

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 2007.

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 21.

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 2007.

The directors of the group, whose names are given on page 8 and 9 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 Securities Exchange Limited.

All information required by the Companies Act pertaining to a director's report are disclosed in earlier sections of this annual report and the notes to the annual financial statements.

The annual financial statements appearing on page 21 to 53 were approved by the board of directors on 16 April 2007, and are signed on its behalf by:

Gary Morolo
Chairman

Pretoria
16 April 2007

Gerhard Uys
Chief Executive Officer

Certificate of the Company 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 2007 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
16 April 2007

Report of the Independent Auditors

To the members of Datacentrix Holdings Limited

We have audited the accompanying financial statements and group financial statements of Datacentrix Holdings Limited, which comprise the balance sheets as at 28 February 2007, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on page 20, and 22 to 53.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with statements of International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Datacentrix Holdings Limited company and group as of 28 February 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.

Deloitte & Touche

Registered Auditors
Per Zuleka Jasper
Partner

PO Box 11007, Hatfield, 0028
221 Waterkloof Road, Waterkloof, Pretoria, 0181

16 April 2007

National Executive: GG Gelink (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Tax), L Geeringh (Consulting), MG Crisp (Financial Advisory), L Bam (Strategy), CR Beukman (Finance), TJ Brown (Clients & Markets), SJC Sibisi (Public Sector and Corporate Social Responsibility), NT Mtoba (Chairman of the Board), J Rhynes (Deputy Chairman of the Board)
Regional Leader: T Kalan

A full list of partners and directors is available on request.

A member of Deloitte Touche Tohmatsu

Income Statements for the year ended 28 February 2007

	Notes	Group		Company	
		2007 R'000	2006 R'000	2007 R'000	2006 R'000
Revenue	4	1 201 904	1 034 397	-	-
Other operating income		-	2 397	-	-
Changes in inventories of finished goods and work in progress		(4 565)	1 929	-	-
Finished goods sold		(837 726)	(736 217)	-	-
Employee benefits expense		(202 988)	(181 317)	-	-
Depreciation, amortisation and impairments		(10 131)	(18 231)	-	-
Operating expenses		(31 796)	(32 528)	(296)	(136)
Share of loss from joint venture		(265)	-	(265)	-
Income from investments	5	10 084	7 960	114 591	1
Finance costs	6	(334)	(104)	-	-
Profit (loss) before taxation	7	124 183	78 286	114 030	(135)
Income taxation expense	8	(45 913)	(28 341)	(9 492)	(2 239)
Profit (loss) for the year attributable to ordinary shareholders		78 270	49 945	104 538	(2 374)
Basic earnings per ordinary share (cents)	9	40.0	25.5		
Diluted basic earnings per ordinary share (cents)	9	39.2	24.9		
Dividend and proposed dividend per share (cents)	10	20.2	30.0		

Balance Sheets as at 28 February 2007

	Notes	Group		Company	
		2007 R'000	2006 R'000	2007 R'000	2006 R'000
ASSETS					
Non-current assets					
Property and equipment	11	30 074	31 217	-	-
Investment property	12	-	-	-	-
Goodwill	13	15 596	16 257	-	-
Other intangible assets - software	14	867	751	-	-
Investment in joint venture and associate	15	-	-	-	-
Long-term receivables	16	4 178	7 230	-	-
Investment in subsidiaries	17	-	-	65 777	33 827
Deferred tax assets	18	14 582	12 739	-	-
Current assets					
Loan to share trust	19	-	-	6 627	6 627
Inventories	20	9 401	4 836	-	-
Trade and other receivables	21	208 806	211 496	336	123
Cash and cash equivalents	22	173 841	165 615	9	17
TOTAL ASSETS		457 345	450 141	72 749	40 594
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23	21	21	21	21
Share premium	23	40 709	40 311	39 280	39 280
Treasury shares	23	(25 958)	(20 203)	-	-
Equity-settled share scheme reserve	23	8 642	5 042	8 642	5 042
Retained earnings (accumulated loss)		225 054	219 176	24 699	(3 890)
Non-current liabilities					
Obligations under finance leases	24	2 007	4 205	-	-
Deferred revenue	25	18 327	15 541	-	-
Current liabilities					
Deferred revenue	25	27 655	17 590	-	-
Trade and other payables	26	133 643	136 423	102	212
Current taxation liabilities		8 300	5 124	5	(71)
Provisions	27	18 485	26 611	-	-
Lease liability		460	300	-	-
TOTAL EQUITY AND LIABILITIES		457 345	450 141	72 749	40 594

Statements of Changes in Equity for the year ended 28 February 2007

	Share capital R'000	Share premium R'000	Treasury shares R'000	Equity-settled share scheme reserve R'000	Retained earnings (accumulated loss) R'000	Total R'000
GROUP						
Balance at 28 February 2005	20	39 589	(14 060)	1 735	186 866	214 150
Net profit 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
Net profit for the year	-	-	-	-	78 270	78 270
Treasury shares - movement during the year	-	-	(5 755)	-	-	(5 755)
Share-based payments	-	-	-	3 600	-	3 600
Dividend paid	-	-	-	-	(72 392)	(72 392)
Profit on sale of treasury shares	-	398	-	-	-	398
Balance at 28 February 2007	21	40 709	(25 958)	8 642	225 054	248 468
COMPANY						
Balance at 28 February 2005	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
Net profit for the year	-	-	-	-	104 538	104 538
Share-based payments	-	-	-	3 600	-	3 600
Dividend paid	-	-	-	-	(75 949)	(75 949)
Balance at 28 February 2007	21	39 280	-	8 642	24 699	72 642

Cash Flow Statements for the year ended 28 February 2007

	Notes	Group		Company	
		2007 R'000	2006 R'000	2007 R'000	2006 R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from clients		1 204 594	941 992	-	-
Cash paid to suppliers and employees		(1 075 247)	(889 490)	(407)	(552)
Cash generated from (utilised in) operations	A	129 347	52 502	(407)	(552)
Interest received		10 084	7 960	5	1
Interest paid		(334)	(104)	-	-
Dividend received from subsidiaries		-	-	114 586	-
Dividend paid		(72 392)	(17 635)	(75 949)	(18 474)
Taxation paid	B	(44 657)	(30 492)	(9 493)	(2 306)
Net cash inflow (outflow) from operating activities		22 048	12 231	28 742	(21 331)
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property and equipment		(8 391)	(7 578)	-	-
Proceeds from sale of property and equipment		444	274	-	-
Decrease (increase) in amounts receivable under finance leases		2 787	(9 491)	-	-
Proceeds on disposal of investment property		-	3 960	-	-
Investment in joint venture		(400)	-	(400)	-
(Increase) decrease in investment and advance payments	C	-	-	(28 350)	21 350
Acquisition of intangible assets	D	(520)	(714)	-	-
Business and subsidiary acquired	E	-	(751)	-	-
Proceeds on disposal of subsidiary	E	-	503	-	-
Proceeds from sale of intangible assets		3	-	-	-
Net cash (outflow) inflow from investing activities		(6 077)	(13 797)	(28 750)	21 350
CASH FLOW FROM FINANCING ACTIVITIES					
Share capital issued	F	-	913	-	-
Increase in treasury shares		(5 755)	(6 143)	-	-
(Decrease) increase in finance lease obligation		(1 990)	6 195	-	-
Share issue expenses	F	-	(10)	-	(10)
Acquisition consideration - cash payments	G	-	(920)	-	-
Net cash (outflow) inflow from financing activities		(7 745)	35	-	(10)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		8 226	(1 531)	(8)	9
Cash and cash equivalents at the beginning of the year		165 615	167 146	17	8
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	H	173 841	165 615	9	17

