

<b>Fairness:</b>	Means not only providing due consideration for the interests of all stakeholders, but doing so impartially, honestly, thoroughly and prudently.
<b>Responsibility:</b>	Means the directors accept the duty to take good care of the assets and interests of the company and not to take advantage of their position, prior knowledge or power to further their own interests.
<b>Accountability:</b>	Means the board strives to present a balanced and understandable assessment of the group's position so that all stakeholders with a legitimate interest can obtain a full, fair and honest account for the group's performance.
<b>Transparency:</b>	Means the quality of information communicated to stakeholders is based on principles of openness and substance over form.

The Datacentrix Holdings Limited board of directors and group management remain firmly committed to promoting sound corporate governance and endorse the principles of fairness, responsibility, accountability and transparency as set out in the King Report on Corporate Governance in South Africa (King II Report). The directors are of the opinion that the principles articulated by the King II Report have been adhered to.

The key principles underpinning the group's governance are set out in this statement. The group believes that a corporate culture of compliance with applicable laws, regulations, internal policies and procedures is a core component of good corporate governance.

#### Composition of the Board

The King Code of Corporate Practices and Conduct states: "The board should comprise a balance of executive and non-executive directors, preferably with a majority of non-executive directors, of whom sufficient should be independent of management so that share owners' interests can be protected."

The Datacentrix board has undergone changes and as at the date of this annual report consists of five non-executive directors and six executive directors. The non-executive directors ensure impartial and objective viewpoints in decision making processes and standards of conduct. With a current majority of one seat in favour of executive directors, the board considers the mix of technical, entrepreneurial, financial and business skills of the directors to be balanced and adequate to meet the present requirements and future

challenges of the group. It is the policy of the board to have due regard to considerations of diversity and the appropriate balance of executive, non-executive and independent directors when making or recommending appointments to the board.

The roles of the chairman and the chief executive officer do not vest in the same person. Gary Morolo is the Chairman of the group and Gerhard Uys is the Chief Executive Officer. The composition of the board with brief curriculum vitae (CV) of each director is listed on pages 4 and 5 of the annual report.

Thenjiwe Chikane was appointed to the board of directors on 24 May 2005, but resigned from the board on 27 September 2005, due to her assuming the chairmanship of SITA. Her abridged CV is not included in the annual report.

Sam Nematswerani resigned from the board and as chairman of the Audit and Risk Management Committee on 24 May 2005. His resignation is in line with Datacentrix' efforts to promote sound corporate governance. Due to his affiliation to Aka Capital, Sam did not meet the requirement for the chairman of the Audit and Risk Management Committee to be an independent non-executive director. The position of Audit and Risk Management Committee chairman is presently vested with Alwyn Martin, an independent, non-executive director. Sam Nematswerani's abridged CV is also not included in the annual report.

Gary Morolo's role over the past year has become increasingly less executive. The role of chairman has now been formalised as non-executive.

#### The Board Charter

The board operates under an approved charter, which regulates the way business is conducted by the board in line with the principles of sound corporate governance. The board charter, modelled on the principles recommended by King II, incorporates the powers of the board, providing a clear division of responsibilities and accountability of the board members, collectively and individually, to ensure a balance of power and authority.

#### Roles and Responsibilities

The board meets six times per annum and additional meetings are held at interim and year-end to review the group's financial results. The board is responsible for guiding and reviewing corporate strategy and major plans of action, corporate performance, risk policy and other major policy decisions. This is achieved by monitoring business plans, key performance indicators, including non-financial criteria and annual budgets. To fulfil their responsibilities, the board members have full and unrestricted access to relevant information, all employees and all group premises.

The general powers of the directors are conferred in the company's Articles of Association. The directors recognise the importance of conducting the affairs of the group with integrity and in accordance with acceptable corporate practices.

The board views the following as its responsibilities:

- Regular review of the strategic direction of decisions and performance against approved plans, budgets, prevailing economic conditions, regulatory compliance and best-practice standards;
- Evaluation of overall policies and processes to ensure the integrity of the group's operations, its risk management and internal control;
- Determining the desired structure and process necessary to ensure that informed, rational, honest and transparent decisions are made within an identified, acceptable level of risk;
- Although the board formally delegates power and authority to executive management, it remains responsible to retain full and effective control over the group. Decisions on material matters are reserved by the board; and
- Review of customer satisfaction, quality of products and services, and performance of its employees.

