investment property	9 519	8 705
Employee benefits expense (total)	181 317	161 132
Operating lease payments - properties	5 777	5 851
Retirement funds contributions (included in employee benefits expense)	13 555	11 109
Amortisation of software	855	1 473
Impairment/amortisation of goodwill	7 857	8 471
Profit on disposal of property and equipment		
- asset held for sale	1 671	-
- other assets	-	75
Profit on disposal of subsidiary	74	-

6. INCOME FROM INVESTMENTS

	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
Interest on bank deposits	7 960	6 324	1	2
Interest received from other institutions	-	339	-	-
	7 960	6 663	1	2

7. FINANCE COSTS

	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
Interest on bank overdrafts and loans	-	(2)	-	-
Interest paid to other institutions	(104)	(897)	-	-
Deemed interest	-	(87)	-	-
	(104)	(986)	-	-

8. INCOME TAX EXPENSE

	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
Taxation charge				
SA normal taxation - current year	28 863	28 049	-	-
SA normal taxation - prior year	-	(954)	-	3
Deferred taxation - current year	(2 838)	(5 033)	-	-
Deferred taxation -prior year	7	945	-	-
Change in statutory taxation rate	-	421	-	-
Share of associate company taxation	-	143	-	-
Secondary taxation on companies	2 309	-	2 239	-
	28 341	23 571	2 239	3

SA normal taxation is calculated at 29% (2005: 30%) of the estimated assessable profit for the year. Secondary taxation on companies is calculated at 12.5% (2005: 12.5%) on the net dividends payable.

	%	%	%	%
Reconciliation of rate of taxation				
Tax at statutory rate	29.0	30.0	29.0	30.0
Expenses not allowed for taxation	4.3	5.3	(29.0)	(30.0)
Change in statutory taxation rate	-	0.6	-	-
Secondary tax on companies	2.9	-	(1 658.5)	-
Prior year under provision	-	-	-	(0.5)
Effective tax rate for the year	36.2	35.9	(1 658.5)	(0.5)

9. EARNINGS PER SHARE

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 2006 R'000	Restated 2005 R'000
Earnings for the purposes of earnings per share	49 945	42 013
(profit for the period attributable to ordinary shareholders)		
Number of shares		
Weighted average number of ordinary shares for the purposes of earnings per share	195 647 491	195 801 242
Effect of dilutive potential ordinary shares: Share options	5 065 701	4 889 088
Weighted average number of ordinary shares for the purposes of diluted basic earnings per share	200 713 192	200 690 330
Earnings per ordinary share (cents)		
Basic earnings per ordinary share (cents)	25.5	21.5
Diluted basic earnings per ordinary share (cents)	24.9	20.9

9. EARNINGS PER SHARE (continued)

	Group 2006 R'000	Restated 2005 R'000
Headline earnings for the purposes of headline earnings per share		
Earnings attributable to ordinary shareholders	49 945	42 013
Impairment/amortisation of goodwill	7 857	8 471
Profit on sale of assets	-	(75)
Profit on disposal of investment property	(1 671)	-
Profit on disposal of subsidiary	(74)	-
Headline earnings for the purpose of basic and diluted headline earnings per share	56 057	50 409
Number of shares		
Weighted average number of ordinary shares for the purposes of headline earnings per share	195 647 491	195 801 242
Effect of dilutive potential ordinary shares: Share options	5 065 701	4 889 088
Weighted average number of ordinary shares for the purposes of diluted headline earnings per share	200 713 192	200 690 330
Headline earnings per ordinary share (cents)		
Basic headline earnings per ordinary share (cents)	28.7	25.7
Diluted headline earnings per ordinary share (cents)	27.9	25.1
Net asset value per share		
Net asset value per share is calculated by dividing the ordinary shareholders equity by the issued share capital at year-end.		
Number of shares		
Issued share capital at year-end (net of shares held by Datacentrix Holdings Share Trust)	195 647 491	195 801 242
Net asset value		
Ordinary shareholders equity	244 347	214 150
Net asset value per share (cents)	124.9	109.4
Tangible net asset value		
Net asset value per share is calculated by dividing the ordinary shareholders equity, less intangibles, by the issued share capital at year-end.		
Number of shares		
Issued share capital at year-end	195 647 491	195 801 242
Net asset value		
Ordinary shareholders equity	244 347	214 150
Adjustment: less intangible assets	17 008	25 006
Tangible net asset value	227 339	189 144
Net asset value per share (cents)	116.2	96.6

10. DIVIDEND

On 07 July 2005 a dividend of 9.0 cents per share was paid to shareholders. In respect of the current year, the directors have declared a normal dividend of 14.3 cents, which is two times headline earnings per share cover, compared to three times cover in the prior year. In addition to this, a special dividend of 15.7 cents has also been declared, bringing the total dividend to 30.0 cents per share. This dividend has not been included as a liability in these financial statements.

