



Integrated Annual Report

2012




datacentrix

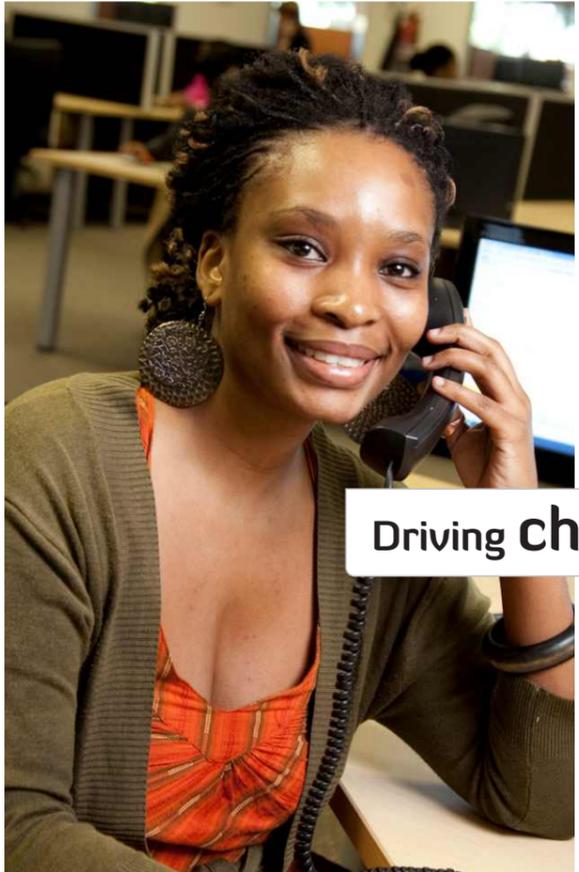


Contents

Our Mission

Datacentrix strives to maximise stakeholder wealth by providing leading solutions in the core IT areas of infrastructure, business solutions, outsourcing and other related IT services to enterprises in South Africa.

To achieve this, Datacentrix invests in its people through training and education, embracing black economic empowerment, while actively partnering and representing premier technology partners with distinction.



Driving change, making a difference

Business Overview

- Key Financial Indicators 2
- Integrated Business Model and Overview 3
- Our Operations 4
- Ten-year Review 5
- Operational Highlights 12
- Our Integrated Strategy 12
- Chairman's Report 14
- Chief Executive Officer's Report 18

Governance

- Board of Directors and Executive Management 23
- Corporate Governance Report 24

Annual Financial Statements

- Independent Auditor's Report 39
- Audit Committee's Report 40
- Certificate of the Company Secretary 41
- Directors' Statement of Responsibility 42
- Directors' Report 42
- Statements of Comprehensive Income 43
- Statements of Financial Position 47
- Statements of Changes in Equity 48
- Statements of Cash Flow 49
- Notes to the Annual Financial Statements 50
- Memorandum of Incorporation: Salient Features 51
- Notice of the Annual General Meeting 86

Shareholder Information

- Shareholders' Diary 93
- Proxy Form 94
- Notes to the Proxy Form 95
- Contact Information 96

Inside Cover

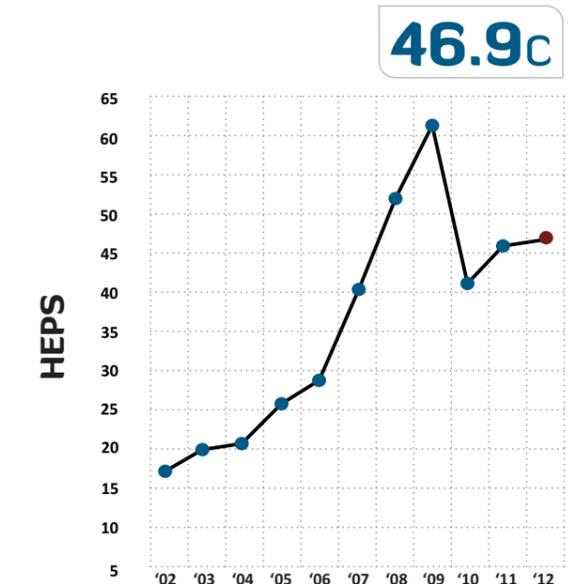
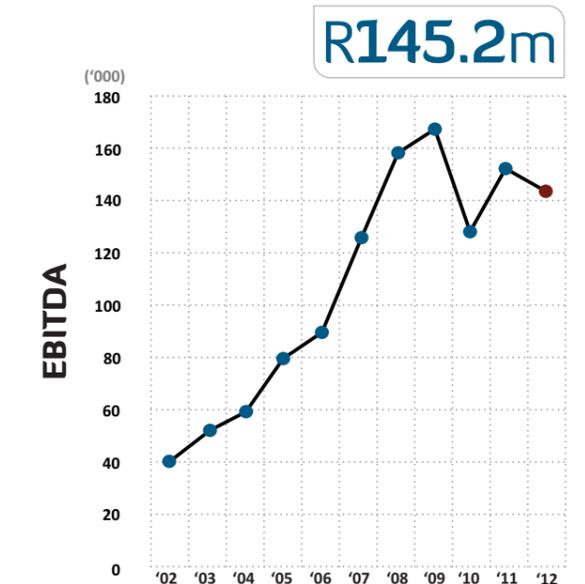
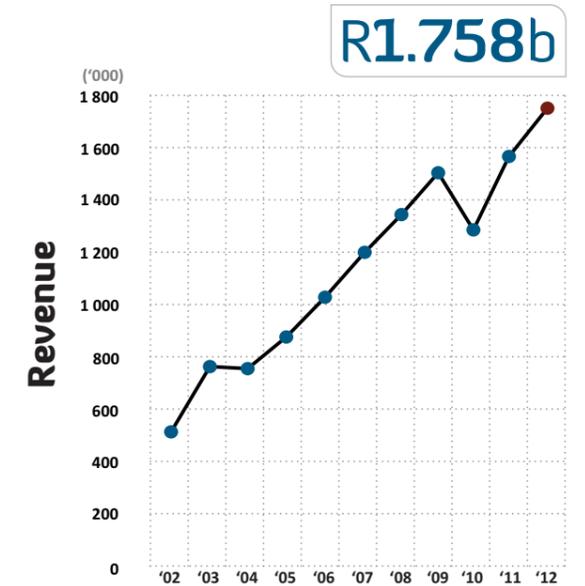
Business Overview

Key Financial Indicators	3
Integrated Business Model and Overview	4
Our Operations	5
Ten-year Review	12
Operational Highlights	12
Our Integrated Strategy	14
Chairman's Report	18
Chief Executive Officer's Report	20

Empowered and Respected

Key Financial Indicators

- >> Revenue increased 12% to R1.758 billion
- >> Basic earnings per share ("EPS") increased 1% to 46.4 cents
- >> Basic headline earnings per share ("HEPS") increased 1% to 46.9 cents
- >> Cash on hand of R313.4 million, with no interest-bearing debt
- >> Cash generated from operations of R79.1 million
- >> Tangible net asset value per share increased 12% from 205.4 to 229 cents per share
- >> Final net dividend declared of 16.6 cents per share, bringing annual dividend to 30 cents per share



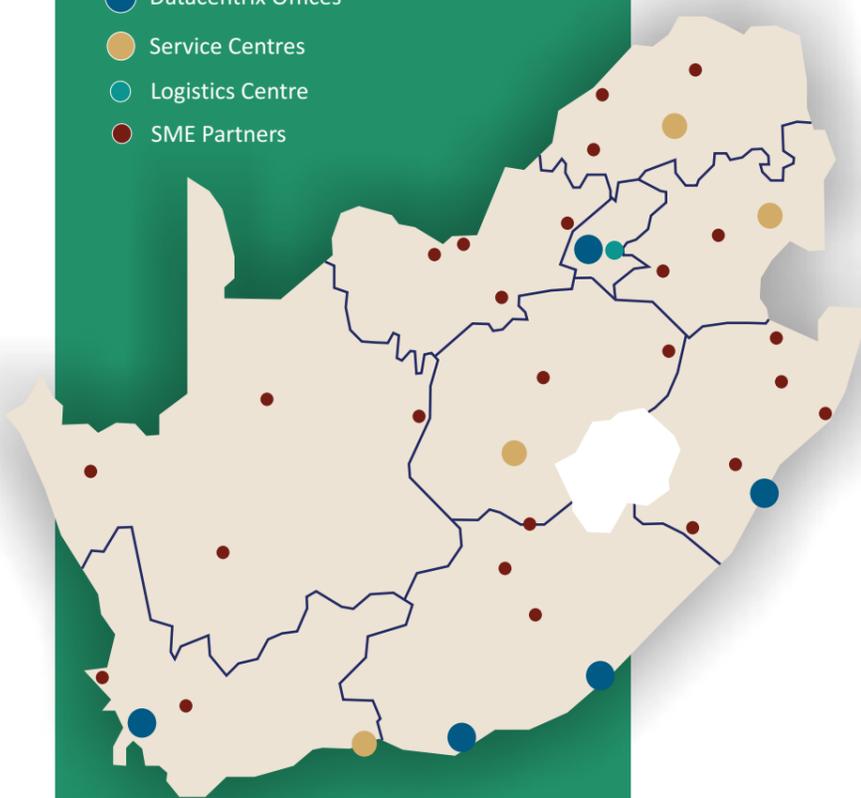
Integrated Business Model and Overview

In line with the requirements of South Africa's King Report on Governance for South Africa ("King III") 2009, Datacentrix' integrated sustainability reporting process aims to provide a balanced, accessible and comparable account of the performance of its business in terms of the economic, social and environmental issues that are material to the company's core strategy or that are of interest to the company's key stakeholders.

This report aims to provide stakeholders with a balanced view of the performance of our business for the year ended 29 February 2012.

Where we operate

- Datacentrix Offices
- Service Centres
- Logistics Centre
- SME Partners



Our Vision

Datacentrix strives to be the preferred partner for complete IT solutions and services to corporate and public sector organisations in South Africa. The company plans to grow in a profitable, yet responsible manner and to continue delivering complete solutions to its clients, maximising value, and utilising the latest technology together with the talent of its resources in South Africa. This is underscored by the company's shared values of pride, passion, professionalism and performance.

Our Business

Datacentrix is a leading, empowered IT integrator that provides high performing and secure IT solutions to its corporate and public services sector clients.

The company listed on the JSE Limited ("JSE") in 1998 and operates from its corporate offices in Midrand, Cape Town, Port Elizabeth, East London and Durban.



Many of our long-standing client relationships highlight our end-to-end technology offering. We have demonstrated that as a services orientated technology partner, in addition to meeting our clients' diverse technology requirements, we also add tangible long-term and strategic business value by providing the competencies and skills to drive sustainable success."

Ahmed Mahomed, CEO

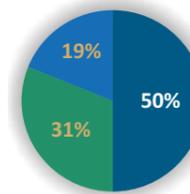
Our Operations

Infrastructure

R1.3bn revenue contribution

The **Infrastructure division** offers large-scale IT infrastructure hardware and software solutions, providing professionally managed infrastructure cycles from design to operation.

Contribution to Earnings



Fact: Datacentrix launched the first Security Operating Centre ("SOC") of its kind within the Europe, Middle East and Asia ("EMEA") region. The state-of-the-art SOC integrates security information and event management with its governance, risk, and compliance suite, allowing for true enterprise security intelligence - the only EMEA SOC to do so thus far.



It is easy to push products – where the differentiator comes in is how Datacentrix utilises these products in an intelligent manner to help clients achieve their strategic objectives such as better service delivery."

Kenny Nkosi
MD Government Business

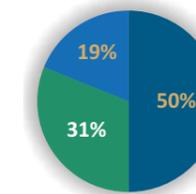


Managed Services

490 staff and contractors

The **Managed Services division** ensures maximum infrastructure uptime through the provision of systems deployment, on-going management, and maintenance and support services.

Contribution to Earnings



Fact: Most companies have no idea of the average cost to print a page in their organisation. Printing costs can expand to between 1% and 3% of gross revenue, with as much as 22% of documents printed never used. Monthly savings of between 20% and 40% of printing costs are available through a managed print service. This translates to around R50 per PC seat per month based on a conservative estimate of each user printing only one ream per month.



Datacentrix' focus remains on delivering complete, high-end solutions and has emerged as a first tier competitor in the outsourcing arena."

Vernon Tutton
MD Managed Services

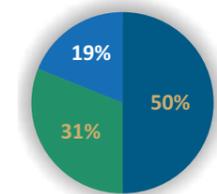


Business Solutions

12% growth in earnings

The **Business Solutions division** offers business management solutions that automate and streamline business processes including the customisation and integration of software applications and data.

