

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

7. INCOME TAXATION EXPENSE

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Taxation charge				
SA normal taxation - current year	47 793	29 112	-	-
SA normal taxation - prior year	-	(124)	-	-
Deferred taxation - current year	(7 027)	6 383	-	-
Deferred taxation - prior year	7	81	-	-
Secondary taxation on companies	6 261	6 240	6 261	6 240
	47 034	41 692	6 261	6 240

SA normal income taxation is calculated at 28% (2010: 28%) of the estimated assessable profit for the year. Secondary Taxation on Companies (STC) is calculated at 10% (2010: 10%) on the net dividends payable. The company elected to only pay STC declared by the company and not its subsidiaries. Deferred taxation is calculated at 28% (2010: 28%).

	%	%	%	%
Reconciliation of rate of taxation				
Taxation at statutory rate	28.0	28.0	28.0	28.0
Expenses (income) not allowed for taxation	1.7	1.1	(28.0)	(28.0)
Secondary taxation on companies	4.6	5.1	6.5	22.9
Effective taxation rate for the year	34.3	34.2	6.5	22.9

8. EARNINGS PER SHARE AND OTHER PER SHARE INFORMATION

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	
	2011 R'000	2010 R'000
Earnings for the purpose of earnings per share	90 198	80 405
Number of shares		
Weighted average number of ordinary shares for the purposes of earnings per share	195 797 991	195 797 991
Effect of dilutive potential ordinary shares: Share options	3 392 086	2 459 308
Weighted average number of ordinary shares for the purposes of diluted earnings per share	199 190 077	198 257 299
Earnings per share (cents)		
Basic	46.1	41.1
Diluted	45.3	40.6
Headline earnings for the purposes of headline earnings per share		
Total comprehensive income attributable to ordinary shareholders	90 198	80 405
Loss (profit) on disposal of assets	425	(212)
Headline earnings for the purposes of basic and diluted headline earnings per share	90 623	80 193

8. EARNINGS PER SHARE AND OTHER PER SHARE INFORMATION (continued)

	Group	
	2011 R'000	2010 R'000
Number of shares		
Weighted average number of ordinary shares for the purposes of headline earnings per share	195 797 991	195 797 991
Effect of dilutive potential ordinary shares: Share options	3 392 086	2 459 308
Weighted average number of ordinary shares for the purposes of diluted headline earnings per share	199 190 077	198 257 299
Headline earnings per share (cents)		
Basic	46.3	41.0
Diluted	45.5	40.5
Net asset value per share		
Net asset value per share is calculated by dividing the ordinary shareholder's equity by the issued share capital at year end		
Number of shares		
Closing number of shares (net of shares held by the Datacentrix Holdings Share Trust)	195 797 991	195 797 991
Net asset value		
Ordinary shareholder's equity	420 027	383 152
Net asset value (adjusted for treasury shares) per share (cents)	214.5	195.7
Tangible net asset value		
Tangible net asset value per share is calculated by dividing the ordinary shareholder's equity, less intangibles, by the issued share capital at year end		
Number of shares		
Closing number of shares (net of shares held by the Datacentrix Holdings Share Trust)	195 797 991	195 797 991
Net asset value		
Ordinary shareholder's equity	420 027	383 152
Adjustment: less intangible assets	(17 950)	(17 276)
Tangible net asset value	402 077	365 876
Tangible net asset value (adjusted for treasury shares) per share (cents)	205.4	186.9

9. DIVIDEND

On 17 May 2010 a dividend of 16.6 cents per share was paid to shareholders. In respect of the current year, the directors declared an interim dividend of 13.96 cents. The board advised that the need to be fully BEE compliant, especially in relation to black shareholding, has become imperative, and in the light of that the company has embarked on a process to conclude a BEE transaction that would make the company more compliant with the current and emerging policy and regulatory developments.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

10. PROPERTY AND EQUIPMENT - GROUP ONLY

2011	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	1 630	1 099	(433)	2 296
Furniture and fittings	6 351	1 621	(19)	7 953
Computer equipment	20 630	5 625	(2 414)	23 841
Office equipment	5 993	2 516	(579)	7 930
Spare parts	31 183	9 015	(4 785)	35 413
Leasehold improvements	1 414	3 819	(26)	5 207
Total	82 664	23 695	(8 256)	98 103