Notes to the Cash Flow Statements for the year ended 28 February 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
A. RECONCILIATION OF PROFIT (LOSS) BEFORE TAXATION TO CASH GENERATED FROM (UTILISED IN) OPERATIONS				
Profit (loss) before taxation	124 183	78 286	114 030	(135)
Adjusted for:	4 825	11 894	(114 326)	(1)
Loss on sale of property and equipment	21	-	-	-
Depreciation of property and equipment and investment property	9 069	9 519	-	-
Impairment of goodwill and amortisation of software	1 062	8 712	-	-
Interest received	(10 084)	(7 960)	(5)	(1)
Loss from joint venture	265	-	265	-
Dividend received from subsidiary	-	-	(114 586)	-
Profit on sale of investment property	-	(1 671)	-	-
Profit on disposal of subsidiary	-	(74)	-	-
Straight-line accounting for leases	160	137	-	-
Share-based payments	3 600	3 307	-	-
Profit (loss) on sale of treasury shares	398	(180)	-	-
Interest paid	334	104	-	-
Operating profit (loss) before working capital changes	129 008	90 180	(296)	(136)
Working capital changes	339	(37 678)	(111)	(416)
Inventories	(4 565)	2 031	-	-
Trade and other accounts receivable	3 167	(88 545)	(1)	(122)
Trade, other accounts payable and liabilities	1 737	48 836	(110)	(294)
Cash generated from (utilised in) operations	129 347	52 502	(407)	(552)
B. TAXATION PAID				
Opening balance	(5 124)	(10 106)	71	4
Income statement charge - current and secondary taxation	(45 990)	(28 341)	(9 569)	(2 239)
Movement in deferred tax balance	(1 843)	2 831	-	-
Closing balance	8 300	5 124	5	(71)
	(44 657)	(30 492)	(9 493)	(2 306)
C. (INCREASE) DECREASE IN INVESTMENT AND ADVANCE PAYMENTS	-	-	(28 350)	21 350
D. ACQUISITION OF INTANGIBLE ASSETS				
Opening balance	17 008	25 006	-	-
Impairment/amortisation of intangible assets	(1 062)	(8 712)	-	-
Disposal of software during the year	(3)	-	-	-
Goodwill on acquisition during the year	-	1 712	-	-
Goodwill realised on disposal during the year	-	(1 712)	-	-
Closing balance	(16 463)	(17 008)	-	-
	(520)	(714)	-	-

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
E. BUSINESS AND SUBSIDIARY ACQUIRED AND DISPOSED				
Business and subsidiary acquired				
Assets acquired				
- property and equipment	-	28	-	-
- bank balances and cash	-	249	-	-
- trade and other receivables	-	3 884	-	-
- investments	-	320	-	-
- inventories	-	102	-	-
Liabilities assumed				
- trade and other payables	-	(2 969)	-	-
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 acquisition	-	1 712	-	-
Total purchase consideration	-	1 913	-	-
Bank balances and cash in business	-	(249)	-	-
Net purchase consideration	-	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	-	-
Net purchase consideration	-	2 130	-	-
Satisfied by:				
- acquisition consideration paid in shares	-	913	-	-
- outstanding debtor at year-end	-	714	-	-
- cash consideration	-	503	-	-
Total consideration	-	2 130	-	-
F. SHARE CAPITAL MOVEMENTS				
Opening balance	(40 332)	(39 609)	(39 301)	(38 398)
Closing balance	40 730	40 332	39 301	39 301
Share issue expenses	-	10	-	10
(Profit) loss on sale of treasury shares	(398)	180	-	-
Raised on new acquisitions	-	-	-	(913)
	-	913	-	-

Notes to the Cash Flow Statements for the year ended 28 February 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
G. ACQUISITION CONSIDERATION DUE - CASH PAYMENTS				
Opening balance	-	(920)	-	-
Closing balance	-	-	-	-
	-	(920)	-	-
H. CASH AND CASH EQUIVALENTS				
Bank balances and cash	173 841	165 615	9	17

Notes to the Annual Financial Statements for the year ended 28 February 2007

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

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

- IAS 19 - Employee Benefits
- IAS 23 - Borrowing Costs
- IFRS 7 - Financial Instruments: Disclosures
- IFRS 8 - Operating Segments
- IFRIC 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 7 - Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 - Scope of IFRS 2
- IFRIC 9 - Reassessment of Embedded Derivatives
- IFRIC 10 - Interim Financial Reporting and Impairment
- IFRIC 11 - IFRS 2 - Group and Treasury Share Transactions
- IFRIC 12 - Service Concession Arrangements

IFRS 7

In August 2005 the IASB (International Accounting Standards Board) issued IFRS 7 - Financial Instruments: Disclosures. The Standard adds certain new disclosures about financial instruments to those currently required by IAS 32 - Financial Instruments: Disclosure and Presentation. The Standard replaces the disclosures currently required by IAS 30 - Disclosures in the Financial Statements of Banks and Similar Financial Institutions. The Standard therefore groups all financial instruments disclosures together in a new Standard.

IAS 1: Presentation of Financial Statements was amended in conjunction with the release of IFRS 7. The amendments impose additional requirements for disclosure of:

- The entity's objectives, policies and processes for managing capital;
- Quantitative data about what the entity regards as capital;
- Whether the entity has complied with any capital requirements; and
- If it has not complied, the consequences of such non-compliance.

IFRS 7 and the amendments to IAS 1 are effective for annual periods commencing on or after 1 January 2007 and is therefore applicable for the group's 2008 year-end. The group is currently in the process of evaluating the financial effects and disclosure thereof.

IFRS 8

IFRS 8 - Operating Segments replaces IAS 14: Segment Reporting. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

IFRS 8 requires the amount reported for each segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to that segment and assessing its performance. The group will adopt IFRS 8 on 1 March 2010. The current segmental reports will be split into additional reporting elements.

IAS 19

In December 2004 the IASB revised certain aspects of IAS 19 - Employee Benefits. The revisions to the Standard have made available an additional option for the recognition of actuarial gains and losses on post-employment defined benefit plans. Actuarial gains and losses on post-employment defined benefit plans may be recognised in full in retained income when they arise. The revised Standard is effective for the group's 2008 financial year at which time the group does intend to adopt it. The group does not believe that the adoption of the Standard will have any effect.

IAS 23

The IASB issued a revision to IAS 23: Borrowing Costs on 29 March 2007. The revised Standard removes the option of recognising immediately as an expense those borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised standard does not apply to borrowing costs directly attributable to the acquisition, construction or production of qualifying assets measured at fair value (e.g. a biological asset) or inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis. The revised Standard applies to borrowing costs relating to qualifying assets for which the commencement date is on or after 1 January 2009 although earlier adoption is permitted. The group will adopt the Standard in its 2010 financial year, but does not believe it will have any material impact.

IFRIC 5

In December 2004 the IASB issued IFRIC 5 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds. The scope of this Interpretation is restricted to Funds with separately administered assets where the contributor's right to access is restricted. It requires the group to assess the nature of the relationship with the Fund and account for it in accordance with IAS 27 - Consolidated and Separate Financial Statements if the group controls the Fund.

If the Fund is not controlled by the group, the group's obligation in respect of decommissioning activities is recognised as a liability separate from the interest in the Fund. Where the group has a right to possible reimbursement, this right should be recorded as a contingent asset in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. The group will adopt IFRIC 5 when it becomes effective in its 2008 financial year and does not believe that the adoption of the Interpretation will have any effect.