Contribution to Earnings



Fact: Datacentrix is the largest implementer of Microsoft Business Solutions across Enterprise Resource Planning and Business Intelligence/SharePoint implementations in South Africa.



We help our clients to build on their success and to drive productivity and efficiencies that are enabled by customised solutions that support innovation and forward looking strategies."

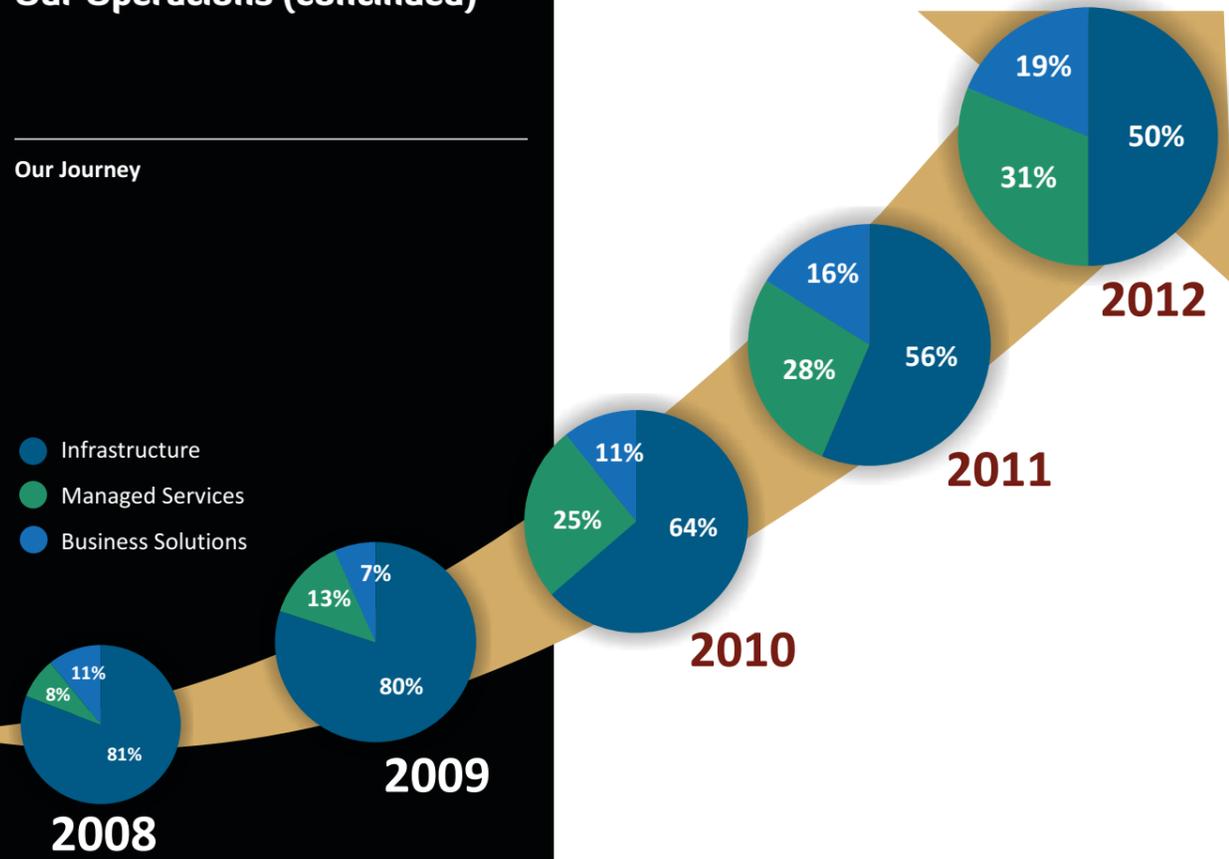
Charl Joubert, MD Enterprise Resource Planning and Business Intelligence



Our Operations (continued)

Our Journey

- Infrastructure
- Managed Services
- Business Solutions

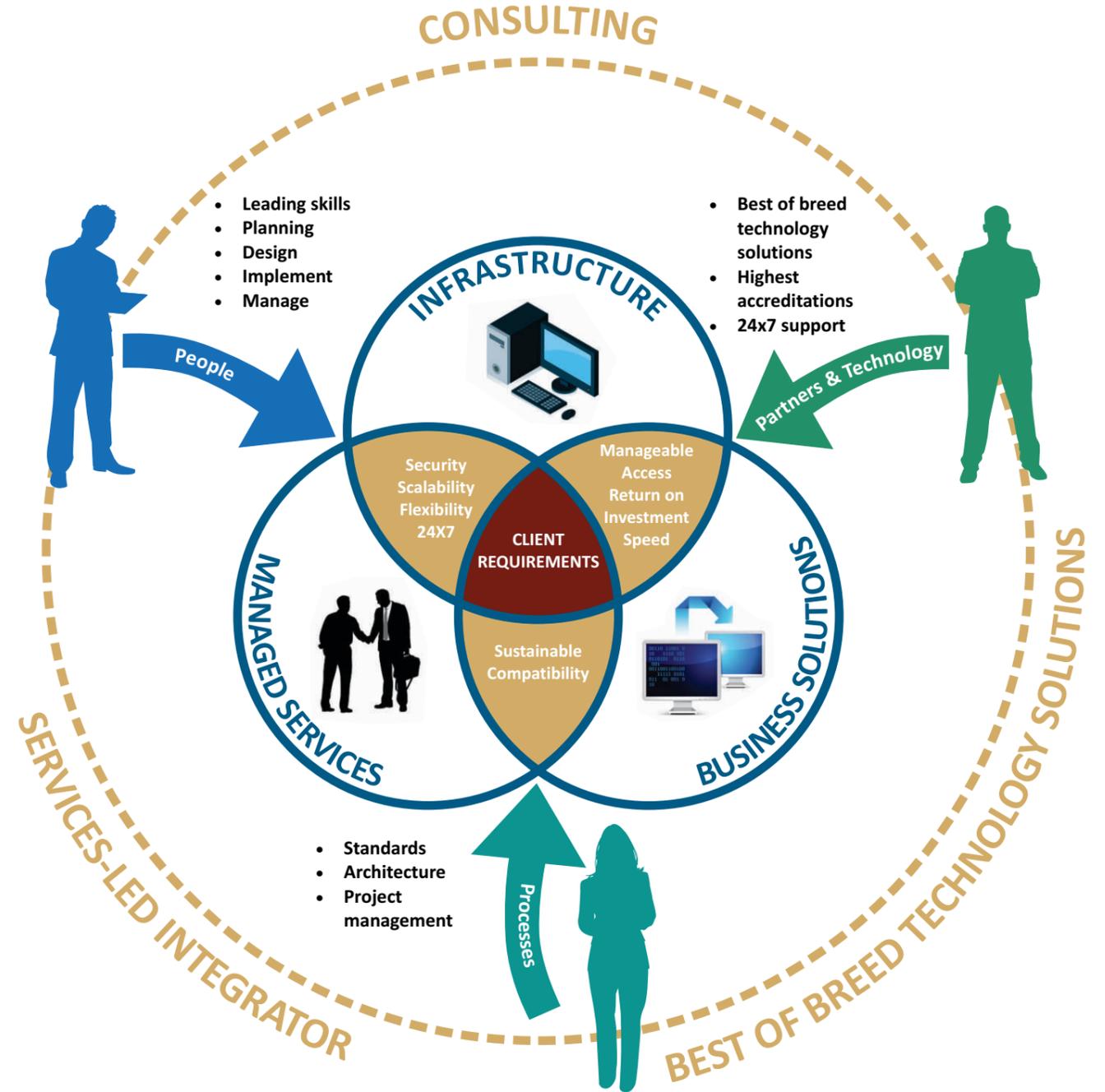


“Our transformation from a largely single vendor, product and transactional business to a solutions based organisation who's offering ranges from end-user computing solutions to complete fit for purpose outsource solution has strengthened our market positioning and is delivering tangible business value to our clients.”

Ahmed Mahomed, CEO

Our Offerings

Datacentrix continues its transformation from a largely single vendor, product and transactional business to one that is a best of breed solution and services-led integrator.



Our Operations (continued)

Our Offerings (continued)

Solution	Competency	Value Proposition
Infrastructure		
Data Centre Solutions	Data centre design, procurement and installation solutions that process, store, protect and manage client data	<ul style="list-style-type: none"> Multi-dimensional scalability Centralised management Reduced total cost of ownership Business continuity Infrastructure virtualisation
Infrastructure Optimisation Solutions ("IOS")	Data centre optimisation using a set of methodologies, audits and computational tools across the elements of the data centre: server and network cabinets, air management systems, control and monitoring solutions, intelligent power meters and data cabling	<ul style="list-style-type: none"> Increased data centre life cycles Consistent management of cooling and power Data collection Mobile data centre management Improved data centre efficiency, reliability and uptime
Networking	Internet protocol-based networking, optimisation, management and unified communication solutions that incorporate the core areas of routing and switching, as well as optical and storage networking, IP telephony, network security and wireless LAN	<ul style="list-style-type: none"> Advanced performance and flexibility Visibility and control Connectivity Enhanced communications Context-based security Compliance Risk mitigation High-availability Accelerated business applications
Archiving	Information management and database performance improvement including data archiving, test data management, data privacy, data classification and discovery software	<ul style="list-style-type: none"> Reduced paperwork Minimised storage Enhanced searchability Increased productivity
Software Infrastructure Solutions (licensing and services)	Software lifecycle management, messaging systems, and systems management solutions	<ul style="list-style-type: none"> Enhanced software management and control Compliance Improved control and end user service Reduced total cost of ownership
Security	Information security and network protection from the desktop to non-repudiation, application and transaction security systems	<ul style="list-style-type: none"> Vulnerability and risk management Perimeter and edge protection Return on investment Compliance
End User Computing (volume products)	Complete IT hardware support	<ul style="list-style-type: none"> Hardware and system support Cost effective maintenance Service desk and call logging On-site and remote support



Our position as one of the dominant providers of skills and expertise in the data centre space continues to build substantial intellectual property and is setting us apart from other players in the industry."

Johann Coetzee, MD Commercial

Solution	Competency	Value Proposition
Managed Services		
Outsource Services	A business that leverages economies of scale, efficiencies and expertise and includes support of selective IT environments through to total IT management including printers, servers, networks, users and third party service providers <i>Managed Print Services</i> Best-fit printing solutions that provide access to fast, reliable, state of the art equipment in a managed environment	<ul style="list-style-type: none"> Increased core business focus Enhanced client flexibility Improved agility Cost savings and efficiencies Improved operational control <ul style="list-style-type: none"> Access to fast, reliable, state of the art equipment Device functionality optimisation Cost per page billing
Resourcing	Select on-site technical resource solutions across a range of technologies and disciplines	<ul style="list-style-type: none"> Access to resources Resource management Fixed engagements for specific projects Cost effective
Hardware Services	Lifecycle services for desktops, notebooks, printers and servers from procurement to end-of-life decommissioning	<ul style="list-style-type: none"> End-to-end services solution Access to skilled engineers Increased availability Flexibility Reduced risks and management costs
Projects	Lifecycle involvement and project management from solution analysis and implementation, to testing and post-implementation evaluation	<ul style="list-style-type: none"> Comprehensive technical audits System re-engineering Risk management Resource management
Service Desk	User and client support for hardware systems, software applications, Internet and Intranet environments and business systems	<ul style="list-style-type: none"> 24X7 support Monitoring and tracking Effective reporting Service management
Business Solutions		
Enterprise Resource Planning ("ERP")	Financial and supply chain process automation that offers integrated and adaptable business management solutions for streamlining business processes and critical business tasks	<ul style="list-style-type: none"> Rapid decision making Shrink selling, general and administrative expenses Increased productivity and collaboration Supply chain visibility Maximised information accessibility Compliance Integrated information system
Business Intelligence ("BI")	Data and information strategy, data warehousing, analytical applications and corporate reporting solutions that transform data into intelligence for rapid, informed decision making	<ul style="list-style-type: none"> Data modelling Social knowledge sharing Expedited user adoption with new video tutorial training for Microsoft SharePoint Increased collaboration Best practices – leveraging collective intelligence
Enterprise Content Management ("ECM")	Business content management from creation through to disposal	<ul style="list-style-type: none"> Improved governance Compliance Promoted access to information Automation and cost saving Enhanced service delivery Optimised processing time and efficiencies

Our Operations (continued)

Our Technical Partnerships

Our dedication to our partners and our on-going investment in skills has played a key role in our migration from being predominantly a transactional commodity player to a complete solution and service-focused provider. Our investment in our partner relationships has resulted in the highest possible technical and sales accreditations by our vendors.