	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
ACCUMULATED DEPRECIATION				
Land	-	-	-	-
Buildings	252	-	-	252
Motor vehicles	1 179	397	(330)	1 246
Furniture and fittings	4 664	729	(14)	5 379
Computer equipment	14 849	4 640	(1 683)	17 806
Office equipment	3 668	835	(311)	4 192
Spare parts	17 507	17 606	(4 834)	30 279
Leasehold improvements	1 248	191	(26)	1 413
Total	43 367	24 398	(7 198)	60 567

2010	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	1 630	-	-	1 630
Furniture and fittings	6 153	198	-	6 351
Computer equipment	24 021	2 985	(6 376)	20 630
Office equipment	5 707	298	(12)	5 993
Spare parts	21 483	15 504	(5 804)	31 183
Leasehold improvements	1 414	-	-	1 414
Total	75 871	18 985	(12 192)	82 664

	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
ACCUMULATED DEPRECIATION				
Land	-	-	-	-
Buildings	252	-	-	252
Motor vehicles	904	275	-	1 179
Furniture and fittings	4 121	543	-	4 664
Computer equipment	11 964	6 808	(3 923)	14 849
Office equipment	2 882	798	(12)	3 668
Spare parts	13 277	9 537	(5 307)	17 507
Leasehold improvements	1 196	52	-	1 248
Total	34 596	18 013	(9 242)	43 367

10. PROPERTY AND EQUIPMENT - GROUP ONLY (continued)

	Group	
	2011 R'000	2010 R'000
NET BOOK VALUE AND DEPRECIATION RATES APPLIED		
Land	1 915	1 915
Buildings (5%)	13 296	13 296
Motor vehicles (25%)	1 050	451
Furniture and fittings (16.7%)	2 574	1 687
Computer equipment (33.3%)	6 035	5 781
Office equipment (15% to 33.3%)	3 738	2 325
Spare parts (33.3%)	5 134	13 676
Leasehold improvements (period of lease)	3 794	166
Total	37 536	39 297

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.

Computer equipment includes an amount of R6,625,000 cost (2010: R6,040,000) and R4,712,000 accumulated depreciation (2010: R4,371,000) in relation to printers used within our Managed Print Services business on client premises.

11. GOODWILL

Carrying amount at the beginning of the year	15 596	15 596
Goodwill at acquisition	24 114	24 114
Accumulated impairments	(8 518)	(8 518)
Impairment recognised during the year	-	-
Carrying amount at the end of the year	15 596	15 596
Goodwill at acquisition net of disposals	24 114	24 114
Accumulated impairments	(8 518)	(8 518)

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 unit and the Business Solutions division 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. Five year cash flow forecasts were used to assess this. The key assumptions in the calculations included an average discount rate of 9% (2010: 14%) and expected volume growth of zero percent. Management considers these rates to be conservative.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

12. OTHER INTANGIBLE ASSETS - SOFTWARE

	Group	
	2011 R'000	2010 R'000
Carrying amount at the beginning of the year	1 680	1 542
Cost	9 957	7 907
Amortised to the beginning of the year	(8 277)	(6 365)
Additions during the year	1 929	1 582
Disposals during the year	-	(11)
Amortisation recognised during the year	(1 255)	(1 433)
Carrying amount at the end of the year	2 354	1 680
Cost at acquisition	11 886	9 957
Amortised to the end of the year	(9 532)	(8 277)

The amortisation rate applied was 33% (2010: 33%).

13. LONG-TERM RECEIVABLES

	2011	2010
Amounts receivable under finance leases	-	3 108
- Short-term portion (within one year) (refer note 18)	-	2 072
- Long-term portion (after one year)	-	1 036

An amount of R10.9 million was prepaid to a supplier in respect of a desktop management outsource transaction with a client. This cost was settled earlier by the client resulting in no balances outstanding.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 R'000	2010 R'000
Shares at cost	22 313	22 313
Amount owing by subsidiary companies	65 076	30 012
	87 389	52 325

14. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary Principal activity	Issued share capital		Effective percentage held		Shares at cost		Net receivable	
	2011 R'000	2010 R'000	2011 %	2010 %	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Datacentrix (Proprietary) Limited <i>IT infrastructure and managed services</i>	2	2	100	100	10 857	10 857	56 204	21 140
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	65 076	30 012

* Indirect holding, i.e. through a subsidiary

The amounts owing by subsidiary companies are interest free with no fixed repayment terms.