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

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

IFRIC 7

In November 2005 the IASB issued IFRIC 7 - Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies. The Interpretation is effective for annual periods beginning on or after 1 March 2006. IFRIC 7 contains guidance on how an entity would restate its financial statements in the first year it identifies the existence of hyperinflation in the economy of its functional currency.

The group does not believe that the adoption of the Interpretation will have any impact.

IFRIC 8

In January 2006 the IASB issued IFRIC 8 - Scope of IFRS 2. The Interpretation is effective for annual periods beginning on or after 1 May 2006. IFRIC 8 clarifies that IFRS 2 - Share-Based Payment applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. IFRIC 8 explains that, if the identifiable consideration given appears to be less than the fair value of the equity instruments granted or liability incurred, this situation typically indicates that other consideration has been or will be received.

The group will adopt IFRIC 8 during the 2008 financial year and does not believe that the adoption of the Interpretation will have any effect.

IFRIC 9

In March 2006 the IASB issued IFRIC 9 - Reassessment of Embedded Derivatives. The Interpretation is effective for annual periods beginning on or after 1 June 2006. IAS 39 requires an entity, when it first becomes a party to a hybrid contract, to assess whether any embedded derivatives contained in the contract are required to be separated from the host contract and accounted for as if they were stand-alone derivatives. IFRIC 9 addresses:

- Whether IAS 39 requires such an assessment to be made only when the entity first becomes a party to the hybrid contract, or whether the assessment be reconsidered throughout the life of the contract; and
- Whether a first-time adopter of IFRS should make its assessment on the basis of the conditions that existed when the entity first became a party to the contract, or those prevailing when the entity adopts IFRS for the first time.

The group will adopt IFRIC 9 during the 2008 financial year and does not believe that the adoption of the Interpretation will have any effect.

IFRIC 10

In July 2006 the IASB issued IFRIC 10: Interim Financial Reporting and Impairment effective for annual periods beginning on or after 1 November 2006. The Interpretation addresses an apparent conflict between the requirements of IAS 34: Interim Financial Reporting and those in other Standards on the recognition and reversal in financial statements of impairment losses on goodwill and certain financial assets. IFRIC 10 concludes that:

- An entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost; and
- An entity shall not extend this consensus by analogy to other areas of potential conflict between IAS 34 and other Standards.

The group will adopt IFRIC 10 during the 2008 financial year and is currently evaluating the effects of the Interpretation.

IFRIC 11

IFRIC 11 clarifies the application of IFRS 2: Share-Based Payment to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent. The IFRIC concluded that when an entity receives services as consideration for rights to its own equity instruments, the transaction should be accounted for as equity-settled. This is regardless of whether:

- The entity chooses or is required to purchase equity instruments to satisfy its obligation;
- The entity or its shareholder(s) grants the right; or
- The transaction is settled by the entity or by its shareholder(s).

Where a parent grants rights to its equity instruments to employees of its subsidiary, assuming the transaction is accounted for as an equity-settled share-based payment transaction in the consolidated financial statements, the subsidiary should measure the services received using the requirements for equity-settled transactions in IFRS 2, and should recognise a corresponding increase in equity as a contribution from the parent.

Where a subsidiary grants rights to equity instruments of its parent to its employees:

- The subsidiary has incurred a liability to transfer cash or other assets of the entity to its employees (being a liability to transfer equity instruments of its parent); and
- The subsidiary accounts for the transaction as a cash-settled share-based payment transaction.

The group will adopt IFRIC 11 in its 2008 financial year and is currently assessing the impact thereof.

IFRIC 12

The Interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, such as schools and roads. The Interpretation states that for arrangements falling within its scope (essentially those where the infrastructure assets are not controlled by the operator), the infrastructure assets are not recognised as property, plant and equipment of the operator.

IFRIC 12: Service Concession Arrangements will be effective for financial periods beginning 1 January 2008. The group does not believe that the adoption of the Interpretation will have any effect.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with the prior year. 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. All subsidiaries, joint ventures and other entities controlled by the company complied with these accounting policies.

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: Business Combinations 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.

Interest in Joint Ventures

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control. The consolidated financial statements incorporate the assets, liabilities, income and expenses of joint ventures using the equity method, applying the group's accounting policies. The most recent annual financial statements of joint ventures are used. Losses of joint ventures in excess of the group's interests are not recognised unless there is a binding obligation to contribute to the losses.

Where a group entity transacts with a jointly controlled entity of the group, unrealised profits and losses are eliminated to the extent of the group's interests in the jointly controlled entity.

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, interest 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.

Property and Equipment

All items of property and equipment, except for land which is stated at cost, 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 to their residual values, 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 to their residual values. 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 future cash flows are discounted to their present values.

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

A 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 as an expense 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 for impairment on an annual basis, regardless of whether there are any indicators of impairment or more frequently when there is an indication that the cash generating unit to which it belongs may be impaired. 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. It is first allocated to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis.

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 statement.

A cash generating unit within the group is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets.

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 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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

Income taxation expense represents the sum of the taxation currently payable and deferred tax. The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using taxation 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 taxation 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 taxation 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 taxation 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, in which case the deferred tax is also dealt with in equity.

Secondary taxation 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

All 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 it 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.

Investments

Investments are recognised on a trade-date basis and are initially measured at fair value, 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.

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 measure 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 fair value, 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 for 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 not 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.

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 taxation. 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 is recognised when goods are delivered and title has passed.

The group generates revenue both as a principal and an agent. The group sells certain licenses on behalf of software developers and recognises revenue as the difference between the gross sales price to the client and the gross cost paid to the license 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Transactions with directors and other key management personnel are disclosed in notes 3 and 38.

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 with the binomial model 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 with the 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.

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 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 its 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 R15,596 million (2006: R16,257 million) after an impairment loss of R0,661 million was recognised (2006: R7,857 million). Details of the impairment loss calculation are provided in note 13.

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 is of the opinion that the useful lives and residual values of the assets currently carried are in line with industry norms. Refer to note 11 for details.

Inventory Carried at Net Realisable Value

The net realisable value of inventory represents the estimated selling price in the current market at balance sheet date. The group provides for the amount, which the cost of inventory is higher than the net realisable value multiplied by the units of stock on hand at balance sheet date. No such provision was required in the current year.

Leave Pay Provision

The leave pay provision relates to possible vesting leave pay to which employees may become entitled upon leaving the employment of the group. The provision arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The provision is utilised when employees become entitled to and are paid for the accumulated leave pay or utilise compensated leave due to them.

Provision for Bad Debts

The provision to bad debts relates to possible recoverability and ageing issues regarding specific debtors. These are analysed on a one-on-one basis.

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

3. DIRECTORS

The directors in office at the date of this report were as follows:

Executive:

Gerhard Uys (CEO), Ahmed Mahomed (COO), Stewart Barker, Elizabeth Naidoo (CFO).

Non-Executive:

Gary Morolo (Chairman), Alwyn Martin, Imogen Mkhize, Israel Skosana, Joan Joffe.

Appointments and Resignations During the Year

Israel Skosana was appointed to the board in November 2006. Christoff Botha resigned from the board in October 2006 and Charl Joubert resigned from the board in November 2006. Klaas Lammers retired in February 2007.

Restraint of Trade Agreements and Long-Term Employment Contracts

All four executive directors and most members of senior management are bound by restraint of trade agreements.