Subject to specific fundamental, strategic and formal matters reserved for its decision, the board may delegate certain responsibilities to a number of standing committees, which operate within defined terms of reference laid down by the board, as referred to below. The board has Executive, Audit and Risk Management, and Remuneration and Human Resources Committees to assist with the discharge of its duties. Each committee acts within the terms of reference under which certain functions of the board are assigned with defined purposes, membership requirements, duties and reporting procedures.

Management has a high level of interaction with board members beyond scheduled board meetings. Meetings of the holdings board were held as follows:

Name	29 March 05	04 April 05	24 May 05	19 July 05	26 Sept 05	23 Nov 05	23 Jan 06	28 March 06	18 April 06
Ahmed Mahomed	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alwyn Martin*	Appointed to board		✓	✓	✓	✓	✓	✓	✓
Charl Joubert	✓	✓	✓	✓	✓	✓	✓	✓	✓
Christoff Botha*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Elizabeth Naidoo (CFO)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gary Morolo (Chair)**	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gerhard Uys (CEO)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Imogen Mkhize*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Joan Jaffe*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Klaas Lammers	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sam Nematswerani**	✓	✓	✓	Resigned from the board					
Stewart Barker	✓	✓	✓	✓	✓	✓	✓	✓	✓
Thenjiwe Chikane*	Appointed to board		✓	✓	✓	Resigned from the board			

\* Independent non-executive director \*\*Non-executive director

#### Executive Committee

The Executive Committee comprises eight executives (including six directors), under the chairmanship of Gerhard Uys, chief executive officer. The Executive Committee is responsible for assisting the chief executive in implementing the strategies and policies determined by the board, managing the business and affairs of the group, monitoring the performance of the group and establishing best management practices. The committee meets formally each month and informally on an ad hoc basis.

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

- Formulating group strategies and monitoring their implementation according to the board's directives;
- Monitoring the performance of the group and the group's system of internal control;
- Assisting the chief executive and the chief financial officer in preparing the annual budget for review and approval by the board;
- Compiling and presenting non-financial information to the board;

- Succession management and the planning and development of management;
- Risk management; and
- Identifying applicable codes of best business practice and ensuring respective compliance.

The Executive Committee conducts the day-to-day running of the group and co-ordinates and monitors the use of all group resources utilised to achieve Datacentrix' goals.

#### Audit and Risk Management Committee

The Audit and Risk Management Committee operates under the chairmanship of the independent, non-executive director, Alwyn Martin and comprises two members, Christoff Botha and Alwyn Martin. Gerhard Uys and Elizabeth Naidoo are invitees to the Audit and Risk Management Committee. The external auditors have unrestricted access to this committee.

Sam Nematswerani stepped down as chairman of the Audit and Risk Management Committee on 24 May 2005. Alwyn Martin, independent, non-executive director was appointed chairman of the Audit and Risk Management Committee on 24 May 2005. Prior to her resignation, Thenjiwe Chikane also served on this committee.

The King II Report recommends that a comprehensive system of control should be established by the board to ensure that risks are mitigated and that the group's objectives are attained. In response to this, the committee is proactively involved in identifying and addressing areas of possible concern, and designing relevant control activities to respond to such risks throughout the group.

The directors believe that there is an adequate and effective system of internal control in place to mitigate the significant risks faced by the group to an acceptable level. These

systems have been designed to manage, rather than eliminate risks, and can only provide reasonable, but not absolute assurance. The committee operates within defined terms of reference as set out in its charter, and authority granted to it by the board and meets at least six times a year. The committee is satisfied that it has met its responsibilities for the year with respect to its terms of reference.

The main functions of the Audit and Risk Management Committee are to:

- Review the annual and interim financial statements for reliability and accuracy for approval by the full board of directors;
- Monitor the effectiveness of internal controls;
- Review the risk management process and significant risks facing the group;
- Discuss the findings and recommendations of the external auditors; and
- Ascertain the extent to which the scope of the external audit can be relied upon to detect weaknesses in internal controls and ensure that interim and year-end financial reporting meets accepted accounting standards.