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

	Group	
	2011 R'000	2010 R'000
Datacentrix (Proprietary) Limited	99 697	69 689
Datacentrix Solutions (Proprietary) Limited	(2 798)	17 359
Datacentrix Holdings Share Trust	113	34
Datacentrix Properties (Proprietary) Limited	252	275
	97 264	87 357

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

15. DEFERRED TAXATION ASSETS

	Group	
	2011 R'000	2010 R'000
Provisions, forward exchange contract and lease liabilities	12 897	9 163
Property and equipment	7 226	5 369
Calculated taxation loss	332	367
Prepayments and restraint of trade payments	(51)	(64)
Deferred revenue on long-term contracts and finance leases	1 107	(345)
	21 511	14 490
Movement in deferred taxation:		
Carrying amount at the beginning of the year	14 490	20 954
Movement in:		
Provisions, forward exchange contract and lease liabilities	3 734	1 447
Property and equipment	1 857	446
Calculated taxation loss	(35)	6
Prepayments and restraint of trade payments	13	(38)
Deferred revenue on long-term contracts and finance leases	1 452	(8 325)
Carrying amount at the end of the year	21 511	14 490

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

16. LOAN TO SHARE TRUST

	Company	
	2011 R'000	2010 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 26 for details in respect of the share trust.

17. INVENTORIES

	Group	
	2011 R'000	2010 R'000
Finished goods	3 978	3 510
Work in progress	3 768	4 954
Consumables	3 131	4 418
	10 877	12 882

Consumables stock relates to cartridges, which are supplied by the Managed Print Services business unit to clients.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Trade receivables	243 823	211 901	-	-
Short-term portion of long-term receivables (refer note 13)	-	2 072	-	-
Other receivables	9 420	6 464	142	147
	253 243	220 437	142	147

The average credit period on sale of goods is 45 days (2010: 45 days). No interest is charged on the trade receivables. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. There has historically been very limited bad debt due to the spread and quality of clients.

Before accepting any new client, the group considers bank and trade references to assess the potential client's credit quality and defines credit limits by client. There are no clients who represent more than 10% of the total balance of trade receivables.

Included in the group's trade receivable balance is debtors with a carrying amount of R20 million (2010: R24 million), which is past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances. The average age of these receivables is 56 days (2010: 58 days).

19. CASH AND CASH EQUIVALENTS

Bank balances and cash	321 170	284 836	308	99
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The group and company had no overdrawn bank accounts at year end and therefore no off-setting of bank accounts has occurred on the statement of financial position. All cash resources are placed with reputable bankers.

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

Share Capital				
Authorised				
400,000,000 (2010: 400,000,000) ordinary shares of R0,0001 each	40	40	40	40
Issued				
205,265,683 (2010: 205,265,683) ordinary shares of R0,0001 each	21	21	21	21
Share Premium				
Carrying amount at the beginning of the year	37 442	37 366	39 280	39 280
Profit on sale of treasury shares	102	76	-	-
Carrying amount at the end of the year	37 544	37 442	39 280	39 280
Treasury Shares	(38 799)	(38 200)	-	-

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

20. SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND EQUITY-SETTLED SHARE SCHEME RESERVE (continued)

The number of treasury shares held by the Datacentrix Holdings Share Trust amounts to 9,467,692 (2010: 9,467,692) ordinary shares.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Equity-settled Share Scheme Reserve				
Carrying amount at the beginning of the year	17 872	15 272	17 872	15 272
Expensed during the year	6 889	2 600	6 889	2 600
Carrying amount at the end of the year	24 761	17 872	24 761	17 872