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

Executive Directors 2007	Salaries	Bonus in lieu	Benefits	Retirement	Total	
	R'000	Bonuses R'000	of options R'000	contributions R'000		
Gerhard Uys (CEO)	1 707	2 488	#6 775	47	216	11 233
Klaas Lammers	1 707	2 488	#6 775	47	216	11 233
Ahmed Mahomed (COO)	1 297	1 405	-	-	162	2 864
Charl Joubert	850	579	-	25	130	1 584
Stewart Barker	904	977	-	35	115	2 031
Elizabeth Naidoo (CFO)	891	590	-	31	115	1 627
Total	7 356	8 527	13 550	185	954	30 572

Paid with respect to 2002, 2003 and 2005.

2006

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
Ahmed Mahomed (COO)	1 118	921	-	-	142	2 181
Charl Joubert	816	203	-	15	130	1 164
Stewart Barker	893	602	-	13	115	1 623
Elizabeth Naidoo (CFO)	786	366	-	12	101	1 265
Total	8 017	3 932	-	67	1 050	13 066

No current or retired director receives a pension funded by the group. In the prior year, Gary Morolo was still an Executive Director.

Non-Executive Directors - Fees for Services as Directors	2007 R'000	2006 R'000
Gary Morolo (Chairman)	#7 400	-
Joan Joffe	130	180
Christoff Botha	125	210
Alwyn Martin	168	105
Israel Skosana	30	-
Imogen Mkhize	165	155
Sam Nematswerani	-	75
Thenjiwe Chikane	-	40
Total	8 018	765

Gary Morolo has an interest in major shareholder Aka Capital (Proprietary) Limited and accordingly the fees were paid to this company during his tenure as Non-Executive Chairman. His fees include an amount of R6,775 million relating to a bonus in terms of executive options from prior years and current year fees as chairman of R625,000.

3. DIRECTORS (continued)

Directors' Shareholding

<i>Executive Directors</i>	Beneficial 2007		Beneficial 2006	
	Direct	Indirect	Direct	Indirect
Gerhard Uys (CEO)	14 053 031	-	14 053 031	-
Klaas Lammers	7 553 030	-	12 553 030	-
Charl Joubert	-	-	472 031	-
Stewart Barker	24 141	-	141	-
Ahmed Mahomed (COO)	36 000	-	15 000	-
Total	21 666 202	-	27 093 233	-

<i>Non-Executive Directors</i>	Non-beneficial 2007	Beneficial 2007		Beneficial 2006	
	Indirect	Direct	Indirect	Direct	Indirect
Joan Joffe	-	502 685	-	502 685	-
Gary Morolo (Chairman)	61 152 467	-	20 000 000	-	-
Christoff Botha	-	-	-	665 332	-
Total	61 152 467	502 685	20 000 000	1 168 017	-

Gary Morolo is a shareholder in and director of major shareholder Aka Capital (Proprietary) Limited (Co-ordinated Network Investments (Proprietary) Limited and Eglin Investments Number 31 (Proprietary) Limited). There has been no change in shareholding up to the date of these financial statements.

Executive Directors' Share Options

Share option allocations are considered and recommended by the board and approved by the Human Resources and Remuneration Committee. During the period under review, options were awarded to two of the Executive Directors.

	Number of options 28/02/2006	New options allocated during the year	Expired, sold or lapsed during the year	Number of options 28/02/2007	Option price	Grant date	Value of options issued current year	Value of all options in total R
Ahmed Mahomed (COO)	750 000	-	-	750 000	R1.00	01/01/2002	-	-
	-	1 750 000	-	1 750 000	R3.43	02/10/2006	888 198	3 761 625
Elizabeth Naidoo (CFO)	500 000	-	(250 000)	250 000	R1.00	08/01/2002	-	-
	-	1 000 000	-	1 000 000	R3.43	02/10/2006	507 540	2 149 500
Stewart Barker	25 000	-	-	25 000	R1.00	01/03/2002	-	-
Total	1 275 000	2 750 000	(250 000)	3 775 000			1 395 738	5 911 125

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	
	2007 R'000	2006 R'000
Sale of goods	1 038 922	910 775
Services rendered	135 704	100 200
Commission income - sale of licenses	27 278	23 422
Total	1 201 904	1 034 397

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

5. INCOME FROM INVESTMENTS

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Interest on bank deposits	9 927	7 960	5	1
Interest received from other institutions	157	-	-	-
Dividends received from subsidiaries	-	-	114 586	-
	10 084	7 960	114 591	1

6. FINANCE COSTS

Interest paid to other institutions	(334)	(104)	-	-
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7. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation for the year has been arrived at after charging (crediting):

	Group	
	2007 R'000	2006 R'000
Auditors' remuneration		
- audit fees	1 600	1 500
- audit fees - prior year under provision	-	125
- fees for other services (taxation and advisory services)	80	371
	1 680	1 996
Net foreign exchange gains	(633)	(652)
Depreciation of property and equipment	9 069	9 475
Total employee benefits expense	202 988	181 317
Operating lease payments - properties	5 222	5 777
Retirement fund contributions (included in employee benefits expense)	13 624	13 555
Amortisation of software	401	855
Impairment of goodwill	661	7 857
Loss (profit) on disposal of property and equipment		
- asset held for sale	-	(1 671)
- other assets	21	-
Profit on disposal of subsidiary	-	(74)

8. INCOME TAXATION EXPENSE

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Taxation charge				
SA normal taxation - current year	35 648	28 863	75	-
SA normal taxation - prior year	2 691	-	-	-
Deferred tax - current year	1 804	(2 838)	-	-
Deferred tax - prior year	(3 647)	7	-	-
Share of joint venture company taxation	(77)	-	(77)	-
Secondary taxation on companies	9 494	2 309	9 494	2 239
	45 913	28 341	9 492	2 239

SA normal income taxation is calculated at 29% (2006: 29%) of the estimated assessable profit for the year. Secondary taxation on companies is calculated at 12.5% (2006: 12.5%) on the net dividends payable. The company elected to only pay secondary taxation on companies on dividends declared by the company and not its subsidiaries.

	%	%	%	%
Reconciliation of rate of taxation				
Taxation at statutory rate	29.0	29.0	29.0	29.0
Expenses not allowed for taxation	1.0	4.3	(29.0)	(29.0)
Secondary taxation on companies	7.6	2.9	8.3	(1 658.5)
Prior year under provision	(0.8)	-	-	-
Effective taxation rate for the year	36.8	36.2	8.3	(1 658.5)

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	
	2007 R'000	2006 R'000
Earnings for the purposes of earnings per share	78 270	49 945
(profit for the period attributable to equity holders of the company)		
Number of shares		
Weighted average number of ordinary shares for the purposes of earnings per share	195 654 991	195 647 491
Effect of dilutive potential ordinary shares: Share options	3 980 324	5 065 701
Weighted average number of ordinary shares for the purposes of diluted basic earnings per share	199 635 315	200 713 192
Earnings per share (cents)		
Basic	40.0	25.5
Diluted	39.2	24.9
Headline earnings for the purposes of headline earnings per share		
Earnings attributable to ordinary shareholders	78 270	49 945
Impairment of goodwill	661	7 857
Loss on disposal of assets	21	-
Profit on disposal of asset held for sale	-	(1 671)
Profit on disposal of subsidiary	-	(74)
Headline earnings for the purposes of basic and diluted headline earnings per share	78 952	56 057
Number of shares		
Weighted average number of ordinary shares for the purposes of headline earnings per share	195 654 991	195 647 491
Effect of dilutive potential ordinary shares: Share options	3 980 324	5 065 701
Weighted average number of ordinary shares for the purposes of diluted headline earnings per share	199 635 315	200 713 192