The accolades garnered from our partners during the year demonstrate our ability to deliver value to our clients. We are committed to penetrating new markets, focusing on core skills, capabilities and competencies that keep us at the forefront of technology.



Some of our technology partnerships extend well over a decade. Our partners form a vital part of our focus on delivering strategic client engagements and they can trust us to develop and deliver more compelling best-in-class offerings for our clients."

Rainer Jeske, MD Technology Solutions



2012 Partner Highlights

Hewlett-Packard ("HP")

Datacentrix has been named as HP's South African Services Partner of the Year. The company was also named as runner-up in the Middle East, Mediterranean and Africa ("MEMA") award category. Other accolades from HP include: Highest Revenue of the Year, Largest Deal of the Year, HP Networking Largest Dealer, and HP Networking Largest Deal.

"Following a decade long partnership, Datacentrix is HP's largest services and most certified partner in South Africa and is a company that is highly focused on delivering strategic client engagements. We believe that this distinguishes them from other local players." Says Agashnee Pillay, HP TS Channel Manager. "In addition, HP has an implicit trust in Datacentrix to develop and deliver more compelling service offerings for its clients."

NetApp

Datacentrix garnered the title of South African NetApp Partner of the Year and the reseller with the highest revenue for 2011. According to NetApp South Africa Channel Manager, Helen Vermij, the award was given to Datacentrix based on the substantial rise in revenue achieved by the company year on year, as well as the acquisition of new accounts, both within the government and retail sectors. "Within a short time period, they have not only reached Platinum Partner status, but also satisfied our requirements to qualify as both a Profession Service Certified ("PSC") Professional Services Partner and Support Services Certified ("SSC") Support Services Partner for our storage and data management tools."

Information Systems Associates ("ISA")

Datacentrix is the exclusive On Site Physical Inventory ("OSPI") Software reseller and implementation services partner for ISA, a company focused on data centre and facilities management in South Africa.

OpenText and SAP

Datacentrix has joined the OpenText Partner Programme for SAP Competence and attained the status as SAP Special Expertise Partner. This partnership agreement with OpenText, a global Enterprise Content Management ("ECM") leader, recognises Datacentrix' capacity to deliver and support products of the OpenText ECM Suite for SAP Solutions. "This extension of our partnership agreement reinforces the faith we have in Datacentrix and the fact that the company continues to deliver great results with OpenText. With Datacentrix, we have a highly committed,

innovative and growth-oriented SAP Competence Partner on board that has excellent project, industry and process knowledge to deliver high quality projects around our products for SAP clients in the South African market." Says Jürgen Maier, SAP Ecosystem Program Manager Europe/APJ at OpenText.

Microsoft

Datacentrix is a Microsoft Gold Certified Partner and is in the top three partners to Microsoft in Southern Africa and the lead partner in the Mining and Manufacturing industry. The company is also an integrator of Microsoft Messaging, Infrastructure, Security and Systems Management Solutions as well as Licensing and has over 55 certified internal resources. The company is also BI Gold Partner certified.

Symantec

Datacentrix has attained the highest level within Symantec's Partner Programme, being named as a Platinum Partner. The company also garnered Symantec's EMEA "Cloud Partner of the Year" for 2011, one of several awards received during the year. The other awards encompass: two specialisation awards including Storage Management and High Availability; Symantec Reseller of the Year 2011 for Storage; and individual awards including Symantec Champion of the Year 2011 and Symantec Enterprise Salesman of the Year award. "Datacentrix epitomises the committed and driven partner that Symantec values. The company's performance over the past year has been nothing short of astounding: record sales, most of which was new business, commitment to specialisations and moving from silver to platinum partnership status in only 12 months." Says Chad Cleevely, Channel Manager at Symantec South Africa.

VMware

Datacentrix is a Premier Partner for VMware, a premier virtualisation and cloud solution provider. The company won the OEM Partner of the Year for two consecutive years (2010 and 2011), received Highest Revenue in the Region and the Sales Engagement awards in 2011, and was named Engagement Partner of the Year in 2009. "Partners at this level provide clients with a broader, solutions-focused approach and are required to assist them in meeting their high-end technical and business needs through the design, planning, integration and deployment of the most sophisticated virtual infrastructures." Chris Norton, VMware Regional Director.



Datacentrix epitomises the committed and driven partner that Symantec values. The company's performance over the past year has been nothing short of astounding: record sales, most of which was new business, commitment to specialisations and moving from silver to platinum partnership status in only 12 months."

Chad Cleevely, Channel Manager at Symantec South Africa



Cisco

Datacentrix is a Cisco Business Partner. Our partnership supports internet protocol ("IP")-based networking alongside core areas of routing and switching, as well as optical and storage networking, IP telephony, network security and wireless LAN.

McAfee

Datacentrix has been announced as a multi-award recipient for 2011 by McAfee, a dedicated security technology company. The awards include Network Security Partner of the Year, Growth Partner of the Year and the company was recognised for the Deal of the Year for 2011. An individual accolade was also received for the Accredited Channel Engineer ("ACE") Partner of the Year.

IBM

Datacentrix is part of the top three IBM Premier Business Partners in South Africa, the highest certification available to Business Partners, and is an IBM Business Partner Solution Provider with 160 certified, cross-brand IBM certifications. The company was the only South African company invited to participate in an exclusive panel discussion on Transformational Leadership at IBM's PartnerWorld Conference in New Orleans.

Ten-year Review

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenue (R'000)	1 757 762	1 575 739	1 290 781	1 513 322	1 346 971	1 201 904	1 034 397	882 205	763 782	770 738
EBITDA (R'000)	145 226	150 091	126 619	165 534	157 096	124 564	88 661	78 084	59 009	52 222
Total assets (R'000)	757 333	662 441	590 254	610 333	548 529	457 345	450 141	367 709	321 329	321 473
Cash holdings (R'000)	313 377	321 170	284 836	232 841	221 896	173 841	165 615	167 146	131 022	117 784
HEPS (cents)	46.9	46.3	41.0	61.5	52.0	40.4	28.7	25.7	21.3	20.6
EPS (cents)	46.4	46.1	41.1	61.5	52.0	40.0	25.5	21.5	16.9	17.2
Net asset value (cents)	240.6	214.5	195.7	184.2	150.4	127.0	124.9	109.4	95.8	80.1
Tangible net asset value (cents)	229.0	205.4	186.9	175.4	141.3	118.6	116.2	96.6	79.1	60.5
Actual number of shares in issue ('000)	195 798	195 798	195 798	195 785	195 785	195 655	195 647	195 801	195 024	189 040
Number of employees	1 025	980	876	820	707	670	568	567	453	390
Group EE: % Black staff	56%	54%	55%	53%	51%	51%	51%	51%	45%	43%
Group EE: % Designated staff	67%	67%	68%	66%	66%	66%	67%	66%	66%	63%

EBITDA: Earnings before interest, taxation, depreciation and amortisation
EE: Employment equity

Operational Highlights

- Trusted outsource partner**
A material outsource contract has been awarded to Datacentrix by a coal mining company including their server, network and desktop support for all their IT users. This is one of many clients that have turned to Datacentrix as their outsource partner of choice.
- Best skilled resources in the industry**
Datacentrix boasts one of only two people in Africa to obtain a VMware Certified Design Expert ("VCDX") certification, constituting one of only 52 people globally. VCDX certified technicians are part of an elite group of architects leading virtualisation implementations. The qualification involved passing both the Enterprise Administration exam and the Design exam, as well as successfully defending a VMware infrastructure design and implementation plan.
- Unequaled HP provider**
Datacentrix has been the largest provider of HP infrastructure solutions in South Africa for the last decade, the most qualified and highest certified company on all solutions with regards to support from Personal Digital Assistants ("PDAs") and printers to the largest storage and processing solutions.
- Largest implementer of Microsoft Business Solutions**
Datacentrix is the largest implementer of Microsoft Business Solutions with regards to ERP and BI/SharePoint implementations. Our team consists primarily of ERP consultants that are certified in Dynamics GP and SAGE X3. Our BI/Analytics team is certified in ProfitBase (data warehouse), Panorama Nova View (analytics) and SharePoint (enterprise information management).

Assurance and trusted advice

- Socially conscious**
The company has increased its focus in terms of being more socially conscious in the environment in which it operates. Focus has been given to areas in terms of corporate social responsibility, skills development and enterprise development. Attention to these areas continue into the foreseeable future as these are areas that align with the strategy of the company.
- Reliable ERP implementation partner**
Datacentrix' Business Solutions division has provided the South African mid-market with ERP solutions for the past decade. Focusing on the manufacturing, distribution and service industries has enabled the ERP business unit to build a vast amount of industry knowledge and skills, as well as a solid track record as a reliable implementer that gets the work done within budget and on time.
- Largest ECM resource pool in South Africa**
In the area of IT applications, Datacentrix specialises in BI and process management. The two key products, OpenText Livelink and Microsoft's SharePoint help to ensure that all processes and critical objectives can be tracked using the right tools.
- True enterprise security intelligence, first of its kind in EMEA**
With some of the most highly skilled security resources in South Africa, world class security systems and products are being implemented to create the most secure IT environments available to clients. The business unit's SOC provides a command centre capable of managing client security offsite on a 24X7 basis.
- Committed, available support services**
With the growth in outsourcing and managed print services contracts, Datacentrix has built an impressive call and command centre that houses multiple displays where network traffic, server health and environment security is monitored and tracked, providing clients with the assurance that services are proactively managed under our watch.



Knowledge management bolsters clients into a position of confidence where business decisions are informed and critical business information is managed and protected. Company-wide information collaboration doesn't only drive operational efficiencies, but enhances service delivery and competitiveness in a market that requires business agility to thrive."

Juane Peacock, MD Coastal and Enterprise Content Management Solutions



Our Integrated Strategy

In terms of the King III Report, Datacentrix' governing body needs to look beyond the interests of the company and shareholders, applying its collective mind to financial, economic, social, environmental and governance issues that impact on the organisation, and to assess the extent to which these issues have been incorporated into the company's strategy. Datacentrix is fully committed to delivering on these, mindful of the fact that this process is a journey. In compliance with the requirements of King III, the Audit Committee plays a role in reviewing the integrated report and the nature of any associated external assurance processes. Where assurance was

obtained in relation to financial or non-financial data, it is clearly stated.

Management believes that a genuine and informed commitment to sustainable development is integral to the achievement of its long-term objectives. Over the past year, Datacentrix has continued to deliver on its strategic objectives. In line with Datacentrix' vision and mission statement, the company has single-mindedly provided clients with complete business solutions that have enhanced their business efficiencies and maximised business value.

Key Themes and Strategic Synopsis	
Financial: Operating effectively*	
<ul style="list-style-type: none"> Delivering shareholder value Ensuring our investments in new technologies and specialist resources realise planned benefits Investing in a unique and complementary product and specialist service portfolio Providing best of breed technology solutions that enables sustainable client advantage Investing in strategic partnerships with premier technology companies Attaining the highest accreditations available on our partners' programmes Maintaining a people focus culture at an employee and partner level, including a proficient client facing workforce to support valuable client relations Maintaining our "big enough to count, small enough to care" philosophy where superior end-to-end IT solutions are the enabler, but where relationships remain at the heart of the business Continuing the conservative trend that reveals hands-on management and prudent accounting Controlling expenditure and maximising economies of scale 	
Economic: Business continuity*	Social: Making a difference
<ul style="list-style-type: none"> Organic growth and strategic acquisitions Investing in new business areas to create critical mass Human capital Investing in staff, skills development, career pathing and staff and management retention 	<ul style="list-style-type: none"> Corporate social investment Actively investing in socio-economic strategies that have the potential to deliver a positive, long-term impact on the company's business, clients, employees and the South African community Black economic empowerment Transformation at all levels of the organisation, specifically addressing the challenges of ownership, employment equity, skills development and enterprise development Value-driven organisation Implementing a zero-tolerance for underhandedness, dishonest or fraudulent activities and behaviour Safety Formalising our on-going commitment to implementing safety systems and practices that support a safe, healthy work environment for all staff, contractors, clients and suppliers
Environmental: Operating sustainably	
<ul style="list-style-type: none"> Environmental development Environmental stewardship and sustainable business practices 	
Governance: Keeping our business practices healthy	
<ul style="list-style-type: none"> Corporate governance and compliance Ethics 	

* Topics discussed in the Chairman's and CEO's reports respectively.