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

21. DEFERRED REVENUE

	Group	
	2011 R'000	2010 R'000
Carrying amount at the beginning of the year	44 441	59 833
Long-term portion	11 921	16 328
Short-term portion	32 520	43 505
Deferral of revenue during the year	92 604	65 859
Realisation of revenue during the year	(75 791)	(81 251)
Carrying amount at the end of the year	61 254	44 441
Long-term portion	18 292	11 921
Short-term portion	42 962	32 520

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

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Trade payables	120 035	112 448	-	-
Other accruals and payables	57 738	45 571	311	163
	177 773	158 019	311	163

23. PROVISIONS (short-term in nature)

	Group	
	2011 R'000	2010 R'000
Provision for Audit Fee		
Carrying amount at the beginning of the year	1 849	1 132
Provision made	3 210	3 054
Provision utilised	(3 559)	(2 337)
Carrying amount at the end of the year	1 500	1 849

Provision for Audit Fee

The audit fee provision is based on the total budget approved by the Audit Committee.

24. 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 2010 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:

- R108,000 (2010: R108,000) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being Rosehip Properties 6 (Proprietary) Limited;
- R126,566 (2010: R126,566) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being Acucap Investments (Proprietary) Limited;
- R65,000,000 (2010: Rnil) for the execution of related contracts for Datacentrix (Proprietary) Limited with the beneficiary being IBM South Africa (Proprietary) Limited;
- R697,010 (2010: Rnil) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being IFOUR Properties Three (Proprietary) Limited; and
- R533,376 (2010: Rnil) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being Parch Properties 74 (Proprietary) 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.

25. OPERATING AND FINANCE LEASE ARRANGEMENTS

Minimum lease payments under operating leases are recognised in income for the year. Operating lease payments represent rentals payable by the group for certain of its office properties. At the end of the reporting period, the group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2011 R'000	2010 R'000
Within one year	14 230	10 674
In the second to fifth year	45 107	12 206
	59 337	22 880

Operating leases relate to office facilities with lease terms of between one to three years, with an option to extend for a further three years. All operating lease contracts contain market review clauses in the event that the group exercises its option to renew. The group does not have an option to purchase the leased asset at the expiry of the lease period.

26. 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 for employees and 12 to 36 months for executive directors. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the group before the option vests.

The share option plan is managed by the Datacentrix Holdings Share Trust. 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 year in which an employee may exercise his/her options are as follows:

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

26. SHARE-BASED PAYMENTS (continued)

Equity-settled Share Option Plan (continued)