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

9. EARNINGS PER SHARE (continued)

	Group	
	2007 R'000	2006 R'000
Headline earnings per share (cents)		
Basic	40.4	28.7
Diluted	39.5	27.9
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		
Weighted average number of shares (net of shares held by the Datacentrix Holdings Share Trust)	195 654 991	195 647 491
Net asset value		
Ordinary shareholders equity	248 468	244 347
Net asset value per share (cents)	127.0	124.9
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		
Weighted average number of shares (net of shares held by the Datacentrix Holdings Share Trust)	195 654 991	195 647 491
Net asset value		
Ordinary shareholders equity	248 468	244 347
Adjustment: less intangible assets	16 463	17 008
Tangible net asset value	232 005	227 339
Net asset value per share (cents)	118.6	116.2

10. DIVIDEND AND PROPOSED DIVIDEND

On 24 May 2006 a dividend of 20.2 cents per share was paid to shareholders. In respect of the current year, the directors declared an interim dividend for the first time of 7.0 cents, and declared a final normal dividend of 13.2 cents, which is two times headline earnings per share cover, as per the policy. This brings the dividend to a total of 20.2 cents declared for the full year. This dividend has not been included as a liability in these financial statements.

The proposed dividend for 2007 is payable to all shareholders on the Register of Members on 4 May 2007. The total estimated dividend to be paid is R27,095,070.

11. PROPERTY AND EQUIPMENT - GROUP ONLY

2007	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COST				
Land	1 915	-	-	1 915
Buildings	13 548	-	-	13 548
Motor vehicles	1 117	316	(238)	1 195
Furniture and fittings	3 768	519	(112)	4 175
Computer equipment	24 930	3 308	(17 981)	10 257
Office equipment	2 608	168	(4)	2 772
Spare parts	15 560	4 080	(3 261)	16 379
Leasehold improvements	997	-	-	997
Total	64 443	8 391	(21 596)	51 238

11. PROPERTY AND EQUIPMENT - GROUP ONLY (continued)

2007	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
ACCUMULATED DEPRECIATION				
Land	-	-	-	-
Buildings	249	-	-	249
Motor vehicles	806	151	(213)	744
Furniture and fittings	2 652	606	(109)	3 149
Computer equipment	21 211	2 802	(17 849)	6 164
Office equipment	1 577	568	(4)	2 141
Spare parts	5 895	4 790	(2 956)	7 729
Leasehold improvements	836	152	-	988
Total	33 226	9 069	(21 131)	21 164

2006	Opening balance R'000	Additions R'000	Disposals 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

2006	Opening balance R'000	Depreciation R'000	Disposals 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	-	1 577
Spare parts	2 113	3 782	-	5 895
Leasehold improvements	738	98	-	836
Total	23 903	9 475	(152)	33 226

	2007 R'000	2006 R'000
NET BOOK VALUE AND DEPRECIATION RATES APPLIED		
Land	1 915	1 915
Buildings (5%)	13 299	13 299
Motor vehicles (25%)	451	311
Furniture and fittings (16.7%)	1 026	1 116
Computer equipment (33.3%)	4 093	3 719
Office equipment (15% to 33.3%)	631	1 031
Spare parts (33.3%)	8 650	9 665
Leasehold improvements (period of lease)	9	161
Total	30 074	31 217

Land comprises stand number 865 Kosmosdal, Extension 11, Gauteng with buildings and additions thereon at additional costs. The register of land and buildings is open for inspection at the registered office of the company.

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

12. INVESTMENT PROPERTY

	Group	
	2007 R'000	2006 R'000
Land (at cost)	-	463
Disposal	-	(463)
Buildings	-	-
Carrying amount at the beginning of the year	-	1 870
Cost	-	2 578
Accumulated depreciation	-	(708)
Depreciation	-	(44)
Disposals	-	(1 826)
Carrying amount at the end of the year	-	-

The property rental income earned by the group from its investment property, all of which was leased out under operating leases, amounted to Rnil (2006: R300,000). Direct operating expenses arising on the investment property in the period amounted to Rnil (2006: R329,186). The property was sold on 2 February 2006 for R3.96 million. The depreciation rate applied was 5%.

13. GOODWILL

Carrying amount at the beginning of the year	16 257	24 114
Goodwill at acquisition	24 114	24 114
Accumulated impairments	(7 857)	-
Goodwill raised on acquisition of business and subsidiary	-	1 712
Goodwill derecognised on disposal of subsidiary	-	(1 712)
Impairment recognised during the year	(661)	(7 857)
Carrying amount at the end of the year	15 596	16 257
Goodwill at acquisition net of amortisation and disposals	24 114	24 114
Accumulated impairments	(8 518)	(7 857)

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 value in use. This value in use is determined by means of a discounted cash flow model. Three and five year cash flow forecasts respectively were used to assess this. The key assumptions in the calculations included an average discount rate of 12.5% (2006: 12.5%) and expected volume growth of zero percent. Impairments were recognised for the Solutions business unit.

14. OTHER INTANGIBLE ASSETS - SOFTWARE

Carrying amount at the beginning of the year	751	892
Cost	4 884	4 170
Amortised to the beginning of the year	(4 133)	(3 278)
Additions during the year	520	714
Disposals during the year	(3)	-
Amortisation recognised during the year	(401)	(855)
Carrying amount at the end of the year	867	751
Cost at acquisition	5 401	4 884
Amortised to the end of the year	(4 534)	(4 133)

The amortisation rate applied was 33.3% (2006: 33.3%).

15. INVESTMENT IN JOINT VENTURE AND ASSOCIATE

	Company	
	2007 R'000	2006 R'000
Joint Venture		
Percentage holdings (%)	50%	-
Cost of investment	400	-
Share of joint venture losses	(188)	-
Carrying value of investment	212	-
Amounts included under accounts receivable	(212)	-
Net investment in joint venture	-	-
Directors' valuation in joint venture	-	-

The group entered into a joint venture with PCWare (Proprietary) Limited, effective 27 March 2006 and formed a company, Software Asset Management (Proprietary) Limited. The aim was to sell asset management software. The venture was discontinued on 5 December 2006. The amount transferred to receivables will be recovered from the joint venture.

Associate

Carrying amount at the beginning of the year	-	1 413
Acquired 51% of net asset value (i.e. remainder of shares)	-	41
Less: dividend paid	-	(1 430)
Disposal of subsidiary	-	(24)
Carrying amount at the end of the year	-	-

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 1 March 2005 by Datacentrix (Proprietary) Limited. At the same date the business of Vukani was acquired and absorbed within the company. Refer to note 28 on business acquired and disposed.

16. LONG-TERM RECEIVABLES

	Group	
	2007 R'000	2006 R'000
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 1 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 1 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 and has been settled in full at 28 February 2007.

Amounts receivable under finance leases	6 967	9 491
- Short-term portion (within one year) (refer note 21)	2 789	2 524
- Long-term portion (after one year)	4 178	6 967

The group entered finance leasing arrangements for certain computer hardware. The average terms of the leases, which were entered into in 2006, are four years. The average effective interest rate is 10% (2006:10%). This rate is considered to be market related and the fair value of the leases approximates the book values. The rate is fixed at the contract date, which exposes the group to fair value interest rate risk. Monthly instalments amount to R280,000 (2006: R280,000).