The proposed dividend for the 2006 year is payable to all shareholders on the Register of Members on 12 May 2006. The total estimated dividend to be paid is R61,579,705.

11. PROPERTY AND EQUIPMENT - GROUP ONLY

2006	Restated opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Closing balance R'000
COST					
Land	1 915	-	-	-	1 915
Buildings	13 492	56	-	-	13 548
Motor vehicles	923	272	(78)	-	1 117
Furniture and fittings	3 649	124	(5)	-	3 768
Computer equipment	23 513	1 759	(342)	-	24 930
Office equipment	2 468	141	(1)	-	2 608
Spare parts	10 472	5 088	-	-	15 560
Leasehold improvements	831	166	-	-	997
Total	57 263	7 606	(426)	-	64 443

	Restated opening balance R'000	Depreciation R'000	Disposals R'000	Transfers R'000	Closing balance R'000
ACCUMULATED DEPRECIATION					
Land	-	-	-	-	-
Buildings	212	37	-	-	249
Motor vehicles	726	158	(78)	-	806
Furniture and fittings	1 961	692	(1)	-	2 652
Computer equipment	17 154	4 130	(73)	-	21 211
Office equipment	999	578	(0)	-	1 577
Spare parts	2 113	3 782	-	-	5 895
Leasehold improvements	738	98	-	-	836
Total	23 903	9 475	(152)	-	33 226

2005	Restated opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Restated closing balance R'000
COST					
Land	463	1 915	-	(463)	1 915
Buildings	2 618	13 492	-	(2 618)	13 492
Motor vehicles	1 084	-	(161)	-	923
Furniture and fittings	2 841	817	(9)	-	3 649
Computer equipment	18 262	5 876	(625)	-	23 513
Office equipment	1 413	1 228	(173)	-	2 468
Spare parts	7 062	3 410	-	-	10 472
Leasehold improvements	781	50	-	-	831
Total	34 524	26 788	(968)	(3 081)	57 263

	Restated opening balance R'000	Depreciation R'000	Disposals R'000	Transfers R'000	Restated closing balance R'000
ACCUMULATED DEPRECIATION					
Land	-	-	-	-	-
Buildings	630	290	-	(708)	212
Motor vehicles	688	198	(160)	-	726
Furniture and fittings	1 387	581	(7)	-	1 961
Computer equipment	11 490	5 951	(287)	-	17 154
Office equipment	839	303	(143)	-	999
Spare parts	1 019	1 094	-	-	2 113
Leasehold improvements	490	248	-	-	738
Total	16 543	8 665	(597)	(708)	23 903

11. PROPERTY AND EQUIPMENT - GROUP ONLY (continued)

	Group 2006 R'000	Restated 2005 R'000
NET BOOK VALUE AND DEPRECIATION RATES APPLIED		
Land (5%)	1 915	1 915
Buildings (5%)	13 299	13 280
Motor vehicles (25%)	311	197
Furniture and fittings (16.7%)	1 116	1 688
Computer equipment (33.3%)	3 719	6 359
Office equipment (15% to 33.3%)	1 031	1 469
Spare parts (33.3%)	9 665	8 359
Leasehold improvements (period of lease)	161	93
Total	31 217	33 360

Land comprises stand number 865 Kosmosdal, Extension 11, Gauteng with buildings and additions thereon. The register of land and buildings is open for inspection at the registered office of the company. The additions resulting from the acquisition of the subsidiary and business are included in the above additions. Full details are provided in note 29. The depreciation rates were applied for the current and prior years.

12. INVESTMENT PROPERTY

	2006	2005
Land (at cost)	463	463
Disposal	(463)	-
	-	463
Buildings		
Carrying amount at the beginning of the year	1 870	1 910
Cost	2 578	2 618
Accumulated depreciation	(708)	(708)
Depreciation	(44)	(40)
Disposals	(1 826)	-
Carrying amount at the end of the year	-	1 870
Cost	-	2 578
Accumulated depreciation	-	(708)
Carrying amount at the end of the year	-	2 333

The property rental income earned by the group from it's investment property, all of which is leased out under operating leases, amounted to R300,000 (2005: R275,000). Direct operating expenses arising on the investment property in the period amounted to R329,186 (2005: R289,175). The property was sold on 02 February 2006 for R3,96 million. The depreciation rate applied was 5% (2005: 5%).