Exercise price	2011	2012	2013	2014	2015	2016	Total
92 cents	23 000	-	-	-	-	-	23 000
100 cents	1 026 840	-	-	-	-	-	1 026 840
130 cents	34 375	-	-	-	-	-	34 375
140 cents	50 000	-	-	-	-	-	50 000
150 cents	20 000	-	-	-	-	-	20 000
170 cents	35 000	-	-	-	-	-	35 000
200 cents	20 000	-	-	-	-	-	20 000
240 cents	50 000	-	-	-	-	-	50 000
245 cents	7 500	-	-	-	-	-	7 500
250 cents	78 750	-	-	-	-	-	78 750
270 cents	200 862	125 575	125 575	62 787	-	-	514 799
285 cents	15 000	-	-	-	-	-	15 000
300 cents	615 625	6 250	6 250	3 125	-	-	631 250
305 cents	50 000	-	-	-	-	-	50 000
310 cents	40 625	3 750	3 750	1 875	-	-	50 000
311 cents	882 083	499 167	232 500	116 250	-	-	1 730 000
315 cents	7 500	5 000	5 000	2 500	-	-	20 000
325 cents	25 000	7 500	5 000	2 500	-	-	40 000
330 cents	58 750	16 250	10 000	5 000	-	-	90 000
331 cents	7 500	5 000	5 000	2 500	-	-	20 000
340 cents	9 375	6 250	6 250	3 125	-	-	25 000
343 cents	2 750 000	-	-	-	-	-	2 750 000
350 cents	63 125	8 750	8 750	4 375	-	-	85 000
351 cents	5 625	3 750	3 750	1 875	-	-	15 000
360 cents	21 875	11 250	8 750	3 125	-	-	45 000
370 cents	33 750	22 500	22 500	11 250	-	-	90 000
376 cents	-	2 500	2 500	2 500	2 500	-	10 000
380 cents	39 375	5 625	-	-	-	-	45 000
383 cents	-	2 500	2 500	2 500	2 500	-	10 000
391 cents	-	15 000	18 750	18 750	18 750	3 750	75 000
393 cents	-	12 500	12 500	12 500	12 500	-	50 000
394 cents	-	7 500	7 500	7 500	7 500	-	30 000
397 cents	-	1 285 000	1 285 000	1 285 000	618 334	-	4 473 334
400 cents	71 250	57 500	45 625	30 625	28 750	1 250	235 000
401 cents	-	5 000	5 000	5 000	5 000	-	20 000
404 cents	-	5 000	10 000	10 000	10 000	5 000	40 000
410 cents	10 000	20 000	20 000	20 000	10 000	-	80 000
420 cents	18 750	7 500	3 750	-	-	-	30 000
423 cents	1 250	2 500	2 500	2 500	1 250	-	10 000
426 cents	10 000	20 000	20 000	20 000	10 000	-	80 000
431 cents	1 000 000	1 000 000	1 000 000	-	-	-	3 000 000
439 cents	1 875	3 750	3 750	3 750	1 875	-	15 000
449 cents	-	3 750	7 500	7 500	7 500	3 750	30 000
450 cents	17 500	2 500	-	-	-	-	20 000
456 cents	3 750	7 500	7 500	7 500	3 750	-	30 000
460 cents	25 000	6 250	6 250	6 250	6 250	-	50 000
466 cents	1 250	7 500	10 000	10 000	8 750	2 500	40 000
470 cents	3 750	7 500	7 500	7 500	3 750	-	30 000
471 cents	-	2 500	2 500	2 500	2 500	-	10 000
480 cents	-	10 000	10 000	10 000	10 000	-	40 000

26. SHARE-BASED PAYMENTS (continued)

Equity-settled Share Option Plan (continued)

Exercise price	2011	2012	2013	2014	2015	2016	Total
481 cents	-	5 000	5 000	5 000	5 000	-	20 000
482 cents	-	1 250	2 500	2 500	2 500	1 250	10 000
485 cents	21 875	3 125	-	-	-	-	25 000
486 cents	17 500	2 500	-	-	-	-	20 000
487 cents	-	3 750	3 750	3 750	3 750	-	15 000
488 cents	-	2 500	5 000	5 000	5 000	2 500	20 000
495 cents	34 375	13 750	6 875	-	-	-	55 000
499 cents	71 875	28 750	14 375	-	-	-	115 000
500 cents	226 250	83 750	40 000	-	-	-	350 000
520 cents	26 250	3 750	-	-	-	-	30 000
530 cents	26 250	3 750	-	-	-	-	30 000
533 cents	12 500	5 000	2 500	-	-	-	20 000
550 cents	9 375	3 750	1 875	-	-	-	15 000
	7 782 160	3 380 992	3 015 575	1 708 412	787 709	20 000	16 694 848

The inputs into the binomial model are as follows for both the current and prior year, unless otherwise indicated:

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 8.5% (2010: 10%), continuously compounded, was used based on industry averages.

	Group	
	2011 Options	2010 Options
Outstanding at beginning of the year	12 325 890	11 079 640
Granted during the year	5 023 335	3 935 000
Exercised during the year	(258 250)	(576 050)
Forfeited during the year	(396 127)	(2 112 700)
Outstanding at the end of the year	16 694 848	12 325 890

The weighted average share price at the date of exercise for share options exercised during the period was R4.61 (2010: R4.30). 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 R36 711 971 (2010: R23 585 951). The trust has a potential future exposure of Rnil (2010: Rnil) since the shares owned by the trust are more than the options not yet exercised, that are in the money.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

27. RETIREMENT BENEFIT PLANS

The Alexander Forbes Provident Fund with 963 members (2010: 876 members) is a defined contribution fund of which the majority of the group's permanent employees are members. This fund has been registered by the Registrar of Pension Funds and is governed by the Pension Funds Act 24 of 1956. The group does not provide any post-retirement medical benefits to its employees.