Total long-term receivables	6 967	10 205
- Short-term portion (within one year)	2 789	2 975
- Long-term portion (after one year)	4 178	7 230

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2007 R'000	2006 R'000
Shares at cost	22 313	22 313
Amount owing by subsidiary companies	43 464	11 514
	65 777	33 827

Name of subsidiary <i>Principle activity</i>	Issued share capital		Effective percentage held		Shares at cost		Net receivable	
	2007 R'000	2006 R'000	2007 %	2006 %	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Datacentrix (Proprietary) Limited <i>IT infrastructure and related services</i>	2	2	100	100	10 857	10 857	34 592	2 642
Datacentrix Solutions (Proprietary) Limited <i>Business solutions</i>	200	200	100	100	9 799	9 799	8 872	8 872
Datacentrix Infrastructure Optimisation (Proprietary) Limited <i>Dormant</i>	22 220	22 220	100	100	1 657	1 657	-	-
Dezzo Trading (Proprietary) Limited <i>Dormant</i>	100	100	100	100	-	-	-	-
E-centrix (Proprietary) Limited <i>Dormant</i>	100	100	100	100	-	-	-	-
Datacentrix Properties (Proprietary) Limited * <i>Property</i>	100	100	100	100	-	-	-	-
Styleprops Services 18 (Proprietary) Limited * <i>Dormant</i>	100	100	100	100	-	-	-	-
Datacentrix Outsourcing (Proprietary) Limited <i>Dormant</i>	100	100	100	100	-	-	-	-
Dirigible IT (Proprietary) Limited* <i>Dormant</i>	100	100	100	100	-	-	-	-
					22 313	22 313	43 464	11 514

* Indirect holding i.e. through a subsidiary

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

	Group	
	2007 R'000	2006 R'000
Datacentrix (Proprietary) Limited	74 397	46 568
Datacentrix Solutions (Proprietary) Limited	13 849	4 581
Datacentrix Holdings Share Trust	398	(112)
Datacentrix Properties (Proprietary) Limited	1	1 274
	88 645	52 311

18. DEFERRED TAX ASSETS

	Group	
	2007 R'000	2006 R'000
Trademarks	508	1 015
Provisions, forward exchange contract and lease liabilities	7 471	3 097
Property and equipment	2 923	2 183
Calculated taxation loss	119	-
Prepayments and restraint of trade payments	210	369
Deferred revenue on long-term contracts and finance leases	3 351	6 075
	14 582	12 739
Movement in deferred tax:		
Carrying amount at the beginning of the year	12 739	15 570
Movement in:		
Trademarks	(507)	(560)
Provisions, forward exchange contract and lease liabilities	4 374	(4 166)
Property and equipment	740	632
Calculated taxation loss	119	(55)
Prepayments and restraint of trade payments	(159)	369
Deferred revenue on long-term contracts and finance leases	(2 724)	949
Carrying amount at the beginning of the year	14 582	12 739

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

19. LOAN TO SHARE TRUST

	Company	
	2007 R'000	2006 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	
	2007 R'000	2006 R'000
Finished goods	3 595	1 939
Work in progress	5 806	2 897
	9 401	4 836

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

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Trade receivables	204 922	206 916	-	-
Short-term portion of long-term receivables (refer note 16)	2 789	2 975	-	-
Other receivables	1 095	1 605	336	123
	208 806	211 496	336	123

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 clients.

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Bank balances and cash	173 841	165 615	9	17

The group had no overdrawn bank accounts at year-end and therefore 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

Authorised				
400,000,000 (2006: 400,000,000) ordinary shares of R0,0001 each	40	40	40	40
Issued				
205,265,683 (2006: 205,265,683) ordinary shares of R0,0001 each	21	21	21	21

No shares were repurchased during the year.

Share Premium

Carrying amount at the beginning of the year	40 311	39 589	39 280	38 378
Raised on new issues	-	912	-	912
Share issue expenses	-	(10)	-	(10)
Profit (loss) on sale of treasury shares	398	(180)	-	-
Carrying amount at the end of the year	40 709	40 311	39 280	39 280
Treasury Shares	(25 958)	(20 203)	-	-

The number of treasury shares held by the Datacentrix Holdings Share Trust amounts to 9,610,692 (2006: 9,618,192) ordinary shares.

Equity-Settled Share Scheme Reserve

Carrying amount at the beginning of the year	5 042	1 735	5 042	1 735
Expensed during the year	3 600	3 307	3 600	3 307
Carrying amount at the end of the year	8 642	5 042	8 642	5 042

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

24. OBLIGATIONS UNDER FINANCE LEASES

	Group	
	2007 R'000	2006 R'000
Amounts payable under finance leases	4 205	6 195
- Short-term portion (within one year) (refer note 26)	2 198	1 990
- Long-term portion (after one year)	2 007	4 205

The group leased certain computer hardware under finance leases. The average lease term is four years and the leases commenced in 2006. The average effective borrowing rate was 10% (2006: 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. Monthly instalments amounted to R210,000 (2006: R210,000).

25. DEFERRED REVENUE

	Group	
	2007 R'000	2006 R'000
Carrying amount at the beginning of the year	33 131	32 102
Long-term portion	15 541	19 260
Short-term portion	17 590	12 842
Deferral of revenue during the year	41 482	99 512
Realisation of revenue during the year	(28 631)	(98 483)
Carrying amount at the end of the year	45 982	33 131
Long-term portion	18 327	15 541
Short-term portion	27 655	17 590

Deferred revenue relates to service and maintenance contracts contracted for 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		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Trade payables	90 269	108 766	-	-
Short-term portion of finance lease obligations (refer note 24)	2 198	1 990	-	-
Other accruals and payables	41 176	25 667	102	212
	133 643	136 423	102	212

27. PROVISIONS (all short-term in nature)

	Group	
	2007 R'000	2006 R'000
Provision for leave pay		
Carrying amount at the beginning of the year	4 260	4 292
Provision made	1 997	231
Provision utilised	(1 579)	(263)
Carrying amount at the end of the year	4 678	4 260
Provision for bonus		
Carrying amount at the beginning of the year	22 351	23 587
Provision made	19 071	8 107
Provision utilised	(27 615)	(9 343)
Carrying amount at the end of the year	13 807	22 351
Total		
Carrying amount at the beginning of the year	26 611	27 879
Provision made	21 068	8 338
Provision utilised	(29 194)	(9 606)
Carrying amount at the end of the year	18 485	26 611

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 the employee's achievements of performance targets. The employee must be in the service of the group on 28 February to qualify for the bonus.

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

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

On 1 March 2005, the group acquired 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 1 September 2005, 100% of the issued share capital of Vukani Technologies (Proprietary) Limited was sold to Lima Investments (Proprietary) Limited.

	Group	
	2007 R'000	2006 R'000
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
Disposal of 100% shareholding in Vukani Technologies (Proprietary) Limited		
Investments	-	320
Share of net assets (refer 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

29. 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 1 March 2007 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 (2006: R70,239) and R75,524 (2006: 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.

30. OPERATING AND FINANCE LEASE ARRANGEMENTS

Minimum lease payments under operating leases recognised in income for the year. 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 operating leases, which fall due as follows:

	Group	
	2007 R'000	2006 R'000
Within one year	6 006	3 753
In the second to fifth year	5 283	4 781
	11 289	8 534

At the balance sheet date, the group had outstanding commitments under non-cancellable finance leases payable, which fall due as follows (refer note 24):

Within one year	2 520	2 520
In the second to fifth year	2 100	4 620
	4 620	7 140

At the balance sheet date, the group had outstanding commitments under non-cancellable finance leases receivable, which fall due as follows (refer note 16):

Within one year	(3 360)	(3 360)
In the second to fifth year	(4 480)	(7 840)
	(7 840)	(11 200)

31. 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 (2006: 12 to 54 months). If the options remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the group before the option vests.