13. GOODWILL

	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
Carrying amount at the beginning of the year	24 114	32 585	-	-
Goodwill at acquisition	53 636	53 636	-	(2 240)
Accumulated amortisation	(29 522)	(21 051)	-	2 240
	-	-	-	-
Reclassification from amortisation	(29 522)	-	-	-
Reclassification to cost	29 522	-	-	-
Goodwill raised on acquisition of business and subsidiary	1 712	-	-	-
Goodwill derecognised on disposal of subsidiary	(1 712)	-	-	-
Impairment recognised during the year	(7 857)	-	-	-
Amortised during the year	-	(8 471)	-	-
Carrying amount at the end of the year	16 257	24 114	-	-
Goodwill at acquisition net of amortisation and disposals	24 114	53 636	-	-
Accumulated impairments	(7 857)	(29 522)	-	-

13. GOODWILL (continued)

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 branch and Solutions business unit respectively. The recoverable amounts of the cash-generating units are determined based on fair value less costs to sell. Fair value less costs to sell is determined using an observable market price. Five year cash flow forecasts were used to assess this. The key assumptions in the calculations included an average discount rate of 10.5% and expected volume growth of zero percent. The impairment relates to a specific contract that has been discontinued.

14. OTHER INTANGIBLE ASSETS - SOFTWARE

	Group 2006 R'000	Restated 2005 R'000
Carrying amount at the beginning of the year	892	1 799
Cost	4 170	3 604
Amortised to the beginning of the year	(3 278)	(1 805)
Additions during the year	714	566
Amortisation recognised during the year	(855)	(1 473)
Carrying amount at the end of the year	751	892
Cost at acquisition	4 884	4 170
Amortised to the end of the year	(4 133)	(3 278)

The amortisation rate applied was 33.3% (2005: 33.3%).

15. INVESTMENT IN ASSOCIATE

	2006	2005
Percentage holdings (%)	-	49
Number of shares held (shares)	-	49
	R'000	R'000
Carrying amount at the beginning of the year	1 413	1 203
Share of associate income - current year	-	329
Acquired 51% of net asset value	41	-
Less: dividend paid	(1 430)	(149)
Disposal of subsidiary	(24)	-
	-	1 383
Loans receivable	-	30
Carrying amount at the end of the year	-	1 413
Directors' valuation of share in associate	-	1 850

The associated company was Vukani Technologies (Proprietary) Limited (Vukani), a computer consumables company, which was established in 1997 as a black empowerment initiative. The 51% held by management was acquired on 01 March 2005 by Datacentrix (Proprietary) Limited. At the same date the business of Vukani was acquired and absorbed within the company. Refer to note 29 on businesses acquired and disposed.

16. LONG-TERM RECEIVABLES

	2006	2005
Lima Investments (Proprietary) Limited	714	-
- Short-term portion (within one year)	451	-
- Long-term portion (after one year)	263	-

Lima Investments (Proprietary) Limited, was a 51% shareholder in Vukani Technologies (Proprietary) Limited until 28 February 2005. On 01 March 2005 Datacentrix (Proprietary) Limited, which up until then held a 49% stake in Vukani, bought the shareholding and became the 100% shareholder in Vukani. On 01 September 2005 however, Lima Investments acquired 100% of the issued share capital of Vukani. In terms of the agreement, the purchase price payable was R1,946,171, to be settled via cash of R1,128,671 by 30 September 2005. The balance of R817,500 was to be settled on a monthly basis, as 2% of the turnover of the Vukani business.

16. LONG-TERM RECEIVABLES (continued)

	Group 2006 R'000	Restated 2005 R'000
Amounts receivable under finance leases	9 491	-
- Short-term portion (within one year)	2 524	-
- Long-term portion (after one year)	6 967	-

The group entered into finance leasing arrangements for certain computer hardware. The average term of the leases is four years. The average effective interest rate is 10%. This rate is considered to be market related and the fair value of the leases approximate the book values. The rate is fixed at the contract date, which exposes the group to fair value interest rate risk.

	Group 2006 R'000	Restated 2005 R'000
Total long-term receivables	10 205	-
- Short-term portion (within one year - note 21)	2 975	-
- Long-term portion (after one year)	7 230	-

17. INVESTMENT IN SUBSIDIARIES

	Company 2006 R'000	Restated 2005 R'000
Shares at cost	22 313	22 313
Amount owing by subsidiary companies	11 514	28 644
	33 827	50 957

Name of subsidiary *Principle activity*	Issued share capital 2006 R	Issued share capital 2005 R	Effective percentage held 2006 %	Effective percentage held 2005 %	Shares at cost 2006 R'000	Net receivable 2006 R'000	Shares at cost 2005 R'000	Net receivable Restated 2005 R'000
Datacentrix (Proprietary) Limited *IT infrastructure and related services*	2	2	100	100	10 857	2 642	10 857	19 772
Datacentrix Solutions (Proprietary) Limited *Business Solutions*	200	200	100	100	9 799	8 872	9 799	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	11 514	22 313	28 644