28. EVENTS AFTER YEAR END

The board advised that the need to be fully BEE compliant, especially in relation to black shareholding, has become imperative, and in the light of that the company has embarked on a process to conclude a BEE transaction that would make the company more compliant with the current and emerging policy and regulatory developments. There are no other material events after the balance sheet date that require additional disclosure.

29. FINANCIAL INSTRUMENTS

Capital Risk Management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2010. There is currently no long-term debt on the statement of financial position of the company.

Significant Accounting

Policy details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2 to the financial statements.

Categories of Financial Instruments

GROUP 2011	Loans and receivables R'000	Total R'000	Fair value R'000
Financial assets			
Long-term receivables	-	-	-
Trade and other receivables	253 243	253 243	253 243
Cash and cash equivalents	321 170	321 170	321 170
	574 413	574 413	574 413
2010			
Financial assets			
Long-term receivables	1 036	1 036	1 036
Trade and other receivables	220 437	220 437	220 437
Cash and cash equivalents	284 836	284 836	284 836
	506 309	506 309	506 309

29. FINANCIAL INSTRUMENTS (continued)

Categories of Financial Instruments (continued)

GROUP 2011	Other financial liabilities R'000	Total R'000	Fair value R'000
Financial liabilities			
Trade and other payables	177 773	177 773	177 773
	177 773	177 773	177 773
2010			
Financial liabilities			
Trade and other payables	158 019	158 019	158 019
	158 019	158 019	158 019
COMPANY			
2011	Loans and receivables R'000	Total R'000	Fair value R'000
Financial assets			
Loan to share trust and receivables	6 627	6 627	6 627
Trade and other receivables	142	142	142
Amounts owing by subsidiary companies	65 076	65 076	65 076
Cash and cash equivalents	308	308	308
	72 153	72 153	72 153
2010			
Financial assets			
Loan to share trust and receivables	6 627	6 627	6 627
Trade and other receivables	147	147	147
Amounts owing by subsidiary companies	30 012	30 012	30 012
Cash and cash equivalents	99	99	99
	36 885	36 885	36 885
COMPANY			
2011	Other financial liabilities R'000	Total R'000	Fair value R'000
Financial liabilities			
Trade and other payables	311	311	311
	311	311	311
2010			
Financial liabilities			
Trade and other payables	163	163	163
	163	163	163

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

29. FINANCIAL INSTRUMENTS (continued)

Financial Risk Management Objectives

The group's financial function provides services to the business and co-ordinates access to domestic and international financial markets. The Executive Committee monitors and manages the financial risks relating to the operations of the group through monthly analysis reports, which analyses risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market Risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group only enters into derivative financial instruments to manage its exposure to foreign currency risk; being forward foreign exchange contracts to hedge the exchange rate risk arising on the import of electronic equipment. Market risk exposures are measured using sensitivity analysis. There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign Currency Risk Management

The group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Forward Foreign Exchange Contracts

It is the policy of the group to enter into forward foreign exchange contracts to cover all foreign currency payments and receipts within 100% of the exposure generated. 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 exchange contracts are entered into for most transactions as frequent purchases are made from foreign entities. On short-term contracts, currency fluctuations are passed onto clients. Limited currency risks related to long-term contract exist. At year end, the group held no foreign denominated cash balances.

2011	Foreign currency amount R'000	Spot rate	R'000	Fair value R'000
US Dollar	1 820	6.95	12 642	17 928
GBP	7	11.28	83	83
Euro	39	9.62	379	380
			13 104	18 391
2010				
US Dollar	828	7.72	6 388	6 413
Euro	24	10.48	253	252
			6 641	6 665

29. FINANCIAL INSTRUMENTS (continued)

Foreign Currency Sensitivity

The US Dollar is the primary currency to which the group is exposed. The following table indicates the group's sensitivity at year end to the indicated movements in the US Dollar on financial instruments excluding forward foreign exchange contracts. The rates of sensitivity are the rates used when reporting the currency risk to the group and represents management's assessment of the possible change in the reporting foreign currency exchange rates.