Social

Underpinning its strategy, and in line with its vision of being a responsible corporate citizen, is an appreciation that Datacentrix' growth drivers cannot be achieved effectively without a committed focus on sustainable development. This requires the company to operate in an informed, responsive and socially responsible manner. This focus involves:

- Making a positive socio-economic contribution to the regions where the company operates, for example, by stimulating job creation, supporting skills development, investing in communities, and promoting BEE;
- Fostering value-driven, ethical behaviour and good governance practices, underpinned by respect for human rights;
- Embedding a culture of safety in the workplace;
- Providing a stimulating and rewarding work environment, based on effective human resource policies that attract and retain the best talent; and
- Reducing Datacentrix' carbon footprint across the group.

Corporate Social Investment

Corporate Social Investment ("CSI") is central to realising meaningful transformation and benefits the broader community, especially within the South African context. Datacentrix is cognisant of the growing social needs in our country and has committed to making a difference by supporting projects that benefit historically disadvantaged sectors of our society.

Datacentrix' strategy aligns its social investment programme with its core business objectives and imperatives, moving its CSI undertakings from a purely charitable base to a proactive partnership with beneficiaries, government and NGOs to bring about long-term sustainable development. It is against this backdrop, and guided by the key social development needs highlighted by government, that Datacentrix has selected its CSI projects.

One of our key focus areas continues to be the upliftment of education in South Africa. The impact of this strategy is far reaching, impacting both the individual beneficiaries and the larger community in which they function. Additional social and community engagement initiatives are organised on an *ad hoc* basis addressing the specific needs of the aged and the area of health.

Commitment to Education: A Case Study

During the year, Datacentrix donated finances to the Thandulwazi Maths & Science Academy, an education programme run by the St Stithians Foundation. The Academy was established in 2006 to address the critical issues pertaining to the teaching of maths and science in schools in and around Gauteng. Datacentrix' financial support of the programme commenced in 2010.

"Thandulwazi is ubuntu in action and has made me fall in love with teaching all over again." Jeska Mnguni, a Foundation Phase teacher from Mdelwa Hlongwane Primary School (Soweto)

The Thandulwazi-Rokunda Teacher Development Workshops are held on 11 Saturdays per annum and cater for over 600 educators from Grades R to 9. Teachers represent schools from across the Gauteng province, as well as from Limpopo, Mpumalanga, the Northwest and KwaZulu-Natal. Included in the workshops are computer literacy education and collaborative discussions on topics such as coping with large classes or discipline issues at schools.



Scarce IT skills can be attributed to poor maths and science foundations at a school level. Datacentrix is committed to supporting education and the upliftment of communities in South Africa through our affiliation with Thandulwazi."

Rejoice Mamphitha,
Head of Human Resources



Social (continued)

Corporate Social Investment (continued)

Our relationship with society is perceived as a strategic vehicle that links our success with the empowerment of our local communities, without eroding shareholder returns. Donations made during the year include:

- **Thandulwazi Maths & Science Academy:** An education programme run by St Stithians Foundation that addresses the critical issues pertaining to the teaching of Maths and Science in schools in and around Gauteng.
- **Furniture donation to Thutolore Secondary School and Sunrise Combined School:** Thutolore Secondary School is located in Meadowlands in Soweto and opened its doors on 16 June 1973. Datacentrix sponsored new chairs to its entire grade 12 complement, combating the seating problem experienced by its learners. The Sunrise Combined School in Tembisa received student tables and storage cupboards to enhance their learning experience.
- **Bathshua Community Focus:** This youth centre supports and encourages youth development in an effort to build a generation of leaders. Datacentrix' financial donation assisted with the implementation of educational programmes, including drug and suicide seminars, career days, a youth development conference, entrepreneurial month and youth inspired camps. Bathshua targets youth within Ekurhuleni, specifically in areas near to Dalpark where drug abuse amongst youth is on the incline.
- **Charity Calendars:** Beneficiaries from the calendar sales include disadvantaged children. The funds assist with the operational costs to care for the children, such as food, educational toys, infrastructure requirements as well as the cost of caregivers.

Black Economic Empowerment

An updated rating was obtained from Empowerdex in December 2011, confirming a Level 4 BEE certificate for Datacentrix.

Ownership

Direct black equity in Datacentrix was first established in 1998. Over time, this shareholding has settled at a totally unencumbered equity of 10% with full economic benefit and exercise voting control with 40% of the vote. There is further indirect black ownership via institutional shareholding and the share incentive scheme. It is a Datacentrix stated goal to increase its black holding to at least 30%.

Management Control

Since listing in 1998, the black shareholders have exercised management control, including formally assuming the roles of CEO and the then Executive Chairman (currently Non-executive Chairman). This involvement includes active participation in various processes of governance and operations, ranging from the board to management committees. In addition, the two most senior positions in the company are occupied by black individuals.

Employment Equity

The group currently employs 1,025 (2011: 980) permanent employees of which 56% (2011: 54%) are black. 67% (2011: 67%) of the staff complement is previously disadvantaged individuals. The company continues to work on a focused plan to improve its employment equity at the various levels. This is being driven at an executive level.

Skills Development

Datacentrix' learnership programme is managed in conjunction with various accredited educational institutions that develop and provide the theoretical component of the programme. Increased focus has been given to learnership initiatives and training of employees in the year past, with bigger plans for the year ahead. The scarcity of resources has further prompted Datacentrix to attract new talent and to develop existing staff.

Affirmative Procurement

A company policy has been taken to ensure that to the extent possible procurement is aimed at supporting empowered businesses whenever possible. Datacentrix regularly reviews its supplier base and is committed to

procure directly from those suppliers who have made significant progress in developing and supporting BBBEE, hence the full scoring achieved.

Enterprise Development

Datacentrix has been working on an Enterprise Development Programme by partnering with a pool of black owned and empowered SMMEs to service and cover South Africa's widely dispersed geographical regions. These partners assist in areas of provision of services to clients, which align with the strategy of Datacentrix. The main objective of this programme is to build capacity within these enterprises and also to accelerate the development, sustainability and ultimately financial and operational independence of the same SMME partners.

Socio-economic Development

Socio-economic development or corporate social responsibility is a means through which Datacentrix gives back to the society in which it operates and benefits. Datacentrix believes in actively investing in socio-economic initiatives that have the potential to deliver a positive, long-term impact on the South African community. In that regard, Datacentrix' programme support is biased towards education and training, old age and health projects. By engaging the communities and by playing a role in activities that uplift their lives, the company strives to provide a platform for them to become economically active.

Empowerment Scorecard

	Actual Score	Target Score
Ownership	10.66	20.00
Management control	11.00	10.00
Employment equity	7.81	15.00
Skills development	1.31	15.00
Affirmative procurement	20.00	20.00
Enterprise development	15.00	15.00
Socio-economic development	4.65	5.00
Total Score	70.43	100.00

Value-driven Organisation

The group's success is built on four pillars being its shared company values. These values underpin its relationships with both internal and external stakeholders and include:

- Performance-driven;
- Passion;
- Pride; and
- Professionalism.

Safety

Management is committed to the principles of the Occupational Health and Safety Act. In this regard:

- The safety commitments and leadership principles have been revisited and refreshed in all business units;
- Reviews of safety systems and practices have been conducted in specific business units to identify improvement opportunities; and
- The design of the safety, health and environment function has been improved and will strengthen governance and standardisation of best practices across the group.

Our commitment to safety is two-pronged and the company is committed to:

- Developing performance indicators in applicable areas; and
- Ensuring that in its relationships with clients, time is taken to understand the client's environment and that staff are properly informed of safety regulations specific to that environment.

Environmental Development

Datacentrix is committed to responsible environmental stewardship and sustainable business practices. In the interest of all, the company is firmly committed to minimising the impact that it may have on the environment through continual improvement of business practices and to developing and implementing IT solutions and services that assist in preventing pollution.

Chairman's Report

Very little has changed in the profile of Datacentrix' performance in this financial year versus the last two years or so. As previously reported, there has been a concerted strategic focus to chart a sustainable growth path for the future, to change the nature, source and quality of the company's revenue streams. We have therefore been investing in new competencies and revenue opportunities, reducing our reliance on much of our traditional commoditised business.

The company's strategy in the last three years or so has been to invest in organic growth using the Statement of Comprehensive Income instead of maximising current profitability. Organic growth has been achieved on the top-line, however bottom-line growth has had to be sacrificed in favour of investment in this organic growth, principally in technical and managerial skills, and developing new market opportunities.

The strategy for the past few years has been a steady and consistent investment in positioning Datacentrix as a serious contender in the solutions and services space, especially in managed services. The company's business model has therefore been changing, and continues to



change from being infrastructure, hardware-led to being a solution and services-led IT company. We remain committed however, to being a strong infrastructure player as well. New skills have been brought on board, inducted into the culture, ethos, and ethics of the company. Substantial investments have also been made in the necessary infrastructure and systems to deliver on this strategy. Areas that have been targeted for growth take the company substantially up the value chain and enable Datacentrix to be an end-to-end supplier to large companies. While acquisitions remain an active option under consideration, the board fully supports the organic strategy pursued by management.

The market environment remains challenging, especially public sector spending on IT. The state of government IT systems is now publicly acknowledged, most notably by the Auditor-General, to be in a parlous condition. Years of under investment in both IT infrastructure and skills are now reportedly materially affecting service delivery as well as accountability and governance processes. Datacentrix has continued to experience a depressed government IT expenditure environment. Even though tender activity has been quite vigorous, unfortunately very few of the tenders have been awarded. The significance of government business contribution to the Datacentrix' profitability has diminished considerably and has not been material in the last couple of years. While it is still not clear when the upturn in government IT spending will happen, it is clear that it cannot continue to be postponed indefinitely. We remain fully invested in the sector and continue improving our offerings to take full advantage when the upturn in government IT spending occurs. The private sector on the other hand continues to provide profitable growth for Datacentrix, especially in managed services and outsourcing.

Other areas of focus and investment for the company have been in the corporate governance arena. Significant effort has been invested in bringing Datacentrix up to speed on corporate governance. Reviews have been made in all key areas of corporate governance including a comprehensive legislative/regulatory review, as well as compliance review of King III, and integrated reporting.

The company has spent considerable time and effort to improve the company's scoring on the equity component of the DTI Codes. The direct impact of not meeting the required minimum threshold on the equity component of the Codes has become noticeable and costly to the company. The key task has been to satisfy the combined

challenges of the expected facilitation by the company; the appropriate credentials and value add by the suitor BEE companies; and acceptable levels of dilution to existing shareholders. The company fortunately now finds itself able to leverage institutional ownership in a manner that was not previously available to the company. Without entering into any further transactions at this stage, Datacentrix expects to confirm that it now meets the 30% black ownership requirements of the draft ICT Charter. This ownership is unencumbered, unrestricted and not locked-in, derived partly from institutional ownership. The group now expects to qualify for a Level 3 status at least, and to satisfy the anticipated requirement of the ICT Charter with respect to black shareholding. The responsibility remains however, over time, to secure long-term sustainable black ownership in a manner that best suits the company's needs and circumstances at the time.

During the year, Troy Dyer, an independent strategy consultant, briefly joined the board, but unfortunately could not continue to serve the company in this capacity. He served on the board from March to November 2011. Troy had an observable impact on the functioning of the board in his brief stint as a board member. I take this opportunity to thank him for his contribution.

It has been a challenging year for the board, for all of the reasons mentioned above, more so that the board has been understrength in terms of numbers and arguably in breadth and diversity of experience in the aggregate. The board intends to bring on two to three additional independent, non-executive directors to help address the workload challenges imposed by the limited number of non-executive directors currently serving on the board.

The board is confident of the prospects of the company and believes that the strategies and investments that management has put in place in the last few years will set a new, profitable, sustainable growth path for Datacentrix. The sacrifices that the company has made in terms of profitability in order to invest in new competencies and capacity while retaining a strong Statement of Financial Position are already bearing fruit and should begin to show growth in all profitability indices.

Gary Morolo
Non-executive Chairman

Gary Morolo - Non-executive Chairman



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The strategy for the past few years has been a steady and consistent investment in positioning Datacentrix as a serious contender in the solutions and services space, especially in managed services. The company's business model has therefore been changing, and continues to change from being infrastructure, hardware-led to being a solution and services-led IT company.”