The chairman of the Audit and Risk Management Committee will be available at the annual general meeting to answer questions about the work of the committee.

Meetings of the Audit and Risk Management Committee were held as follows:

Name	31 Mar 05	4 Apr 05	3 May 05	21 Sept 05	23 Nov 05	28 Feb 06	12 Apr 06
Alwyn Martin* (Chair)	Appointed to board			✓	✓	✓	✓
Christoff Botha*	✓	✓	✓	✓	✓	✓	✓
Elizabeth Naidoo (Invitee)	✓	✓	✓	✓	✓	✓	✓
Gerhard Uys (Invitee)	✓	✓	✓	✓	✓	✓	✓
Sam Nematswerani**	✓	✓	✓	Resigned from the board			
Thenjiwe Chikane*	Appointed to board			✓	Resigned from the board		

\* Independent non-executive director \*\*Non-executive director

#### Human Resources and Remuneration Committee

This committee comprises three independent, non-executive directors namely, Joan Joffe, Imogen Mkhize and Christoff Botha. No executive director is a member of the committee. The committee is chaired by Joan Joffe.

The Human Resources and Remuneration Committee is responsible for the remuneration strategy of the group, the approval of mandates for incentive schemes within the group and the determination of the remuneration of Executive Committee members, relative to local and international industry benchmarks. It also makes recommendations to the board regarding the remuneration of Datacentrix directors and the appointment of new directors to the board.

The Human Resources and Remuneration Committee is responsible for:

- Setting and continuously reviewing the group's general policy on executive and senior management remuneration, taking into account market decisions;
- Advising the board on share incentive schemes and amendments to them;
- Reviewing, at least annually, the terms and conditions of the contracts of executive directors;



- Reviewing and assessing criteria for the monitoring of the performance of executive directors; and
- Monitoring, developing and maintaining the implementation of transformation policies and practices to ensure compliance with the relevant legislation/practices and retaining the focus on transformation as a business imperative.

The board applies the principles of good corporate governance relating to directors' remuneration. The group strives to strike a balance between the need to protect shareholders' interests and to provide the appropriate incentives to management and staff to ensure that sustainable value is being developed and maintained.

The group's primary executive remuneration objective is to reward executive directors to ensure that their interests are as far as possible commensurate with the interests of shareholders. In line with the group's remuneration philosophy, remuneration is reviewed annually by the Human Resources and Remuneration Committee after evaluating each executive director's performance, including that of the group CEO.

In addition, the remuneration packages are benchmarked individually taking into account local, regional and national responsibilities. Details of the remuneration of the directors and information on share options are set out in note 3 to the financial statements.

Fees for non-executive directors are recommended to the board by the Human Resources and Remuneration Committee and reviewed annually with the assistance of external service providers. The committee takes cognisance of market norms and practices, as well as the additional responsibilities placed on board members by new acts, regulations and corporate governance guidelines.

Non-executive directors receive an annual fee for their input. In addition, a fee is paid for attending and contributing to board and committee meetings. Datacentrix pays for all travelling expenses for board meetings where required.

The board is responsible for guiding and reviewing corporate strategy and major plans of action, corporate performance, risk policy and other major policy decisions. This is achieved by monitoring business plans, key performance indicators, including non-financial criteria and annual budgets. To fulfil their responsibilities, the board members have full and unrestricted access to relevant information, all employees and all group premises.

Meetings of the Human Resources and Remuneration Committee were held as follows:

Name	15 March 05	26 March 05	04 May 05	24 May 05	11 Oct 05	15 March 06	04 April 06
Annelie van Wyk	✓	✓	✓	✓	✓	✓	✓
Christoff Botha*	✓	✓	✓	✓	✓	✓	✓
Elizabeth Naidoo (Invitee)	N/A	N/A	N/A	N/A	N/A	✓	✓
Gary Morolo** (Invitee)	✓	✓	✓	✓	✓	✓	✓
Gerhard Uys (Invitee)	✓	✓	✓	✓	✓	✓	✓
Imogen Mkhize*	✓	✓	✓	✓	✓	✓	✓
Joan Joffe* (Chair)	✓	✓	✓	✓	✓	✓	✓

\* Independent non-executive director \*\*Non-executive director

#### Datacentrix Share Incentive Trust

Two trustees, Joan Joffe and Imogen Mkhize manage the Datacentrix Holdings Share Incentive Trust. The trustees are responsible for the financial management of the trust and ensure adherence to the rules of the Share Trust Deed.