2011	USD 1: R6.43	R6.95	R7.50	R8.10
Forex loss	(1 864)	(2 013)	(2 175)	(2 348)
Forward exchange contracts	(1 822)	(1 968)	(2 126)	(2 296)
Creditors	(42)	(45)	(49)	(52)
2010	USD 1: R7.10	R7.72	R8.33	R9.00
Forex gain	3 798	4 128	4 458	4 815
Forward exchange contracts	3 380	3 674	3 968	4 285
Creditors	418	454	490	530

2011	Euro 1: R8.91	R9.62	R10.39	R11.23
Forex loss	(50)	(54)	(58)	(63)
Forward exchange contracts	(44)	(47)	(51)	(55)
Creditors	(6)	(7)	(7)	(8)
2010	Euro 1: R9.64	R10.48	R11.32	R12.22
Forex gain	155	169	182	197
Forward exchange contracts	54	60	64	69
Creditors	101	109	118	128

2011	GBP 1: R10.44	R11.28	R12.18	R13.16
Forex loss	(45)	(48)	(52)	(56)
Forward exchange contracts	(45)	(48)	(52)	(56)
Creditors	-	-	-	-

Interest Rate Risk Management

The group is not exposed to any interest rate risk as it has no debt.

Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of clients, spread across diverse industries. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

29. FINANCIAL INSTRUMENTS (continued)

Credit Risk Management (continued)

The group has the following amounts due from major clients:

2011	Number of clients	Value R'000	%
Greater than R2 million but less than R5 million	17	56 926	23
Less than R2 million	487	90 201	37
	512	243 823	100

2010	Number of clients	Value R'000	%
Greater than R2 million but less than R5 million	16	50 250	24
Less than R2 million	558	91 702	43
	582	211 901	100

Liquidity Risk

Liquidity risk is mainly attributable to the trade and other payables, but current cash and cash equivalents are sufficient to ensure payment of these balances. Suppliers are paid on average within 45 days.

30. SHAREHOLDER ANALYSIS

The analysis excludes shares deemed to be issued (refer to note 20).

Major Shareholders	2011		2010	
	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
Directors, management and staff	1 308 513	1	1 283 160	1
Datacentrix Holdings Share Trust	9 467 692	5	9 467 692	5
General public and corporate investors				
- Major banks	10 616 206	5	19 715 194	9
- Old Mutual	24 813 797	11	2 113 690	1
- Other	77 907 008	38	91 533 480	44
Total	205 265 683	100	205 265 683	100

30. SHAREHOLDER ANALYSIS (continued)

2011	Number of shareholders	%	Number of shares	%
10 001 to 50 000 shares	227	12	5 393 147	3
50 001 to 100 000 shares	51	3	3 817 771	2
100 001 to 500 000 shares	72	4	16 739 126	8
500 001 to 1 000 000 shares	27	1	18 638 560	9
1 000 001 shares and over	27	1	156 548 261	76
Total	1 834	100	205 265 683	100

2010	Number of shareholders	%	Number of shares	%
10 001 to 50 000 shares	208	12	5 384 006	3
50 001 to 100 000 shares	46	3	3 414 466	2
100 001 to 500 000 shares	70	4	16 236 823	8
500 001 to 1 000 000 shares	25	1	17 246 982	8
1 000 001 shares and over	26	1	158 939 444	77
Total	1 748	100	205 265 683	100

31. BORROWING POWERS OF THE COMPANY AND ITS SUBSIDIARIES

The borrowing powers of Datacentrix' directors are unlimited.

The directors of the subsidiaries are governed by an approvals framework, which is reviewed by Datacentrix' board of directors on an annual basis.

32. SEGMENTAL ANALYSIS

All the group's activities are conducted within South Africa. For reporting purposes, the group is organised into three operating divisions. These divisions are the basis on which the group reports its primary segment information.

Principal activities are as follows:

- Infrastructure - supply of IT infrastructure;
- Managed Services - supply of IT services;
- Business Solutions - supply of business solutions; and
- Corporate - remaining subsidiaries, special purpose entities of the group and consolidation adjustments.