* Indirect holding through a subsidiary

17. INVESTMENT IN SUBSIDIARIES (continued)

The interest of the group in the net income (loss) of its subsidiary companies and special purpose entity is:

	Group 2006 R'000	Restated 2005 R'000
Datacentrix (Proprietary) Limited	46 568	31 448
Datacentrix Infrastructure Optimisation (Proprietary) Limited	-	(39)
Datacentrix Solutions (Proprietary) Limited	4 581	12 445
Datacentrix Holdings Share Trust	(112)	(105)
Datacentrix Properties (Proprietary) Limited	1 274	(139)
	52 311	43 610

18. DEFERRED TAX ASSETS

	2006	2005
Trademarks	1 015	1 575
Provisions and FEC liability	3 097	7 263
Property and equipment	2 183	1 551
Calculated tax loss	-	55
Prepayments and restraint of trade payments	369	-
Deferred revenue and finance leases	6 075	5 126
	12 739	15 570
Movements in deferred taxation		
Carrying amount at the beginning of the year	15 570	9 053
Movements in:		
Trademarks	(560)	(525)
Provisions and FEC liability	(4 166)	2 676
Prepayments and restraint of trade payments	369	2 745
Property and equipment	632	1 553
Calculated tax loss	(55)	55
Deferred revenue and finance leases	949	13
Carrying amount at the end of the year	12 739	15 570

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

19. LOAN TO SHARE TRUST

	Company 2006 R'000	Restated 2005 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 23 for details in respect of the share trust.

20. INVENTORIES

	Group 2006 R'000	Restated 2005 R'000
Finished goods	1 939	3 270
Work in progress	2 897	3 495
	4 836	6 765

It was not necessary to adjust any inventories to net realisable value.

21. TRADE AND OTHER RECEIVABLES

	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
Trade receivables	206 916	114 180	-	-
Short-term portion of long-term receivables (note 16)	2 975	-	-	-
Other receivables	1 605	1 936	123	5
	211 496	116 116	123	5

There is a low credit risk with respect to trade receivables. There has historically been very limited bad debt due to the spread and quality of customers.

22. CASH AND CASH EQUIVALENTS

	Group 2006	Group 2005	Company 2006	Company 2005
Bank balances and cash	165 615	167 146	17	8

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

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

Share Capital

	Group 2006	Group 2005	Company 2006	Company 2005
Authorised				
400 000 000 (2005: 400 000 000) ordinary shares of R0,0001 each	40	40	40	40
Issued				
205 265 683 (2005: 204 961 517) ordinary shares of R0,0001 each	21	20	21	20

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.

Share Premium

	Group 2006	Group 2005	Company 2006	Company 2005
Carrying amount at the beginning of the year	39 589	50 831	38 378	50 743
Premium on issue of ordinary shares	-	1 746	-	1 746
Raised on new issues	912	-	912	-
Capital distribution	-	(13 444)	-	(14 085)
Share issue expenses	(10)	(26)	(10)	(26)
(Loss) profit on sale of treasury shares	(180)	482	-	-
Carrying amount at the end of the year	40 311	39 589	39 280	38 378

	Group 2006	Group 2005	Company 2006	Company 2005
Treasury Shares	(20 203)	(14 060)	-	-

The number of treasury shares held by the Datacentrix Holdings Share Trust amounts to 9,618,192 (2005: 9,160,275) ordinary shares.

Equity-settled Share Scheme Reserve

	Group 2006	Group 2005	Company 2006	Company 2005
Carrying amount at the beginning of the year	1 735	416	1 735	416
Expensed during the year	3 307	1 319	3 307	1 319
Carrying amount at the end of the year	5 042	1 735	5 042	1 735

The share-based payments expense in terms of IFRS 2 has been recognised as an expense in the income statement and credited to this equity account.

24. OBLIGATIONS UNDER FINANCE LEASES

	Group 2006 R'000	Group Restated 2005 R'000
Amounts payable under finance leases	6 195	-
- Short-term portion (within one year - note 26)	1 990	-
- Long-term portion (after one year)	4 205	-

The group leased certain computer hardware under finance leases. The average lease term is four years. The average effective borrowing rate was 10%. Interest rates are fixed at the contract date and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis. The fair value of the leases approximates their carrying amounts.