#### Share Dealings

All directors and senior executives have to obtain permission from the chairman, or in his absence, the chief executive officer, before shares are purchased or sold.

#### Closed Periods

The group operates a closed period prior to the publication of its year-end and interim results. During this time, the group's directors, officers and employees are restricted from dealing, whether directly or indirectly, in the company's shares on the basis of privileged, price-sensitive information before it has been publicly announced to the market.

Additional closed periods can be enforced as required in terms of any corporate activity.

#### Company Secretary

The board has access to the advice and services of the company secretary. All directors

are entitled to seek independent and professional advice about affairs of the group at the group's expense.

The company secretary is responsible for the duties set out in section 268G of the Companies Act of South Africa (Act 61 of 1973) as amended. The certificate required to be signed in terms of subsection (d) of the Act appears on page 23.

#### Sponsor

The company has appointed Barnard Jacobs Mellet (Proprietary) Limited (BJM) as its sponsor. BJM's services include advising the board on the interpretation of, and compliance with the listing requirements of the JSE Limited (JSE) and reviewing all notices required in terms of its statutes and the JSE rules and regulations.

#### External Audit

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

#### Financial and Internal Controls

The directors are responsible for the systems of internal control. The directors' responsibility statement, which appears on page 22 of the financial statements, reports that the group's internal controls and systems 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, while complying with applicable laws and regulations.

The board has not been informed of any issue that occurred during the year under review that would constitute a material breakdown in the functioning of these controls, procedures and systems that could result in material losses, contingencies or uncertainties, which would require disclosure in the annual financial statements.

#### Internal Audit

There is currently no internal audit department in place. However, comprehensive internal controls have been instituted to assist management and the directors in fulfilling their responsibility for the preparation of the annual financial statements, safeguarding of assets and providing answers on transactions that are executed and recorded in terms of group's policies and procedures.

#### Non-Financial Matters

There is a growing global awareness that a company's long-term success, or even its viability, are inextricably linked to its interaction with and impact on social, environmental and economic communities within which it operates. The directors of Datacentrix support these principles and have been working on the following initiatives:

- An HIV/AIDS policy has been prepared, which has been adopted by the board;
- A Social Responsibility Committee ensures Datacentrix' participation in various projects and activities to improve the lives of disadvantaged groups; and
- The group has established a bursary fund for students wishing to study in the IT field and some students who have been sponsored are now employed by Datacentrix.

Datacentrix' operations have no discernable impact on the environment.

#### Social Transformation

Datacentrix has clearly demonstrated its commitment to black economic empowerment. This can be seen in the composition of the board as well as in the overall statistics of the employees of the group. Equal employment opportunities are provided to members of all communities and the group is delivering in terms of the employment equity workforce plans.

**People are the group's most important resource. They are expected to share in the group's values, which are core to its strategy and contribute to a broader vision for the group - to become the IT partner of choice for corporate South Africa.**



The group has employment plans, which it believes are appropriate to the business and the market in which it trades. They are designed to attract, motivate and retain quality staff at all levels.

#### Code of Conduct

Datacentrix is committed to excellence, integrity, professionalism and the growth and development of all its operations. People are the group's most important resource. They are expected to share in the group's values, which are core to its strategy and contribute to a broader vision for the group - to become the IT partner of choice for corporate South Africa.

An incentive programme, the Ukumkani Award, is a Datacentrix initiative that was initiated in 2003 to recognise individuals who portray the group values consistently in their working environment. The group values include:

- Performance-driven;
- Honesty and integrity;
- Commitment;
- Passion; and
- Responsibility.

Furthermore, a formal code of ethics has been approved and adopted by the board and is available to all its employees via the Intranet. The Datacentrix Code of Ethics sets guidelines to lead employees towards acting in a fashion that will earn the group the reputation of being:

- Open, frank and timeous in all dealings and disclosures;
- Non-political;
- Beyond reproach in the quality of its products and services;
- Proud of its standing as regards integrity and credibility;
- Consistent in honouring its legal and moral obligations; and
- Aware of the need to foster loyalty and long-enduring relationships.