Chief Executive Officer's Report

We are pleased to announce Datacentrix' audited annual financial results for the year ended 29 February 2012, reflecting the company's transformation from a largely single vendor, product and transactional business to one that is a best of breed solutions and services-led integrator.

The company plans to grow in a profitable, yet responsible manner and to continue delivering complete end-to-end solutions to its clients, maximising value and utilising the latest technology together with the talent of its resources. This approach is given direction by the company's shared values of pride, passion, professionalism and performance.

Commentary

The group showed organic revenue growth of 11.6 percent from R1.576 billion to R1.758 billion, a creditable performance in light of the windfall earnings, flowing from the once-off FIFA World Cup ("World Cup") event in the previous financial year. Group revenue grew by 15 percent excluding World Cup income. Government's continued lack of IT expenditure has further impacted performance.

Profit after tax ("PAT") showed a nominal increase at R90.844 million for the period, due to a decline in EBITDA margins from 9.5 percent to 8.3 percent. The group margin was affected by higher expenditure relating to additional resource investment in new competencies. This includes investments in technical skills resources in infrastructure security and networking competencies, capital investment in IT infrastructure and a new Security Operation Centre ("SOC"), one of only two of its kind in South Africa. The organic growth strategy utilises the Statement of Comprehensive Income instead of the Statement of Financial Position, impacting on short- to medium-term performance.

The change in the cash conversion ratio is due to the transition in the business model up the value chain. Closing cash balance was R313.4 million. The group has no interest-bearing debt. Tangible net asset value per share increased from 205.4 cents to 229 cents.

The Managed Print Services business unit has entered into printing solution transactions where the hardware components forming part of the contract are leased to the client. In most instances these assets have been financed by Datacentrix based on back-to-back agreements between the supplier and the client, which has resulted in the finance lease payables to suppliers and finance lease

receivables from clients being reflected on the Statement of Financial Position.

Operational Review

Changing market conditions necessitated the transformation of the business to a solutions and services-led integrator. This strategy has led to the growth of new and more sustainable revenue streams which have helped to preserve what would otherwise have been a rapidly declining revenue base. The change in strategy has assisted in compensating for the deterioration of revenue from the group's traditional lines of business.

The group is satisfied with the overall progress in the performance of its divisions. The Infrastructure division contributed 48 percent to group PAT, while the Managed Services and Business Solutions divisions added 31 percent and 18 percent respectively. The contributions by the Managed Services and Solutions divisions now account for half of group PAT. These divisions produced pleasing effective margins of 12.3 percent and 26.1 percent respectively.

Infrastructure

As part of the group's transformation, the Infrastructure division has evolved towards becoming a solutions provider within the infrastructure segment of the market. It continues to be a leading provider of total, integrated IT solutions and related services, from consulting, designing, provisioning, deployment through to on-going support.

The PAT decline is occasioned by an increase in investment in technical capabilities. The division is currently the largest and premier certified HP partner in the local market and is seen as a sizeable HP player, not only in South Africa, but also the Middle East, Mediterranean and Africa ("MEMA") region. HP attested to this fact when Datacentrix was recently awarded seven different accolades by the company.

The division is now among the top three IBM local business partners. Investments were made in pre- and post-sales skills and the unit is currently one of the highest skilled business partners from a services perspective.

The Infrastructure division has expanded its capability, becoming a strategic partner to a number of new vendors. This is recognised by the awards bestowed on the division, which includes attaining platinum level partner status with Symantec, as well as Storage Management and High Availability specialisation accreditations. The Storage Solutions business unit garnered five Symantec awards. In

Ahmed Mahomed - Chief Executive Officer



addition, the newly established Security unit won four awards from McAfee. The division was named as NetApp partner of the year, as well as VMware's highest revenue partner of the year and OEM reseller of the year. The division houses some of the highest certified VMware skilled resources in the country. Datacentrix was also gratified to receive the award for having one of only two VMware Certified Design Expert ("VCDX") skills in Africa.

Within the Infrastructure division, the private sector continues to make good inroads and gained a number of new blue chip clients over the past year. The company's refocused strategy has given impetus to the growth experienced in this sector.

Public sector activity continues to be challenging and has had an adverse effect on divisional profitability. The sector continues to underspend. However, the group is of the view to maintain its investment in resources in this arena in order to benefit optimally from IT spend as it may arise.

Managed Services

Datacentrix' Managed Services division had an expected performance decline in the Managed Print Services ("MPS") business, following windfall revenues in the previous year from the World Cup.

The Outsourcing business unit however, showed healthy double-digit growth for the financial year. Services provided by the unit range from selective outsourcing to total outsourcing. It is envisaged that further investments will be made to enhance the unit's capability, which will drive efficiencies and have a positive impact on service delivery.

The Resourcing business also showed double digit growth for the year contributing further to the groups' revenue diversification strategy. The unit provides IT skills to the market, an offering that has been well accepted in light of the severe skills shortage. In addition the unit is implementing a skills development strategy in collaboration with its clients.

The Managed Services division has provided excellent levels of service over the past year and boasts a number of nationally recognised clients. The division is committed to delivering solutions that enable its clients to use technology as a strategic asset in achieving business objectives, while at the same time, reducing cost and risk. In support of this strategy, Datacentrix is investing in technology, people and processes that will improve operational efficiencies and reduce risk.

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The company's progress in delivering on its core strategy and its commitment to sustainable development has been more focused this year with emphasis on revenue generation, cost management, human capital investment, optimisation of client and business partner relationships, improvement of corporate governance principles and social responsibility.”

Ahmed Mahomed,
Chief Executive Officer

Chief Executive Officer's Report (continued)

Business Solutions

The Business Solutions division grew divisional PAT by 12.3 percent, supported by good performances in the Enterprise Content Management ("ECM") and the Business Intelligence ("BI") sectors. The business unit has the largest services capabilities in the market and is focused on enterprise content management, Business Process Management ("BPM") and Information Lifecycle Management ("ILM") spaces. The ECM business unit has strengthened its position, successfully joining the OpenText Partner Programme for SAP Competence, as well as becoming a SAP Special Expertise partner. This agreement with OpenText, a global ECM leader, recognises Datacentrix' capacity to deliver and support products of the OpenText ECM Suite for SAP Solutions

The BI business unit, whilst still small, has shown good results for the period after a skills injection last year. In order to assist local businesses in improving Microsoft SharePoint user adoption, this unit also recently introduced a new service, providing on-demand video tutorial training for end users, administrators and developers.

Black Economic Empowerment and Cautionary Announcement

Datacentrix has been engaged in a process to improve its black ownership component of the BEE score card. The group expects to confirm that it now meets the 30% black ownership requirements of the draft ICT Charter. The responsibility remains to secure long-term, sustainable black ownership, in a manner which does not unduly dilute current shareholders. The group now expects to qualify for a Level 3 status.

Dividend

In respect of the current year, the directors declared a gross final dividend of 19.53 cents, which is a departure from the normal two times headline earnings per share cover. The final dividend has not been included as a liability in these financial statements as it was declared subsequent to year end. The proposed dividend for February 2012 is payable to all shareholders on the Register of members on 18 May 2012.

Prospects

Market consolidation will continue, attested to by the recent numerous acquisitions by HP and IBM. Consolidation has been driven principally by one or two listed companies.

BMI Research forecasts the South African ICT industry to reach around R75 billion during 2012. However, South African businesses are expected to remain cautious when it comes to investments in technology, due to continued global economic uncertainty. The local IT market five year compound annual growth rate ("CAGR") is anticipated to remain within the high single- and low double-digit range.

Datacentrix' transition to a services-led solutions provider is set to continue over the next year. The group is already offering, and has been recognised for its capability to deploy cloud infrastructure, recently winning one of the larger e-mail cloud opportunities in the marketplace. As cloud technology matures, the group will continue to make the necessary investment in both "white label" cloud solutions and building its own cloud infrastructure.

The IT landscape is highly competitive from a skills perspective due to scarcity. Datacentrix has set up a learnership programme aimed at school leavers and those with basic IT qualifications. The group is also seeking out unemployed graduates, with the relevant qualifications to provide permanent employment and to develop specialised skills.

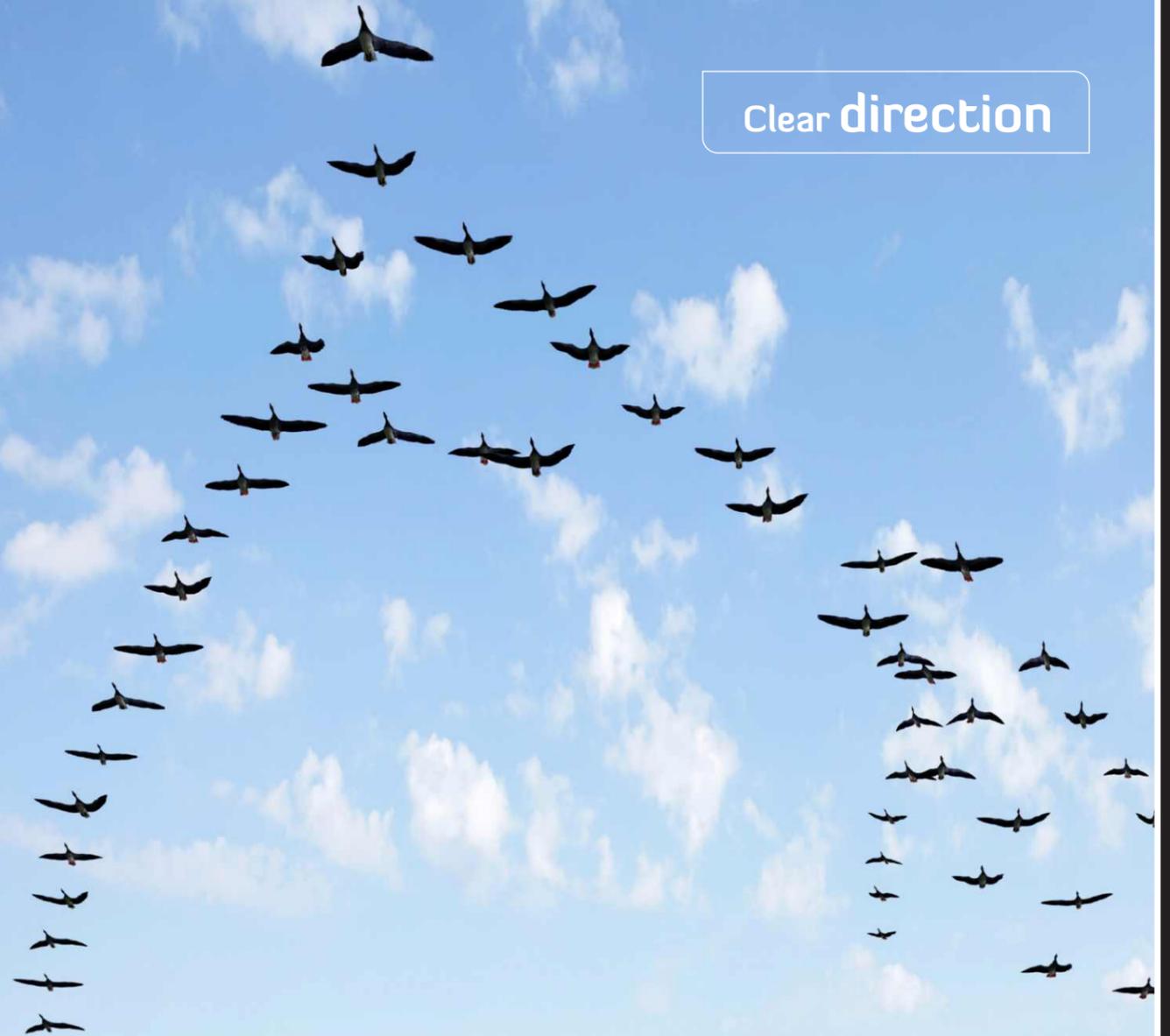


Ahmed Mahomed
Chief Executive Officer

Governance

Board of Directors and Executive Management	24
Corporate Governance Report	26

Clear direction



Board of Directors and Executive Management



Non-executive Directors

1. Gary Morolo (53)

Chairman
BA, MBA, AEP
Date of appointment: August 1998
Other directorships: Aka Capital (Pty) Limited, Vametco Holdings

2. Joan Joffe (74)

Lead Independent Director
BA (Mathematics)
Date of appointment: September 1998

3. Alwyn Martin (73)

Independent Director
BCom, CA (SA)
Date of appointment: May 2005
Other directorships: Trans Hex Group Limited, Petmin Limited, Northam Platinum Limited