25. DEFERRED REVENUE

	Group 2006	Group 2005
Carrying amount at the beginning of the year	32 102	19 905
Long-term portion	19 260	12 263
Short-term portion	12 842	7 642
Deferral of revenue during the year	99 512	83 625
Realisation of revenue during the year	(98 483)	(71 428)
Carrying amount at the end of the year	33 131	32 102
Long-term portion	15 541	19 260
Short-term portion	17 590	12 842

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

26. TRADE AND OTHER PAYABLES

	Group 2006 R'000	Group Restated 2005 R'000	Company 2006 R'000	Company Restated 2005 R'000
Accounts payable				
Trade payables	108 766	60 438	-	506
Short-term portion of finance lease obligations (note 24)	1 990	-	-	-
Other accruals and payables	25 667	21 951	212	-
	136 423	82 389	212	506

27. PROVISIONS

	Group 2006 R'000	Group Restated 2005 R'000
Provision for leave pay		
Carrying amount at the beginning of the year	4 292	3 838
Provision made	231	599
Provision utilised	(263)	(145)
Carrying amount at the end of the year	4 260	4 292
Provision for bonus		
Carrying amount at the beginning of the year	23 587	16 505
Provision made - for executive directors in lieu of share options	-	2 580
Provision made - other bonuses	8 107	8 254
Provision utilised	(9 343)	(3 752)
Carrying amount at the end of the year	22 351	23 587

27. PROVISIONS (continued)

	Group 2006 R'000	Restated 2005 R'000
Total		
Carrying amount at the beginning of the year	27 879	20 343
Provision made	8 338	11 433
Provision utilised	(9 606)	(3 897)
Carrying amount at the end of the year	26 611	27 879

Provision for leave pay
The leave pay provision is based on the number of leave days due to the employees at year-end and their cost to company remuneration. The provision is utilised when employees become entitled to and are paid for the accumulated leave pay or utilised compensated leave due to them.

Provision for bonus
The provision for bonus consists of a performance based bonus. The bonus payable is fixed by applying a specific formula based on employee achievements of performance targets. The employee must be in the service of the group on 28 February to qualify for the bonus.

The provision also consists of an additional provision for bonuses in relation to executive directors. A total amount of R14,580 million has been provided for in lieu of share options, which were cancelled. Refer to note 3 where details in respect of these share options are covered.

28. ACQUISITION CONSIDERATION DUE TO VENDORS

	2006	2005
Styleprops Services 18 (Proprietary) Limited	-	2 666
Value of shares deemed to be issued based on profit warranties at the end of February	-	(1 746)
Total acquisition consideration due	-	920
Short-term cash portion	-	(920)

Acquisition consideration due represents amounts owing to the original shareholders, members or owners in respect of acquisitions of subsidiaries and businesses and were 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 were interest free and unsecured.

29. ACQUISITION OF SUBSIDIARY AND BUSINESS, AND DISPOSAL OF A SUBSIDIARY

On 01 March 2005, the group acquired the 51% controlling interest of Vukani Technologies (Proprietary) Limited for R1,912,500 in order to hold 100%. The subsidiary was consolidated and at the same date the assets and liabilities were sold to Datacentrix (Proprietary) Limited. On 01 September 2005, 100% of the issued share capital of Vukani Technologies (Proprietary) Limited was sold to Lima Investments (Proprietary) Limited.

	2006	2005
Acquisition of subsidiary and business		
Inventories	102	-
Trade and other receivables	3 884	-
Trade and other payables	(2 969)	-
Cash acquired	249	-
Investments	320	-
Property and equipment	28	-
Total net assets acquired	1 614	-
Less: existing share of net assets of associate before acquisition	(1 413)	-
Net assets acquired	201	-
Goodwill arising on acquisitions	1 712	-
Total purchase consideration	1 913	-
Less: Datacentrix Holdings shares issued to acquire business	(913)	-
Net cash cost of business acquired	1 000	-
Bank balances and cash in business	(249)	-
Net cash flow	751	-

29. ACQUISITION OF SUBSIDIARY AND BUSINESS, AND DISPOSAL OF A SUBSIDIARY (continued)

	Group 2006 R'000	Restated 2005 R'000
Disposal of 100% shareholding in Vukani Technologies (Proprietary) Limited		
Investments	320	-
Share of net assets (note 15)	24	-
Goodwill on acquisition	1 712	-
Total net assets disposed	2 056	-
Profit on disposal	74	-
Proceeds on disposal of shareholding	2 130	-
Less: Datacentrix Holdings shares returned upon disposal of business	(913)	-
Outstanding debtor at 28 February 2006	(714)	-
Net cash proceeds on disposal of shareholding	503	-

30. 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 01 March 2006 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:
- R70,239 and R59,784 for rental payments for Datacentrix (Proprietary) Limited, with the beneficiaries respectively being Barrow Properties (Proprietary) Limited and Atlas Properties 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.

