

Corporate Governance Report

Good corporate governance is an integral part of Datacentrix. Datacentrix Holdings Limited board of directors and group management remain firmly committed to conforming and performing to sound corporate governance processes 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 board, its committees, individual directors, senior management and employees acknowledge their role and responsibility in ensuring that the principles set out in the code of conduct are adhered to.

Fairness:

Means not only providing due consideration for the interests of all stakeholders, but doing so impartially, honestly, thoroughly and prudently.

Responsibility:

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.

Accountability:

Means the board strives to present a balanced and understandable assessment of the company's position so that all stakeholders with a legitimate interest can obtain a full, fair and honest account of the group's performance.

Transparency:

Means the quality of information communicated to stakeholders is based on principles of openness and substance over form.

Composition of the Board

The Datacentrix board has undergone transformation and as at the date of this annual report consists of five non-executive directors, four of which are independent and four executive directors. The non-executive directors ensure impartial and objective viewpoints in decision making processes and standards of conduct.

The simple decision making structure, the independence and the character of the individual board members provide for open and transparent governance. In addition to the board, key operating executives responsible for significant operations attend board meetings per invitation. 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 that of the Chief Executive Officer vest in two leaders. Gary Morolo is the Non-Executive Chairman of the group and Gerhard Uys is the Chief Executive Officer. In November 2006, Ahmed Mahomed was promoted to Chief Operations Officer.

Christoff Botha, who has been a non-executive director since 1998, resigned with effect from 2 October 2006 in order to focus on his interests in the firm Treacle Private Equity. Klaas Lammers, an executive director and co-founder of the business, retired on 28 February 2007. The board thanks Christoff and Klaas for their invaluable contribution.

Charl Joubert has resigned from the board with effect from 23 November 2006. He will continue to focus on his existing executive responsibility of running the ERP business unit and remains a member of the Executive Committee.

Further, the company is pleased to announce the appointment of Israel Skosana as an independent non-executive director with effect from 23 November 2006.

The composition of the board with abridged curriculum vitae of each director is listed on page 8 and 9 of the annual report.

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

Datacentrix, through its corporate code of conduct, is committed to:

- The highest standard of integrity in all dealings with shareholders;
- Trading with clients and suppliers who subscribe to ethical business practices; and
- Conducting business on fair, ethical and competitive practices.

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.



corporate governance. The board charter model is based on the principles as recommended by King II, which 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. The charter of the board and that of its committees is reviewed periodically.

Roles and Responsibilities

The board meets regularly, retains full and effective control over all the companies in the group and monitors executive management in implementing board plans and strategies. Meetings are held six times per annum and additional special 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 group'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 client satisfaction, quality of products and services and performance of its employees.

The board is ultimately responsible for ensuring that the business continues to grow and that it thrives.

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 Human Resources and Remuneration committees to assist in executing its responsibilities. 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.

“The board is responsible for **guiding** and **reviewing** corporate strategy and major **plans of action**, corporate performance, risk policy and other major policy **decisions.**”

Meetings of the Holdings Board:

Name	18 April 06	23 May 06	20 July 06	2 Oct 06	23 Nov 06	25 Jan 07	22 Mar 07	16 Apr 07
Gary Morolo* (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓
Ahmed Mahomed (COO)	✓	✓	✓	✓	✓	✓	✓	✓
Alwyn Martin*	✓	✓	✓	✓	✓	✓	✓	✓
Charl Joubert	✓	✓	✓	✓	Resigned	-	-	-
Christoff Botha*	✓	✓	✓	Resigned	-	-	-	-
Elizabeth Naidoo (CFO)	✓	✓	✓	✓	✓	✓	✓	✓
Gerhard Uys (CEO)	✓	✓	X	✓	✓	✓	✓	✓
Imogen Mkhize*	✓	X	X	✓	✓	✓	✓	✓
Israel Skosana*	-	-	-	-	Appointed	✓	✓	✓
Joan Joffe*	X	✓	✓	X	X	✓	✓	✓
Klaas Lammers	✓	✓	✓	✓	✓	Resigned	-	-
Stewart Barker	✓	✓	✓	✓	✓	✓	✓	✓

* Non-Executive Director *Independent Non-Executive Director

Human Resources and Remuneration Committee

This committee comprises three independent non-executive directors. 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 structure and policy on executive and senior management 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;
- 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 company 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 Chief Executive Officer.

Meetings of the Audit and Risk Management Committee:

Name	12 April 06	28 Sept 06	17 Nov 06	11 Apr 07
Alwyn Martin* (Chairman)	✓	✓	✓	✓
Christoff Botha*	✓	✓	Resigned	-
Imogen Mkhize*	Appointed	✓	✓	✓
Israel Skosana*	-	-	Appointed	✓
Elizabeth Naidoo (CFO) (invitee)	✓	✓	✓	✓
Gerhard Uys (CEO) (invitee)	✓	✓	✓	✓

Non-Executive Director *Independent Non-Executive Director

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 of 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.

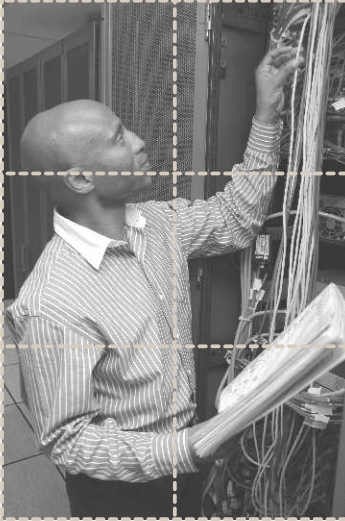
Non-executive directors receive an annual fixed fee. In addition, a fee is paid for attending and contributing to board and committee meetings. Datacentrix pays for all travelling expenses for board meetings where required.

Meetings of the Human Resources and Remuneration Committee:

Name	4 Apr 06	25 Jan 07	22 Mar 07
Joan Joffe* (Chairman)	✓	✓	✓
Christoff Botha*	✓	Resigned	-
Imogen Mkhize*	✓	✓	✓
Israel Skosana*	Appointed	✓	✓
Elizabeth Naidoo (CFO) (invitee)	✓	✓	✓
Gerhard Uys (CEO) (invitee)	✓	✓	✓

Non-Executive Director *Independent Non-Executive Director

Corporate Governance Report (continued)



Datacentrix Share Incentive Trust

Two trustees, independent, non-executive directors, 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. The certificate required to be signed in terms of subsection (d) of the Act appears on page 20.

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 Securities Exchange 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 20 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 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 all transactions. Transactions are executed and recorded in terms of the 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 and impact with social, environmental and economic communities within which it operates.



“Datacentrix has clearly demonstrated its **commitment to transformation** of the workplace. This can be seen in the composition of the **board** as well as in the overall statistics of the **employees** of the group.”

The directors of Datacentrix support these statements 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. So far the bursary fund project has been successful whereby some of the 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 transformation of the workplace. 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.

The group has employment equity 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 continue to be 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.

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 manner 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.