4. Dudu Nyamane (55)

Independent Director
BA (Social Sciences), MBA
Date of appointment: June 2009
Other directorships: South African Roads Agency Ltd (SANRAL)

5. Thenjiwe Chikane (46)

Independent Director
BCom Honours, Chartered Accountant
Date of appointment: April 2009
Other directorships: Nedbank Group and Nedbank Limited, Africa Rice Board of Trustees, Institute of Directors of Southern Africa

Executive Directors

6. Ahmed Mahomed (50)

Chief Executive Officer
Date of appointment: March 2003
Appointed CEO: March 2008

7. Elizabeth Naidoo (38)

Financial Director
BCom, BAcc, CA (SA)
Date of appointment: October 2003



Executive Management

8. Johann Coetzee (49)

Managing Director: Commercial
BEng: Industrial Engineering, MBA

9. Juane Peacock (53)

Managing Director: Coastal Infrastructure and Enterprise
Content Management Solutions

10. Vernon Tutton (53)

Managing Director: Managed Services
Diploma in Electronic Engineering

11. Kenny Nkosi (51)

Managing Director: Government
Diploma in Business Administration, Executive
Development Program

12. Rainer Jeske (59)

Managing Director: Technology Solutions

13. Charl Joubert (53)

Managing Director: Enterprise Resource Planning and
Business Intelligence
BCom (Hons) (Marketing)

14. Rejoice Mamphitha (36)

Head: Human Resources (Invitee to Exco)
BCom (HR)

Committees

Audit Committee

Alwyn Martin* (Chairman), Thenjiwe Chikane*,
Joan Joffe*

Risk Committee

Thenjiwe Chikane* (Chairman), Alwyn Martin*,
Joan Joffe*, Ahmed Mahomed, Elizabeth Naidoo

Social, Ethics and Remuneration Committee

Dudu Nyamane* (Chairman), Joan Joffe*,
Thenjiwe Chikane*

Nominations Committee

Gary Morolo (Chairman), Joan Joffe*

* Independent, non-executive director

Corporate Governance Report

King III

The Datacentrix group remains committed to compliance with the regulatory requirements of sound corporate governance principles. The group endorses the application of the principles recommended in the King III Report, and has been effectively implementing and reporting on a spectrum of governance principles, underpinned by the values of responsibility, accountability, fairness and transparency.

Statement of Compliance

The provisions of King III became effective on 1 March 2010. The group is committed to applying these principles to all its subsidiaries as appropriate. We continue to improve our well-established corporate governance processes and remain abreast of the latest industry developments.

A number of these principles are reflected in the group's internal controls and policy procedures. In 2012 we conducted a review to ascertain the group's compliance with King III. The board is satisfied that every effort has been made to comply in all material aspects with King III. Where we do not comply, this is stated and explained. Whilst the board is satisfied with its level of compliance with applicable governance and regulatory requirements, it recognises that its practices can always be improved, and accordingly the board has and will continuously review the group's governance framework against governance best practices.

Datacentrix completed a gap analysis in terms of group compliance with all applicable legislation. A dedicated team was appointed to complete the second phase of the review that will entail a compliance roll out programme.

Structure, Governance and Operation of the Board of Directors

The company's board consists of the chairman, four non-executive directors, all of whom are independent, and two executive directors. Directors' abridged curriculum vitae are provided on pages 24 and 25.

The board remains the focal point of the company's corporate governance system and is ultimately accountable and responsible for the key governance processes and the sustainable growth, performance and affairs of the company.

Board Charter

The Board Charter details and governs the manner in which the business is to be conducted by the board in

accordance with the principles of sound corporate governance. The Board Charter is reviewed by the board on an annual basis and was revised in the year under review to ensure it incorporates King III principles adopted by the board.

The charter regulates and deals with, *inter alia*:

- Board leadership, and defines the separate responsibilities of the chairman and the chief executive and the role of the lead independent director;
- Procedures, pre-requisites and competencies for membership, size and composition of the board, period of office, reward, induction and succession planning;
- The role and responsibilities of the board, which include the adoption of strategic plans, the monitoring of management's implementation of board plans and strategies, the delegation of powers and duties to management, the determination of policy processes to ensure the integrity of management, internal controls and information technology ("IT") governance;
- Board governance processes, including board procedures and matters requiring annual and regular review;
- Board committees, including delegation of authority, but not responsibility, and the requirements for transparency and full disclosure by the committees;
- Matters specifically reserved for the board of a financial, administrative and manpower nature;
- Risk management;
- Procedures for board meetings, frequency, quorum, agendas, board papers, conflicts of interest and minutes;
- Share dealings;
- Board, committee and individual evaluations and performance; and
- The role and responsibility of the company secretary.

The Board Charter stipulates that the operation of the board and the executive responsibility for the running of the company's business should be two key and separate tasks and that there should be a clear division of responsibilities at the head of the company to ensure a balance of power and authority, ensuring that no individual or block of individuals has unfettered powers of decision making or can dominate the board's decision making.

Board Chairman

The board is chaired by Gary Morolo, a non-executive director. The board chairman is not considered to be independent, as he is a shareholder and director of Aka Capital (Proprietary) Limited, which is a material shareholder of the company. Though the board chairman

cannot be classified as independent in terms of the governance criteria, the board is of the view that the board chairman brings valuable expertise, experience and skill to the board and exercises independent judgement in relation to board matters.

The chairman of the board is responsible, *inter alia*, for ensuring the integrity and effectiveness of the board's governance processes, and in terms of the company's Memorandum of Incorporation, is subject to annual election. The chairman is also responsible for leadership, promoting the highest standards of governance and effectiveness of the board. The CEO is responsible for the leadership and operational management of the group within the strategy agreed upon with the board. The CEO ensures that there are appropriate management structures to effectively implement the group's strategy and business plans.

Lead Independent Director ("LID")

In response to the Board Charter requirements, Joan Joffe was appointed LID in March 2010 in that the board chairman does not meet the criteria for independence in terms of the relevant governance criteria. The LID provides leadership assistance at any board, committee or shareholder meeting or in consultations with other directors or executives in circumstances where the board chairman is conflicted. The LID also leads and introduces discussions at board and committee meetings regarding the performance and evaluation of the board chairman. The LID is subject to annual election by the board.

Board Composition

Datacentrix has a unitary board structure comprising a mix of executive and non-executive directors. The majority of directors are independent, non-executive directors and the board presently comprises of two executive and five non-executive directors, of whom four are considered independent in terms of the criteria contained in the governance requirements. In line with the King III recommendation, both the Chief Executive Officer and Financial Director are separate directors of the company.

The composition of the board remains under constant review, not only to maintain the required balance in terms of independence of directors, but to ensure the optimum mix of skills and experience as well as demographic profile. The non-executive directors have the necessary skills, qualifications and experience to provide judgement independent of management on material board issues.

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Our tenacity, fiscal discipline and proven business model have contributed to our continuing growth in an environment that began to turn negative as far back as 2007. Datacentrix has remained agile and has targeted new growth areas that have been supported by an increased investment in professional skills and capabilities.”

Elizabeth Naidoo, Financial Director



Corporate Governance Report (continued)

Chief Executive Officer

The board's governance and management functions are linked through the CEO, who is tasked with the running of the business and the implementation of the policies and strategies adopted by the board. All board authority conferred on management is delegated through the CEO and the accountability of management is considered to be the authority and the accountability of the CEO. Appropriate and uniform controls and processes are in place within the group and are communicated to management to ensure the monitoring of the application of levels of authority throughout the group particularly in the areas of capital expenditure, contracts, procurement and human resources. Board authority is delegated by way of an approval framework. Levels of authority and materiality have been established and are reviewed annually by the board.

Roles and Responsibilities

The board is responsible for determining strategy and the overall conduct of the business. The board has the responsibility for the performance of the group and is required to exercise objective judgement, independent from management on corporate matters. A corporate governance framework defines the roles and responsibilities of the constituent elements of the group's management structure. This enables the board to plan, execute, control and monitor the group's activities in accordance with strategic objectives.

The matters that the board has specifically reserved for its decision include:

- Approval of the group's strategy and annual budget;
- Review of the group's performance;
- Monitoring of and reviewing the effectiveness of the group's internal controls and risk management system;
- Appointment, removal and remuneration of executive directors and the company secretary;
- Determination of the terms of reference of board committees; and
- Approval of major capital expenditure or disposals, material contracts, material acquisitions and developments.

The general powers of the directors are conferred in the company's Memorandum of Incorporation. Subject to specific fundamental, strategic and formal matters reserved for its decision, the board may delegate certain responsibilities to a number of standing committees, which operate within defined terms of reference laid down by the board, as referred to below.

The board has at least eight scheduled meetings annually. A formal performance evaluation of the board and committees is conducted annually by means of a series of self-evaluation questionnaires, with the aim of evaluating and improving the effectiveness of the board, its members and committees. In 2012, the board engaged the services of the Institute of Directors ("IoD") to perform a board evaluation against accepted good corporate governance principles and practices. The engagement has just been completed and positive feedback was provided to the board from the process.

Access to Company Information and Confidentiality

Procedures are in place, through the board chairman and the company secretary, enabling the directors to have access, at reasonable times, to all relevant company information and to senior management, to assist them in the discharge of their duties and responsibilities and to enable them to take informed decisions. Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information. During the 2012 financial year, none of the company's directors were materially interested in any company that the group does business with.

Stakeholder Communication

Stakeholder communication is a planned, proactive process where management engages formally and informally with individuals and collective audiences to share information and gain an appreciation for stakeholder perspectives. The board is accessible to all stakeholders by appointment for discussions pertaining to the business. Annual presentations are conducted in Johannesburg and Cape Town to shareholders, analysts and media representatives with the disclosure of the annual and interim financial results. Financial and statutory information is published when appropriate on SENS, the JSE Limited's news service, and in print media. Both annual and interim financial results announcements are supported by radio and television interviews. The company website is an information portal for all company news and announcements. Information is pushed to a subscription database and accessible to all website visitors. Stakeholders can also request company information using the respective contact details on the website, under the guidelines of the Promotion of Access to Information manual. Additional communication channels include the company's intranet for its staff, bi-annual newsletters that are aimed at clients and technology partners and annual events that enjoy participation by staff, clients and technology suppliers.

Meetings of the Board of Directors:

Name	24 May '11	25 Jul '11	21 Sep '11	3 Oct '11	29 Nov '11	7 Feb '12	27 Feb '12	16 Apr '12
Gary Morolo (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓
Ahmed Mahomed	✓	✓	✓	✓	✓	✓	✓	✓
Alwyn Martin*	✓	✓	✓	✓	✓	✓	✓	✓
Elizabeth Naidoo	✓	✓	✓	✓	X	✓	✓	✓
Dudu Nyamane*	✓	✓	✓	✓	✓	✓	✓	✓
Joan Joffe*	✓	✓	✓	✓	✓	✓	✓	✓
Thenjiwe Chikane*	✓	X	✓	✓	✓	✓	✓	✓
Troy Dyer*	✓	✓	✓	✓	Resigned	N/A	N/A	N/A

* independent, non-executive director

Black Economic Empowerment ("BEE") Sub-committee

An interim BEE sub-committee of the board was formed to address the ownership shortcomings of the business. The board mandated the sub-committee to increase the BEE ownership from zero to 30 percent in line with the draft ICT Charter and DTI Codes. The composition of the sub-committee included the LID and other independent, non-executive directors. Due to related party interests, the chairman of the board was not included in the composition of the sub-committee. Both the CEO and financial director were included in limited meetings from an information, management and functional position only, and were excluded from any decision making processes. A number of special board meetings and various BEE sub-committee meetings were held during the year in order to progress the BEE initiatives.

Board Committees

Subject to those matters reserved for its decision, the board delegates certain responsibilities to a number of committees: The Audit; Risk; Social, Ethics and Remuneration; and Nominations Committees. The terms of reference, and composition of the committees are determined and approved by the board and have been adopted by all the committees. Terms of reference are reviewed by the board on an annual basis with the most recent review having been conducted in 2012 in order to incorporate the relevant provisions advocated by King III.

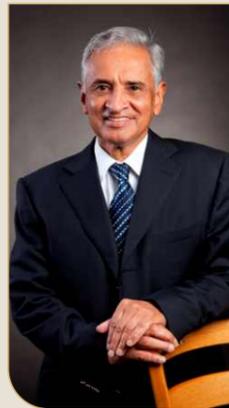
In compliance with Section 72(4) of the 2008 Companies Act, the board has established the Social, Ethics and Remuneration Committee that replaced the previous Human Resources and Remunerations Committee. The board has also implemented a separate Nominations Committee, the function of which was previously included

in the Human Resources and Remunerations Committee to narrow the mandate of the converted committee, thereby enhancing the committees' ability to discharge its function.