31. OPERATING AND FINANCE LEASE ARRANGEMENTS

At the balance sheet date, the group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2006	2005
Within one year	3 753	5 538
In the second to fifth year	4 781	3 651
	8 534	9 189

Operating lease payments represent rentals payable by the group for certain of its office properties. At the balance sheet date, the group had outstanding commitments under non-cancellable finance leases payable, which fall due as follows:

	2006	2005
Within one year	2 520	-
In the second to fifth year	4 620	-
	7 140	-

At the balance sheet date, the group had outstanding receivables under non-cancellable finance leases receivable, which fall due as follows:

	2006	2005
Within one year	(3 360)	-
In the second to fifth year	(7 840)	-
	(11 200)	-

32. 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. 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.

32. SHARE-BASED PAYMENTS (continued)

	Group 2006 Shares	Group 2005 Shares
Outstanding at the beginning of the year	**11 871 406**	16 523 727
Granted during the year	**4 777 193**	2 310 794
Exercised during the year	**(2 977 497)**	(2 398 919)
Forfeited during the year	**(1 816 050)**	(4 564 196)
Outstanding at the end of the year	**11 855 052**	11 871 406

The weighted average share price at the date of exercise for share options exercised during the period was R2.83 (2005: R2.01).

Datacentrix Holdings Limited funds the cash flow of the share trust and has the obligation to fund the deficit of the trust on termination. The financial years in which the shares, underlying options not yet exercised, become available for dealing should the employee exercise the option are as follows:

	2006	2007	2008	2009	2010	2011	Total 2006	Total 2005
92 cents	164 749	-	-	-	-	-	**164 749**	278 874
100 cents	4 209 803	985 250	119 850	-	-	-	**5 314 903**	8 021 657
125 cents	31 250	32 500	16 250	-	-	-	**80 000**	230 000
130 cents	109 250	96 750	96 750	78 000	-	-	**380 750**	417 000
140 cents	350 000	175 000	175 000	-	-	-	**700 000**	700 000
145 cents	-	-	-	-	-	-	**-**	50 000
150 cents	646 350	-	-	-	-	-	**646 350**	685 975
170 cents	309 150	45 000	45 000	28 750	-	-	**427 900**	537 900
180 cents	-	-	-	-	-	-	**525 000**	25 000
200 cents	106 875	131 250	128 750	126 250	31 875	-	**-**	70 000
210 cents	2 500	5 000	5 000	5 000	2 500	-	**20 000**	200 000
215 cents	6 250	6 250	6 250	6 250	-	-	**25 000**	25 000
225 cents	18 750	6 250	-	-	-	-	**25 000**	-
230 cents	72 500	75 000	75 000	75 000	2 500	-	**300 000**	630 000
240 cents	6 250	16 250	20 000	20 000	13 750	3 750	**80 000**	-
245 cents	12 500	25 000	25 000	25 000	12 500	-	**100 000**	-
250 cents	28 750	57 500	57 500	57 500	28 750	-	**230 000**	-
270 cents	2 500	7 500	10 000	10 000	7 500	2 500	**40 000**	-
295 cents	-	25 000	50 000	50 000	50 000	25 000	**200 000**	-
300 cents	75 675	598 850	626 350	626 350	550 675	27 500	**2 505 400**	-
305 cents	-	1 250	2 500	2 500	2 500	1 250	**10 000**	-
308 cents	-	6 250	12 500	12 500	12 500	6 250	**50 000**	-
310 cents	-	7 500	7 500	7 500	7 500	-	**30 000**	-
	6 153 102	2 303 350	1 479 200	1 130 600	722 550	66 250	**11 855 052**	11 871 406

The inputs into the binomial model are as follows:

Expected volatility: The historical volatility percentages used, was 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 2.5%, continuously compounded, was used based on industry averages.

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 R20,134,102 (2005: R14,211,464).

33. RETIREMENT BENEFIT PLANS

The Orion Fixed Contribution Provident Fund with 559 members (2005: 555 members) and the Supported Software Pension and Provident Funds with no members (2005: 14 members) are defined contribution funds of which the majority 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 No. 24 of 1956. The group does not provide any post-retirement medical benefits to its employees.

34. EVENTS AFTER THE BALANCE SHEET DATE

The group entered into a joint venture with a company called PC Ware (Proprietary) Limited, effective 27 March 2006, to sell asset management software. There are no other material events after balance sheet date that require additional disclosure.

35. FINANCIAL INSTRUMENTS

The group and company's financial instruments consist mainly of cash at bank and cash equivalents, long-term receivables, trade and other receivables, trade and other payables, obligation under finance leases, acquisition consideration due and derivative financial instruments.