	Group	
	2007 Shares	2006 Shares
Outstanding at the beginning of the year	11 855 052	11 871 406
Granted during the year	4 635 000	4 777 193
Exercised during the year	(2 630 892)	(2 977 497)
Forfeited during the year	(1 495 250)	(1 816 050)
Outstanding at the end of the year	12 363 910	11 855 052

The weighted average share price at the date of exercise for share options exercised during the year was R3.40 (2006: R2.83).

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

31. SHARE-BASED PAYMENTS (continued)

Datacentrix Holdings Limited funds the cash flow of the trust and has the obligation to fund the deficit of the trust on termination. The financial years in which an employee may exercise his/her options are as follows:

Exercise price	2007	2008	2009	2010	2011	2012	Total 2007
92 cents	150 037	-	-	-	-	-	150 037
100 cents	2 813 819	57 406	-	-	-	-	2 871 225
125 cents	42 656	6 094	-	-	-	-	48 750
130 cents	86 563	43 281	43 281	-	-	-	173 125
140 cents	501 562	167 188	-	-	-	-	668 750
150 cents	165 350	-	-	-	-	-	165 350
170 cents	328 775	18 750	11 875	-	-	-	359 400
200 cents	206 484	110 469	107 969	26 953	-	-	451 875
215 cents	12 500	6 250	6 250	-	-	-	25 000
225 cents	25 000	-	-	-	-	-	25 000
230 cents	122 500	62 500	62 500	2 500	-	-	250 000
240 cents	22 500	20 000	20 000	13 750	3 750	-	80 000
245 cents	22 500	15 000	15 000	7 500	-	-	60 000
250 cents	11 250	188 750	188 750	185 000	181 250	-	755 000
260 cents	-	12 500	12 500	12 500	12 500	-	50 000
270 cents	10 000	10 000	10 000	7 500	2 500	-	40 000
285 cents	-	11 250	11 250	11 250	11 250	-	45 000
295 cents	25 000	50 000	50 000	50 000	25 000	-	200 000
300 cents	562 650	522 600	522 600	455 050	27 500	-	2 090 400
305 cents	1 250	21 250	25 000	25 000	23 750	3 750	100 000
308 cents	6 250	12 500	12 500	12 500	6 250	-	50 000
310 cents	7 500	31 250	31 250	31 250	23 750	-	125 000
325 cents	-	27 500	30 000	30 000	30 000	2 500	120 000
330 cents	-	10 000	20 000	20 000	20 000	10 000	80 000
343 cents	-	979 165	1 041 666	1 041 667	125 000	62 500	3 249 998
350 cents	-	10 000	20 000	20 000	20 000	10 000	80 000
375 cents	-	3 750	7 500	7 500	7 500	3 750	30 000
380 cents	-	2 500	5 000	5 000	5 000	2 500	20 000
	5 124 146	2 399 953	2 254 891	1 964 920	525 000	95 000	12 363 910

The inputs into the binomial model are as follows:

Expected volatility:	The historical volatility percentages used, were 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 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 R26,194,179 (2006: R20,134,102). The trust has a potential future exposure of R1,974,940 (2006: profit R609,338) since the shares owned by the trust are less than the options not yet exercised.

32. RETIREMENT BENEFIT PLANS

The Alexander Forbes Provident Fund with 594 members (2006: 559 members) is a defined contribution fund of which the majority of the group's permanent employees are members. In July 2006, the group transferred the fund from Orion within Old Mutual to Alexander Forbes. These funds have been registered by the Registrar of Pension Funds and are governed by the Pension Funds Act 24 of 1956. The group does not provide any post-retirement medical benefits to its employees.

33. EVENTS AFTER THE BALANCE SHEET DATE

There are no material events after the balance sheet date that require additional disclosure.

34. FINANCIAL INSTRUMENTS

The group and company's financial instruments consist mainly of cash at bank and cash equivalents, investments, long-term receivables, trade and other receivables, trade and other payables, obligation under finance leases 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;
- Investments - refer to note 17 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 clients. 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, 21 and 22. 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:

	Foreign currency amount '000	Spot rate	R'000
2007			
US Dollars	1 119	7.33	8 202
Euro	21	9.67	203
			8 405
2006			
US Dollars	2 543	6.20	15 767
Euro	75	7.37	553
			16 320

Notes to the Annual Financial Statements (continued)

for the year ended 28 February 2007

35. SHAREHOLDER ANALYSIS

The analysis excludes shares deemed to be issued (refer to note 23).

Major Shareholders (over 5% holding)	2007		2006	
	Number of shares	%	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
Nedbank Group	22 177 719	11	25 360 796	12
Gerhard Uys	14 053 031	7	14 053 031	7
Klaas Lammers	7 553 030	4	12 553 030	6
Other directors, management and staff	6 333 218	3	11 426 455	6
Datacentrix Holdings Share Trust	9 610 692	5	9 618 192	5
General public and corporate investors				
- Investec	28 861 502	14	-	-
- Coronation	6 637 128	3	-	-
- Regarding Capital Management	-	-	16 301 153	8
- Other	28 886 896	13	32 586 810	15
Total	205 265 683	100	205 265 683	100

2007	Number of shareholders	%	Number of shares	%
1 to 10 000 shares	630	76	2 091 862	1
10 001 to 50 000 shares	111	13	2 650 440	1
50 001 to 100 000 shares	19	2	1 488 283	1
100 001 to 500 000 shares	31	4	8 315 081	4
500 001 to 1 000 000 shares	16	2	11 611 166	6
1 000 001 shares and over	26	3	179 108 851	87
Total	833	100	205 265 683	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

36. 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.

37. SEGMENTAL ANALYSIS

All the group's activities are conducted 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 and Related Services - supply of IT infrastructure and services
- Solutions - supply of business solutions
- Other - remaining subsidiaries and special purpose entities of the group

The business segmental information is presented below:

2007	Infrastructure and Related Services	Solutions	Other	Group
	R'000	R'000	R'000	R'000
Segment revenue	1 133 496	68 408	-	1 201 904
Segment result	98 983	16 015	(565)	114 433
Depreciation of property and equipment	(7 960)	(975)	(134)	(9 069)
Amortisation of software and goodwill impairments	(848)	(215)	1	(1 062)
Segment assets	358 753	50 664	33 346	442 763
Segment liabilities	(190 215)	(10 083)	(279)	(200 577)
Capital expenditure - property and equipment and intangible assets	8 037	354	-	8 391
2006				
Segment revenue	959 771	74 626	-	1 034 397
Segment result	66 754	1 990	1 686	70 430
Depreciation of property and equipment	(6 768)	(2 619)	(132)	(9 519)
Amortisation of software and goodwill impairments	(7 198)	(659)	-	(7 857)
Segment assets	357 360	49 675	30 367	437 402
Segment liabilities	(187 302)	(13 296)	(72)	(200 670)
Capital expenditure - property and equipment and intangible assets	7 210	340	56	7 606

The above segment result of R114,433,000 (2006: R70,430,000) was calculated after taking into account finance costs of R334,000 (2006: R104,000) and investment income of R10,084,000 (2006: R7,960,000) as adjustments to the profit before taxation of R124,183,000 (2006: R78,286,000).