Corporate Governance Report (continued)

Audit Committee



“

The Audit Committee is central to ensuring high standards of corporate governance and prudent financial management.”

Alwyn Martin
Chairman:
Audit Committee

Composition*

The Audit Committee composition is compliant with the Companies Act, 2008 (Act 71 of 2008), as amended, and comprises only independent, non-executive directors who are financially proficient with the necessary expertise to discharge their responsibilities.

- Alwyn Martin, Chairman
- Joan Joffe
- Thenjiwe Chikane

Roles and responsibilities

- Overseeing the integrity of the financial statements
- Overseeing the appointment, fee, qualifications, independence and performance of the external auditor and the integrity of the audit process as a whole
- Approving the audit fees for the internal audit
- Specifying the nature and extent of non-audit services
- Pre-approving contracts for non-audit services
- Overview of the internal audit function
- Dealing with concerns relating to the accounting policies, the internal audit, the audit and content of the annual financial statements and the internal financial controls
- Verifying the effectiveness of financial risk management (in consultation with the risk committee), controls and governance processes as well as the competence of the financial director
- Reviewing the integrated report
- Ensuring compliance with applicable legal and regulatory requirements
- Ensuring compliance by management with constraints imposed by the board

Frequency

- Four scheduled meetings per annum

Risk Committee



“

We endeavour to provide assurance that company risks are being managed through a risk culture supported by sound system of internal controls.”

Thenjiwe Chikane
Chairman:
Risk Committee

Composition*

The Risk Committee comprises both independent, non-executive directors and executive directors with the knowledge and expertise to carry out the committee's mandate.

- Thenjiwe Chikane, Chairman
- Alwyn Martin
- Joan Joffe
- Ahmed Mahomed
- Elizabeth Naidoo

Roles and responsibilities

- Reviewing the policy and plan for risk management annually
- Monitoring the implementation of the policy and plan by management
- Recommending to the board levels of tolerance and appetite and monitoring that risks are managed within these levels
- Overseeing the dissemination of the risk management plan throughout the company
- Ensuring that risk management assessments are performed annually
- Implementing frameworks and methodologies to increase the possibility of anticipating unpredictable risks
- Ensuring that continuous risk monitoring by management takes place and that appropriate risk responses are considered and implemented
- Liaising closely with the Audit Committee to exchange relevant risk information
- Expressing a formal opinion to the board on the effectiveness of risk management by the company
- Reviewing risk management reporting to ensure that it is timely, comprehensive and relevant
- Reporting to the board on risk management

Frequency

- Four scheduled meetings per annum

Social, Ethics and Remuneration Committee



“

We support the board's ability to deliver its strategic direction by remunerating and retaining the optimal balance of experience, knowledge and skills relative to industry benchmarks.”

Dudu Nyamane, Chairman:
Social, Ethics and
Remuneration Committee

Composition*

The members of the Social, Ethics and Remuneration Committee are considered by the company to be independent, non-executive directors.

- Dudu Nyamane, Chairman
- Joan Joffe
- Thenjiwe Chikane

Roles and responsibilities

- The remuneration policy and its specific application to the CEO, the executive and non-executive directors and the CEO's direct reports, and its general application to all employees
- The adoption of annual and longer term incentive plans
- The determination of levels of reward for the CEO and approval of reward to the CEO's direct reports
- The annual evaluation of the performance of the CEO, by giving guidance to the chairman
- The communication to shareholders on remuneration policy and the committee's work on behalf of the board
- Compliance with applicable legal and regulatory requirements associated with human resources matters such as skills development and employment equity

Frequency

- Four scheduled meetings per annum

Nominations Committee



“

The Nomination Committee strives to ensure that new members further enhance the quality of the board.”

Gary Morolo
Chairman:
Nominations Committee

Composition*

The members of the Nominations Committee are considered by the company to be non-executive directors.

- Gary Morolo, Chairman
- Joan Joffe

Roles and responsibilities

- Make recommendations to the board on the appointment of new members
- Recommendations on the composition of the board
- Make recommendations to the board on the appointment of a LID
- Regularly review the board structure, size and composition
- Identify and nominate candidates for the approval of the board to fill board vacancies
- Ensure succession plans are in place
- Recommend directors that are retiring by rotation, for re-election
- Initiate an annual, formal evaluation process of the board, board committees and individual directors
- Consult other directors in its evaluation of the chairman of the board, the CEO and individual directors
- Liaise with the board in relation to the preparation of the committee's report to shareholders
- Give due consideration to the Listings Requirements of JSE Limited and the principles of governance and the Code of Governance Principles

Frequency

- Ad hoc basis

* The qualifications and abridged curriculum vitae of the committee members are available on page 24 of this report.

Corporate Governance Report (continued)

Audit Committee

The Audit Committee is primarily responsible for overseeing the company's reporting process on behalf of the board, and assists the board in discharging its fiduciary duties relating to the safeguarding of assets, the operation of adequate systems, maintenance of control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, accounting standards and the Listings Requirements of JSE Limited.

The committee also performs all the statutory functions required to be performed by an audit committee including as required by section 94 of the Companies Act 71 of 2008 ("Companies Act").

Integrated Reporting

As advocated by King III, the Audit Committee has overseen the integrated reporting for 2012, and has recommended the approval of the Integrated Report for the financial year ended 29 February 2012 by the board.

Mandate and Duties

The Audit Committee has adopted written terms of reference approved by the board and has satisfied its responsibilities in compliance therewith in all material respects during the financial year. Its terms of reference were reviewed and amended by the board during the year to ensure compliance with regulatory changes and best practice and to incorporate the relevant provisions of King III as approved by the board.

The committee evaluates its performance and effectiveness as part of the formal annual board evaluation process. Self-evaluation questionnaires are used for this purpose. Based on the results, the committee and board believe that the Audit Committee functions effectively and complies with its terms of reference.

Appointments

Nominations of members for appointment to the Audit Committee by shareholders at the AGM are based on the independence, financial acumen and industry experience of the non-executive director to aid the effective supervision of the company's financial reporting process.

Meetings

The Audit Committee has four scheduled meetings annually. Meetings are attended by the external and internal auditors and, on invitation, the Chief Executive Officer and Financial Director, including individuals involved in risk management and finance. The chairman of the board occasionally attends the meetings. The internal

and external auditors have unlimited access to the chairman of the Audit Committee.

External Audit

The Audit Committee nominated, for re-election at the Annual General Meeting ("AGM"), the appointment of Deloitte & Touche (incumbents since the listing in 1998) to perform an independent and objective audit on the group's financial statements. These financial statements are prepared in terms of International Financial Reporting Standards ("IFRS"). Interim financial reports to shareholders are not audited.

The external auditors provide the board and the Audit Committee with their independent observations and suggestions on the group's internal controls, as well as suggestions for the improvement of the financial reporting and operations of the business.

There is close co-operation between internal and external audit and reliance is placed, where possible, on the work of internal audit, therefore minimising the duplication of effort. A combined assurance plan is being worked on and will be formalised for the new financial year. The annual external audit plan is placed before the Audit Committee for review and approval.

Internal Audit

KPMG, appointed beginning of FY2011, fulfil the internal audit function. The internal audit function is designed to serve and support management and the board of directors through independent evaluations and examinations of the group's activities and resultant business risks. The purpose, authority and responsibility of the internal audit function are formally defined in an internal audit charter, which is reviewed by the Audit Committee and approved by the board. This charter is reviewed on an annual basis and revised as necessary.

The internal audit function is designed to respond to management's needs while maintaining an appropriate degree of independence to render impartial and unbiased judgements in performing its services. The scope of the internal audit function includes:

- Performing independent evaluations of the adequacy and effectiveness of group companies' controls;
- Financial reporting mechanisms and records;
- Information systems and operations;
- Reporting on the adequacy of these controls;
- Providing additional assurance regarding the safeguarding of assets and financial information; and
- Monitoring and evaluating operating procedures and processes.

Risk assessment is co-ordinated with the board's assessment of risk through interaction between internal audit, the Audit and Risk Committees, which also minimises duplication of effort. Internal audit reports at all Audit and Risk Committee meetings respectively and has unrestricted access to the chairmen of the company and both the Audit and Risk Committees. The appointment or dismissal of the internal auditor is with the concurrence of the Audit Committee.

During the year under review, the internal auditors worked off an audit plan comprising specific identified management risks. Their reviews were able to provide feedback as to weakness in controls and ensure proper controls were immediately implemented to prevent any further deficiencies.

The board of directors is responsible for the group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations. The controls throughout the group concentrate on critical risk areas. All controls relating to the critical risk areas are closely monitored by the directors and subjected to internal audit reviews. Continual review and reporting structures enhance the control environments. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the group has occurred during the year.

The chairman of the Audit Committee is required to attend the AGM to deal with enquiries relative to the committee's mandate.

Ethics and Whistleblowing

The full staff complement at Datacentrix is expected, and on appointment, pledges to comply with the company's code of conduct, and to be professional and ethical in all company dealings. Staff workshops are held sporadically to reinforce the importance of integrity in business relations and the ramifications of non-compliance. The board reviews the company's code of conduct annually. Contracts with suppliers and service providers have been amended to incorporate a code of conduct clause as part of the requirements for doing business with the company.

Datacentrix has had a whistleblowing programme in place for a number of years. The programme has been managed by the Audit Committee and was designed to enable employees, clients, suppliers, managers or other stakeholders, on a confidential basis, to raise concerns in cases where conduct is deemed to be contrary to our values, code of conduct and standard policies.

To further support the company's commitment to honest business practices, Datacentrix recently subscribed to an anonymous whistleblowing service from Deloitte called "Deloitte Tip-offs Anonymous". The Datacentrix Fraud Line is now totally independent of Datacentrix with a dedicated FreeCall 0800 telephone number, e-mail, generic FreePost and fax facility available for anonymous tip-offs on a 24X7 basis. Trained operators, using sophisticated contact centre equipment, respond to calls in English, Afrikaans, Zulu, Sotho or Xhosa. Operators probe callers for specific information on the incident. The information is forwarded to the CEO and FD for the necessary corrective measures.

Processes and Standards

The Datacentrix Telkom Process Control Release ("PCR") Quality Management System ("QMS") which is aligned to the ISO9001:2008 Standard has become a popular component of the organisation. Datacentrix received its

Meetings of the Audit Committee:

Name	21 Jul '11	27 Sep '11	23 Nov '11	1 Feb '12	11 Apr '12
Alwyn Martin* (Chairman)	✓	✓	✓	✓	✓
Joan Joffe*	–	–	Re-appointed	✓	✓
Thenjiwe Chikane*	✓	✓	✓	✓	✓
Troy Dyer*	✓	✓	Resigned	N/A	N/A
Ahmed Mahomed (invitee)	✓	✓	✓	✓	✓
Elizabeth Naidoo (invitee)	✓	✓	✗	✓	✓

*Independent, non-executive director

Corporate Governance Report (continued)

Audit Committee (continued)

Processes and Standards (continued)

first PCR accreditation in December 2005 and successively obtained renewed certification annually after assessment from Telkom. The maturity of the QMS has developed significantly with every renewed certification. It is essential for Datacentrix as a modern business to have a certified QMS to compete in the marketplace and exceed client expectations.

The benefits of the Telkom PCR QMS include ensuring that processes are performed efficiently and with fewer deviations. The core of the PCR System is around client satisfaction with the objective of retention. Datacentrix' solid standards are attractive to clients and interested parties. Although quality within Datacentrix is not profit generating, it influences the bottom line.

In order to ensure compliance, Datacentrix is audited externally by Telkom with internal audits conducted regularly. Audits assess where improvements on the QMS and its supporting processes can be implemented and maintained.

Quality within Datacentrix focuses on resolving client complaints, ensuring the highest level of client satisfaction. Client compliments are also dealt with in a manner that the employees can feel proud to be part of the Datacentrix team. The Quality culture is being filtered throughout all areas of the business through effective communication and up to date documentation available to all staff. Client satisfaction is partially dependent on supplier service level agreements and as a result, supplier performance is continuously measured and monitored.

Datacentrix is furthermore proud to be a member of the South African Quality Institute ("SAQI"). SAQI is the national body that co-ordinates the quality effort in South Africa. It was registered in 1993 as a section 21 company, not for gain. SAQI provides regular quality updates as quality evolves in South Africa, and provides guidance and checks on maintaining an effective QMS.