Fair Values
The carrying amounts of the following financial instruments approximate fair values:
- Cash at bank and cash equivalents - deposits with commercial interest rates;
- Long-term receivables - refer to note 16 for more detail;
- Trade and other receivables - subject to normal trade credit terms and provision is made for long outstanding debts;
- Trade and other payables - subject to normal trade credit terms and a relatively short payment cycle; and
- Obligation under finance leases - refer to note 24 for more detail.

Foreign Currency Risks
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 on to customers. Limited currency risks related to long-term contracts exist. At balance sheet date, the group held no foreign denominated cash balances.

Other Risks
The credit risks attached to accounts and loans receivable and bank and cash are discussed in notes 16, 17, 19 and 21. 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 other than those disclosed in notes 16 and 24.

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 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:

2006	Foreign currency amount '000	Spot rate	R'000
US Dollars	2 543	6.20	15 767
Euro	75	7.37	553
			16 320

2005	Foreign currency amount '000	Spot rate	R'000
US Dollars	4 455	5.81	25 884
Euro	390	7.69	2 999
			28 883

36. SHAREHOLDER ANALYSIS

The analysis excludes shares deemed to be issued for 2005 of 831,429 shares.

Major Shareholders	2006 Number of shares	%	2005 Number of shares	%
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
Treacle Nominees (Proprietary) Limited	2 213 749	1	27 056 817	13
Nedbank Corporate Private Equity	25 360 796	12	-	-
Gerhard Uys	14 053 031	7	14 053 031	7
Klaas Lammers	12 553 030	6	12 553 030	6
Other directors, management and staff	11 426 455	6	14 910 922	7
Datacentrix Holdings Share Trust	9 618 192	5	9 160 275	4
General public and corporate investors				
- Regarding Capital Management	16 301 153	8	13 841 664	7
- Other	32 586 810	15	31 401 882	16
Total	205 265 683	100	204 130 088	100

2006	Number of shareholders	%	Number of shares	%
1 to 10 000 shares	698	76	2 358 310	1
10 001 to 50 000 shares	136	15	3 054 869	1
50 001 to 100 000 shares	15	2	1 197 396	1
100 001 to 500 000 shares	32	3	9 198 926	4
500 001 to 1 000 000 shares	9	1	5 781 033	3
1 000 001 shares and over	25	3	183 675 149	90
Total	915	100	205 265 683	100

2005	Number of shareholders	%	Number of shares	%
1 to 10 000 shares	644	76	2 335 311	1
10 001 to 50 000 shares	118	14	2 734 798	1
50 001 to 100 000 shares	17	2	1 449 250	1
100 001 to 500 000 shares	35	4	9 547 328	5
500 001 to 1 000 000 shares	6	1	3 929 466	2
1 000 001 shares and over	25	3	184 133 935	90
Total	845	100	204 130 088	100

37. 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.

38. SEGMENTAL ANALYSIS

All the group's activities are within South Africa. For reporting purposes, the group is organised into two 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

38. SEGMENTAL ANALYSIS (continued)

The business segments information is presented below:

2006	Infrastructure & Services R'000	Solutions R'000	Head office R'000	Group R'000
Revenue	959 771	74 626	-	1 034 397
Net profit for the year	44 534	4 754	657	49 945
Depreciation of property, equipment and investment property	(6 768)	(2 619)	(132)	(9 519)
Impairment of goodwill	(7 198)	(659)	-	(7 857)
Assets	367 577	52 322	30 242	450 141
Liabilities	(194 075)	(11 363)	(356)	(205 794)
Capital expenditure - property, plant, equipment and spares	7 210	340	56	7 606
2005 - Restated				
Revenue	782 119	100 086	-	882 205
Net profit (loss) for the year	26 073	16 243	(303)	42 013
Depreciation of property, equipment and investment property	(3 855)	(4 528)	(322)	(8 705)
Amortisation of goodwill	(7 190)	(1 281)	-	(8 471)
Assets	277 003	60 550	30 156	367 709
Liabilities	(127 604)	(24 755)	(1 200)	(153 559)
Capital expenditure - property, plant, equipment and spares	7 809	2 035	16 944	26 788

39. 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 17. No goods and services were sold by the company to its subsidiaries.
- Directors: Details relating to the directors' emoluments are disclosed in note 3. Alwyn Martin is also a director of the sponsor of the company.
- Key Management Personnel: The total amount paid to key management personnel comprises short-term employee benefits to the amount of R3,418,034 (2005: R3,308,371).
- Shareholders: The principal shareholders of the company are detailed in the shareholders' analysis in note 36. No transactions were entered with these shareholders.
- Other: Refer note 29 for other party transactions.

40. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

This is the first year that the group has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under SA GAAP were for the year ended 28 February 2005 and the date of transition to IFRS was therefore 01 March 2005.

Income Statement	Previously stated R'000	IFRS R'000	Other restatements R'000	Restated R'000
Opening retained earnings - 2004	105 960	-	-	105 960
Net profit - 2004	31 746	-	-	31 746
- Profit before taxation	-	(416)	(9 830)	(10 246)
- Taxation	-	-	2 850	2 850
Other movements	14 543	-	-	14 543
Closing retained earnings - 2004	152 249	(416)	(6 980)	144 853
Net profit - 2005	44 659	-	-	44 659
- Profit before taxation	-	(1 319)	(1 913)	(3 232)
- Taxation	-	-	586	586
Closing retained earnings - 2005	196 908	(1 735)	(8 307)	186 866

40. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Balance sheet as at 28 February 2005	Previously stated R'000	IFRS R'000	Other restatements R'000	Restated R'000
Non-current assets	65 918	-	11 764	77 682
Property and equipment	25 001	-	8 359	33 360
Investment property	2 333	-	-	2 333
Goodwill	24 114	-	-	24 114
Other intangible assets - software	892	-	-	892
Investments in associates	1 413	-	-	1 413
Deferred tax assets	12 165	-	3 405	15 570
Current assets	295 386	-	(5 359)	290 027
Inventories	12 124	-	(5 359)	6 765
Trade and other receivables	116 116	-	-	116 116
Cash and cash equivalents	167 146	-	-	167 146
TOTAL ASSETS	361 304	-	6 405	367 709
Equity and liabilities				
Capital and reserves	222 457	-	(8 307)	214 150
Share capital	20	-	-	20
Share premium	39 589	-	-	39 589
Treasury shares	(14 060)	-	-	(14 060)
Equity-settled share scheme reserve	-	1 735	-	1 735
Retained earnings	196 908	(1 735)	(8 307)	186 866
Non-current liability	19 260	-	-	19 260
Deferred revenue - long-term portion	19 260	-	-	19 260
Current liabilities	119 587	-	14 712	134 299
Trade and other payables	82 389	-	-	82 389
Current tax liabilities	10 137	-	(31)	10 106
Provisions	13 299	-	14 580	27 879
Lease liability	-	-	163	163
Acquisition consideration due - short-term	920	-	-	920
Deferred revenue - short-term portion	12 842	-	-	12 842
TOTAL EQUITY AND LIABILITIES	361 304	-	6 405	367 709
Earnings per shares				
Basic earnings per ordinary share (cents)	22.8	(0.7)	(0.6)	21.5
Diluted basic earnings per ordinary share (cents)	21.9	(0.7)	(0.3)	20.9
Headline earnings per share				
Headline earnings per ordinary share (cents)	27.1	(0.7)	(0.7)	25.7
Diluted headline earnings per ordinary share (cents)	26.0	(0.6)	(0.3)	25.1

40. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Effect of restatements as a result of the group's transition from SA GAAP to IFRS

IFRS 2 - Share-based payments

In terms of the standard, all share-based payment transactions must be recognised in the financial statements using a fair value measurement basis. An expense is recognised when the goods or services received are consumed or rendered. It requires the fair value of the equity instrument granted to be based on market prices, if available, and to take into account the terms and conditions upon which those instruments were granted. The standard impacts on the group in relation to the share options to employees. Refer to note 32 for more detail. The impact on the closing retained income for 2005 is R1,735 million (2004: R416,000) and the impact on the profit for 2005 is R1,319 million.

Other Restatements

IAS 16 - Property and equipment

Amendments that impact on the group relate to the classification of spare parts with a net book value of R9,665 million (2005: R8,359 million) from inventory to property and equipment as they are used for more than one reporting period.

The depreciation on spare parts recognised in prior periods were found to be overstated and was adjusted accordingly. The impact on the opening retained income for the year amounts to R2,130 million (2005: R1,803 million). The impact on the profit for 2005 was R327,000.

Circular 7/2005 - Leases

Operating lease expenses were previously accounted for and recorded on payment. In terms of circular 7/2005 issued by the South African Institute of Chartered Accountants, the group now accounts for the expense on a straight-line basis over the period of the lease. The impact on the profit for the year of the change amounted to R97,000 (2005: R147,000) and the impact on the opening retained income amounted to R116,000 (2005: R263,000).

Provision for bonus - executive share options

The provision for bonuses was raised in relation to executive directors. An amount of R14,580 million has been provided for in lieu of share options, which were cancelled. All details in respect of these are covered in note 3. The effect on the profit of the group was Rnil (2005: R1,832 million). The effect on opening retained income for the year was R10,352 million (2005: R8,520 million).