Segment assets and liabilities and segment cash flows are not separately reported to the chief operating decision maker (CEO).

Notes to the Annual Financial Statements

for the year ended 28 February 2011 (continued)

32. SEGMENTAL ANALYSIS (continued)

	Infrastructure R'000	Managed Services R'000	Business Solutions R'000	Corporate R'000	Group R'000
2011					
Revenue	1 203 762	345 419	100 489	(73 931)	1 575 739
Changes in inventories of finished goods, work in progress and finished goods sold	(913 196)	(138 905)	(26 520)	74 411	(1 004 210)
Employee benefit expense	(176 967)	(137 302)	(47 821)	-	(362 090)
Depreciation, amortisation and impairments	(5 708)	(19 461)	(484)	-	(25 653)
Operating expenses	(37 640)	(14 980)	(5 891)	(837)	(59 348)
Income from investments	-	-	-	12 839	12 839
Finance costs	-	-	-	(45)	(45)
Profit before taxation	70 251	34 771	19 773	12 437	137 232
Income taxation expense	(19 670)	(9 736)	(5 537)	(12 091)	(47 034)
Total comprehensive income for the year attributable to ordinary shareholders	50 581	25 035	14 236	346	90 198
2010					
Revenue	974 282	281 537	97 874	(62 912)	1 290 781
Changes in inventories of finished goods, work in progress and finished goods sold	(728 004)	(119 719)	(30 855)	64 567	(814 011)
Employee benefit expense	(138 432)	(109 342)	(47 540)	-	(295 314)
Depreciation, amortisation and impairments	(5 299)	(13 510)	(637)	-	(19 446)
Operating expenses	(33 564)	(12 526)	(6 750)	(1 997)	(54 837)
Income from investments	-	-	-	14 945	14 945
Finance costs	-	-	-	(21)	(21)
Profit before taxation	68 983	26 440	12 092	14 582	122 097
Income taxation expense	(19 677)	(7 538)	(3 446)	(11 031)	(41 692)
Total comprehensive income for the year attributable to ordinary shareholders	49 306	18 902	8 646	3 551	80 405

33. RELATED PARTY TRANSACTIONS

During the year the company and its subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with related parties. These transactions with related parties occurred under terms that are not less favourable than those arranged with third parties.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 14. No goods and services were sold by the company to its subsidiaries. Dividends received are disclosed in the statement of comprehensive income and in note 4.

Directors

Details relating to the directors' emoluments are disclosed in the corporate governance report. The directors did not purchase any equipment or inventory during the current and prior years.

Shareholders

The principal shareholders of the company are detailed in the shareholder analysis in note 30.

34. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM (UTILISED IN) OPERATIONS

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Profit before taxation	137 232	122 097	97 097	27 288
Adjusted for:	20 467	7 547	(97 809)	(28 011)
Loss (profit) on sale of property and equipment	425	(212)	-	-
Depreciation of property and equipment	24 398	18 013	-	-
Impairment of goodwill and amortisation of software	1 255	1 433	-	-
Interest received	(12 839)	(14 945)	(9)	(11)
Loss on disposal of software	-	11	-	-
Dividend received from subsidiaries	-	-	(97 800)	(28 000)
Straight-line accounting for leases	192	550	-	-
Share-based payments	6 889	2 600	-	-
Profit on sale of treasury shares	102	76	-	-
Interest paid	45	21	-	-
Operating profit (loss) before working capital changes	157 699	129 644	(712)	(723)
Working capital changes	5 418	23 689	153	11
Inventories	2 005	(2 444)	-	-
Trade and other accounts receivable	(32 806)	62 300	5	(121)
Trade, other accounts payable and provisions	36 219	(36 167)	148	132
Cash generated from (utilised in) operations	163 117	153 333	(559)	(712)
35. TAXATION PAID				
Opening balance	(1 098)	(8 087)	-	-
Statement of comprehensive income charge - current and secondary taxation	(47 034)	(41 692)	(6 261)	(6 240)
Movement in deferred taxation balance	(7 021)	6 464	-	-
Closing balance	(154)	1 098	-	-
	(55 307)	(42 217)	(6 261)	(6 240)