Segment assets of R442,763,000 (2006: R437,402,000) and segment liabilities of R200,577,000 (2006: R200,670,000) were calculated after adjusting total assets of R457,345,000 (2006: R450,141,000) for deferred tax assets of R14,582,000 (2006: R12,739,000) and adjusting total liabilities of R208,877,000 (2006: R205,794,000) for current tax liabilities of R8,300,000 (2006: R5,124,000).

38. 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 and joint venture

Details of investments in subsidiaries and the joint venture are disclosed in note 15 and 17. No goods and services were sold by the company to its subsidiaries or the joint venture.

Directors

Details relating to the directors' emoluments are disclosed in note 3. The directors did not purchase IT equipment during the current and prior years.

Shareholders

The principal shareholders of the company are detailed in the shareholders' analysis in note 35.

Other Key Management Personnel

The total amount paid to key management personnel comprises short-term employee benefits to the amount of R4,681,053 (2006: R3,418,034).

Notice of Annual General Meeting

DATACENTRIX HOLDINGS LIMITED (Incorporated in the Republic of South Africa)

(Registration number: 1998/006413/06)

JSE code: DCT

ISIN: ZAE000016051

Notice is hereby given of the ninth annual general meeting of members of Datacentrix Holdings Limited, which will be held at the registered office of the company, Block 7, Sanwood Park, 379 Queens Crescent, Lynnwood, Pretoria on Friday, 8 June 2007 at 10:00 to consider and if deemed fit, to pass, with or without modification, the following resolutions:

Ordinary Resolutions

1. "To receive, consider and adopt the annual financial statements for the year ended 28 February 2007, incorporating the reports of the directors and the auditors thereon."
2. "To re-elect by way of separate resolution the retiring directors in accordance with the provisions of the company's Articles of Association. The following retiring directors, being eligible, offer themselves for re-election:
Gary Morolo, Gerhard Uys, Stewart Barker, Ahmed Mahomed, Elizabeth Naidoo, Joan Joffe, Imogen Mkhize, Alwyn Martin and Israel Skosana.

Abbreviated curriculum vitae in respect of each of these directors appear on pages 8 and 9 of this Annual Report."

3. "To authorise the board of directors to approve the executive directors' remuneration for the year ending 29 February 2008."
4. "To confirm the re-appointment of Deloitte & Touche, Registered Auditors, as the group's auditors until the next annual general meeting."
5. "To authorise the board of directors to approve the non-executive directors' fees for the financial year ending 29 February 2008."
6. "Resolved that in terms of the Listing Requirements of the JSE Securities Exchange Limited (JSE) and subject to the requirements of section 90 of the Companies Act, the mandate given to the directors of the company in terms of an authority to make general payments to shareholders be renewed subject to the following conditions:
 - That this authority to make general payments to shareholders be valid until the company's next annual general meeting or for 15 months from the date of the resolution, whichever period is shorter;
 - That any general payment(s) may not exceed 20% of the company's issued share capital, including reserves but excluding minority interests, and re-valuations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year;
 - An announcement be published containing the terms of the payment, the date of the general meeting at which the authority was obtained, the date on which payment is to be made and the effect of the payment on the company's earnings, headline earnings, net asset value and tangible net asset value per share; and
 - The company will not proceed with any general payments to shareholders until the company's sponsor has confirmed the adequacy of the company's working capital."

The purpose of this resolution is to authorise the directors to make general payments to shareholders in terms of this resolution.

7. "Resolved that the authorised but unissued shares in the capital of the company be and are hereby placed under the control of the directors for allotment and issue at the discretion of the directors of the company subject to the applicable legislation and the requirements of any stock exchange on which the shares in the capital of the company may from time to time be listed."

Special Resolution

"Resolved, as a special resolution, that the mandate given to the company (or one of its wholly owned subsidiaries) providing authorisation, by way of a general approval, to acquire the company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended, (the Act) and the Listing Requirements of the JSE Securities Exchange Limited (JSE), be extended, subject to the following terms and conditions:

- any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter-party;
- at any point in time, the company may only appoint one agent to effect any repurchase;
- the general authority shall only be valid until the company's next annual general meeting provided that it does not extend beyond 15 months from the date of this resolution (whichever period is the shorter);
- an announcement be published as soon as the company has cumulatively purchased 3% of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;
- repurchases by the company in aggregate in any one financial year may not exceed 20% of the company's issued share capital as at the date of passing of this special resolution or 10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
- repurchases must not be made at a price greater than 10% above the weighted average of the market value of the securities for the five days immediately preceding the date on which the transaction was agreed;
- repurchases may not be undertaken by the company or one of its wholly owned subsidiaries during a prohibited period and may also not be undertaken if they will impact negatively on shareholder spread as required by the JSE; and
- the company may not enter the market to proceed with the repurchase of its ordinary shares until the company's sponsor has confirmed the adequacy of the company's working capital for the purpose of undertaking a repurchase of shares in writing to the JSE."

Reason For and Effect of Special Resolution

The reason for the special resolution is the intention of the board of directors of the company to use such authority, should prevailing circumstances in the opinion of the directors of the company warrant it and the effect thereof is to provide such authority.

Adequacy of Working Capital

With reference to ordinary resolution number 6 and the special resolution set out above, the company's board is of the opinion that for a 12 month period from the date of the annual general meeting:

- the company and the group will be able to pay its debts in the ordinary course of business;
- the assets of the company and the group, will be in excess of the liabilities of the company and the group where such assets and liabilities are being recognised and measured in accordance with the accounting policies used in the latest audited Annual Financial Statements;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes; and
- the working capital of the company and group will be adequate for ordinary business purposes.

JSE Disclosures

In terms of the JSE Listing Requirements, the following disclosures are required with reference to the general authorities to make payments to shareholders and the repurchase of the company's shares as set out in ordinary resolution number 6 and the special resolution, respectively. These disclosures are set out elsewhere in the Annual Report of which this notice forms part:

- Directors and management: refer pages 8 - 9;
- Directors' responsibility and approval: refer page 20;
- Litigation statement: refer page 48;
- Material change: refer page 51;
- Major shareholders of the company: refer page 52;
- Directors' interests in the company's securities: refer page 37; and
- Share capital: refer page 46.

Voting and Proxies

On a show of hands, each shareholder who, being a natural person, is present in person or by proxy or, being a body corporate, is present by representative or proxy, shall have one vote. On a poll, if requested, each shareholder, whether present in person or by proxy or by representation, is entitled to one vote for each ordinary share held.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the annual general meeting and wish to be represented thereat. Forms of proxy must be completed and received by the company secretary no later than 10:00 on Monday, 4 June 2007. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy(ies) should such member wish to do so.

Dematerialised shareholders, other than with own name registration, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary Letter of Representation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and to vote in his/her stead.

By order of the board

Johan Landsberg
Company Secretary

Pretoria
16 April 2007

Shareholders' Diary

Financial year-end
Annual general meeting

29 February
8 June 2007

Results Announcements

Interim results for six months to 31 August 2007
Announcement of annual results to 29 February 2008
Annual financial statements for the year ended 29 February 2008

2 October 2007
April 2008
May 2008

Dividend

Declaration date:
Last day to trade:
Share trade ex dividend:
Record date:
Payment date:

Monday, 16 April 2007
Friday, 4 May 2007
Monday, 7 May 2007
Friday, 11 May 2007
Monday, 14 May 2007

Share certificates may not be dematerialised or rematerialised between 7 May 2007 and 11 May 2007, both days inclusive.

Contact Information

Datacentrix Holdings Limited

(Incorporated in the Republic of South Africa)
Registration number: 1998/006413/06
JSE Share Code: DCT
ISIN: ZAE000016051

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Company Secretary

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