Risk Committee

The company has implemented an effective policy and plan for risk management that enhances the company's ability to achieve its strategic objectives; and allows that the disclosure on risk management is comprehensive, timely and relevant.

Mandate and Duties

The Risk Committee is responsible for monitoring and reviewing the effectiveness of risk management by the

company and the group. The board is responsible for the governance of risk; while the executives and management are responsible, through delegated authority, to manage the company risk on a day to day basis. The committee is mandated by the board through terms of reference approved by the board. These terms are reviewed annually by the committee and the board and have been amended to incorporate the provisions of King III.

The Committee's terms of reference were reviewed and amended by the board during the year to ensure compliance with regulatory changes and best practice and to incorporate the relevant provisions of King III as approved by the board.

The committee evaluates its performance and effectiveness as part of the formal annual board evaluation process. Self-evaluation questionnaires are used for this purpose. Based on the results, the committee and board believe that the Risk Committee functions effectively and complies with its terms of reference.

Appointments

Appointments to the Risk Committee are based on the independence, financial acumen and industry experience of the non-executive director to aid the effective supervision of the company's financial reporting process.

Meetings

The Risk Committee has four scheduled meetings annually. Meetings are attended by the external and internal auditors and, include the divisional Managing Directors, including individuals involved in risk management and finance. The chairman of the board attends the meetings by invitation.

It is the view of the Risk Committee that in the year under review:

- There were no undue, unexpected or unusual risks taken by the company nor were there any material losses suffered;
- There was no imminent or envisaged risk that may threaten the long-term sustainability of the company; and
- The risks associated with the strategic direction of the company have been managed effectively by the company.

The board still needs to approve the levels of tolerance.

The chairman of the Risk Committee is required to attend the AGM to deal with enquiries relative to the committee's mandate.

Risk Management

The directors of Datacentrix have committed the company to a process of risk management that is aligned to the principles of King III. Sound management of risk enables management to anticipate and respond to changes in the business environment, as well as make informed decisions under conditions of uncertainty.

Risk management processes are embedded in the business systems and processes, so that responses to risk remain current and dynamic. All key risks, whether reputational, financial or non-financial, associated with major change and significant actions by the company also fall within the processes of risk management. The nature of Datacentrix' risk profile demands that the company adopts a prudent approach to corporate risk, and its decisions around risk tolerance and risk mitigation reflect this. Controls and risk interventions are chosen on the basis that they increase the likelihood that management will fulfil its intentions to stakeholders.

During the year, the company's risk register, comprising the key strategic, operational and compliance risks, was updated and each risk reviewed, re-ranked and documented. The review process also explored the possibility of new risks having entered the risk environment, and these were defined and ranked in the same way as existing risks. The register continues to be updated on an annual basis, or as often as circumstances necessitate. Ownership of each risk remains the responsibility of assigned senior executives, who report on progress made on agreed-upon action plans.

The group's annual internal audit plan incorporates the outcomes of the risk management process and the top risks in the group have been incorporated into the internal audit plan and internal audit investigates the effectiveness

of risk controls. These risks are addressed by the plan at least once a year. The internal auditors attend risk committee meetings where risk is addressed in order to verify that the risk management process is appropriate. The internal audit function formally reviews the effectiveness of the group's risk management processes once a year and reports on its findings to the Audit Committee, with future reporting planned for the Risk Committee.

The board is satisfied with the process of identifying, monitoring and managing significant risks and internal controls and that appropriate systems are in place to manage the identified risks, measure the impact thereof and that these are proactively managed so that the company's assets and reputation are suitably protected.

Social, Ethics and Remuneration Committee

In order to comply with the relevant provisions of the Companies Act of 2008 in respect of the implementation of a social and ethics committee, the board resolved during the year under review to establish the Social, Ethics and Remuneration Committee. This was achieved by converting the Human Resources, Remuneration and Nominations Committee as previously established and forming a separate Nominations Committee.

A revised terms of reference for the Social, Ethics and Remuneration Committee was also adopted by the board. In addition to attending to the statutory and regulatory functions of a social and ethics committee, the Social, Ethics and Remuneration Committee is responsible for the remuneration strategy of the group, the approval of mandates for incentive schemes within the group and the determination of the remuneration of the executive directors, relative to local and international industry benchmarks. It reviews the balance of experience,

Meetings of the Risk Committee:

Name	21 Jul '11	23 Nov '11	1 Feb '12	11 Apr '12
Thenjiwe Chikane* (Chairman)	✓	✓	✓	✓
Alwyn Martin*	✓	✓	✓	✓
Joan Joffe*	–	Appointed	✓	✓
Troy Dyer*	✓	Resigned	N/A	N/A
Ahmed Mahomed (invitee)	✓	✓	✓	✓
Elizabeth Naidoo (invitee)	✓	X	✓	✓
Gary Morolo (invitee)	✓	✓	✓	✓

*independent, non-executive director

Corporate Governance Report (continued)

Social, Ethics and Remuneration Committee (continued)

knowledge and skills of the board to ensure that it delivers strategic direction and leadership required for success.

The committee is in the process of finalising its annual work plan to ensure that it addresses the functions of a social and ethics committee as set out in Regulation 43 to the Companies Act of 2008 and will report in more detail on these matters going forward.

Human Resources ("HR") was previously more of a personnel department largely focused on the administration and management of policies. In line with the growth of the company, HR is now transforming to be a more strategic unit focused on aligning HR practices with the business strategy. The main focus of HR is to drive measures and implement strategies aimed at attracting, developing and retaining key skills, creating a competent workforce for business sustainability.



The Committees terms of reference were reviewed and amended by the board during the year to ensure compliance with regulatory changes and best practice and to incorporate the relevant provisions of King III as approved by the board.

The committee evaluates its performance and effectiveness as part of the formal annual board evaluation process. Self-evaluation questionnaires are used for this purpose. Based on the results, the committee and board believe that the Social, Ethics and Remuneration Committee functions effectively and complies with its terms of reference.

Appointments

Appointments to the Social, Ethics and Remuneration Committee are based on the independence, business acumen and industry experience of the non-executive director to aid the effective supervision of the company's financial reporting process.

Meetings

The Social, Ethics and Remuneration Committee has four scheduled meetings annually. Meetings are attended by the Chief Executive Officer, Financial Director and Senior Human Resources Manager. The chairman of the board attends the meetings by invitation.

During the year, the Social, Ethics and Remuneration Committee focused on the issues discussed below.

Employment Equity

Datacentrix has set internal workforce targets per division to ensure that future growth is in line with our business strategy. We are committed to addressing areas of under-representation across occupational levels by:

- Identifying and fast tracking the development of identified employees;
- Holding culture change workshops to educate staff and management on diversity management;
- Providing continuous support to line management with regards to disability management in the workplace;
- Continuing to meet the company's targets for improving its BEE scorecard; and
- Fine-tuning its focus on the gender issue, particularly for black women.

Datacentrix, by the nature of our business, attracts employees through acquisition as well as employment. While the race and gender of the latter remain in the control of the company, employment equity targets and demographic planning become more complicated to manage when part of an acquisition.

Employee Retention Plan

Datacentrix aims to offer stimulating careers and career progression to its employees in line with the strategic mandate of the company, to retain key staff members and comply with relevant legislation. Datacentrix recognises that achieving its goals depends on the quality and commitment of its employees. The company's retention philosophy stems from a basis of continuing skills development and long-term incentives through the performance-based deferred bonus scheme and participation in the Datacentrix Holdings Limited Share Incentive Trust.

Skills Development

Skills development is an integral part of human capital management that ensures the deployment of the best skills to clients and projects. Management has recommitted itself to achieving set targets in this regard and ensuring that Datacentrix:

- Continues to invest in internal training to develop existing staff and any new recruits;
- Introduces a graduate programme to attract and train individuals in the information technology environment; and
- Continues, in conjunction with its business partners, implementing learnership programmes targeted at developing technical skills.

Datacentrix is committed to building the capabilities of its employees and addressing current and future skills challenges. Our focus on learnership development will contribute to alleviating skills shortage and reducing unemployment in South Africa. The company supports the principle of lifelong learning and acknowledges the

importance of a competent and motivated workforce for its continued growth. This is vital for the survival and success of the company in a competitive global economy. To achieve this, we use relevant training to develop employees.

- Management Development Programme ("MDP"): A group of employees enrolled in the MDP programme. These individuals role model the company's values and display the behaviours that will drive the organisation's transformation. Performance, drive, and ambition to succeed are the attributes that demonstrate the capacity and potential to reach senior positions in the organisation.
- Learnership Programme: The learnership programme is a vocational education and training programme that combines theory and practice, culminating in a qualification that is registered on the National Qualifications Framework ("NQF"). A person who successfully completes a learnership will have a qualification that signals occupational competence and is recognised throughout the country. This gives Datacentrix a first-hand opportunity to hand pick the best talent in the country before our competitors. 86 unemployed learners participated in the learnership programme during the year.
- Graduate Programme: This programme is aimed at giving an opportunity to graduates who have just completed their qualifications or candidates who are about to complete their studies. Key focus of this programme is for divisions that have high shortage and scarcity of skills like ECM and ERP.

Meetings of the Social, Ethics and Remuneration Committee:

Name	25 Jul '11	29 Nov '11	31 Jan '12	16 Mar '12
Dudu Nyamane* (Chairman)	✓	✓	✓	✓
Joan Joffe*	✓	✓	✓	✓
Thenjiwe Chikane*	x	✓	✓	✓
Ahmed Mahomed (invitee)	✓	✓	✓	✓
Elizabeth Naidoo (invitee)	✓	✓	✓	✓
Rejoice Mamphitha (invitee)	✓	✓	✓	✓

*independent, non-executive director

Corporate Governance Report (continued)

Social, Ethics and Remuneration Committee (continued)

Group Remuneration Philosophy and Policy

Our philosophy, which remains unchanged from prior years, is to employ individuals of the highest calibre, who are characterised by integrity, great competence and leadership abilities and who adhere and subscribe to our culture, values and philosophies. We strive to inspire success by providing a working environment that stimulates extraordinary performance. As such, Datacentrix is committed to a reward philosophy, which focuses on recognising consistent and sustainable individual and corporate performance. This approach aims to ensure that there is a balance between the operational and strategic requirements of the company by providing appropriate remuneration packages.

In line with the group's remuneration philosophy, remuneration is reviewed annually by the Social, Ethics and Remuneration Committee. The group's primary executive remuneration objective is to reward executive directors and other members of the executive management team to ensure that their interests areas far as possible, commensurate with the interests of shareholders. In addition, the remuneration packages are benchmarked taking into account local, regional and national responsibilities. Details of the remuneration of the directors and information on share options are set out later in the Directors' Report.

Group employees receive a total guaranteed package, which is based on the role of the employee, market value, individual personal performance and level of competence. Employer contributions towards retirement, life and medical benefits are included in the total guaranteed package. Members have the option to structure their pensionable income and monthly contributions to the Datacentrix Provident Fund, however membership is compulsory. In the case of employees whose remuneration was below the median level, adjustments have been made to bring them in line with the median, commensurate with their experience.

Short-term incentives (annual bonuses) are paid in cash and are based on achievement against 12-month targets. The conditions for earning a bonus consist of two elements, namely personal objectives (incorporating non-financial measures) and, financial performance targets. A group bonus scheme is also in place for employees who are not entitled to any other form of incentive. The group bonus scheme is solely based on group financial performance against targets.

It is essential for the group to retain skills over the longer term and to motivate and incentivise executive directors and other employees to drive sustainable value creation over multiple reporting periods. This is achieved through long-term incentive plans and annual awards using the Deferred Bonus Scheme. Financial performance targets for selected employees are set annually. On achievement of 85 percent of these targets, a pro-rata bonus value is accrued. The value is deferred over a three year period, with one third being available for a cash payout on an annual basis. The employee has to remain in the employment of the company to retain the right to be paid the bonus.

Further long-term incentives are offered through participation in the Datacentrix Holdings Limited Share Incentive Trust, and are intended to reward improved sustainable group business performance, aligned with shareholder interests over a longer term. Allocations of options from the Trust are designed to retain key senior employees over a longer period and to recognise their contribution to the group's performance.

Fees for non-executive directors are recommended to the board by the Social, Ethics and Remuneration Committee and are reviewed annually taking into account external benchmarks. The Committee takes cognisance of market norms and practices, as well as the additional responsibilities placed on board members by new acts, regulations and corporate governance guidelines. Fifty percent of the non-executive director's fee is structured as an annual fixed fee and the other 50 percent is paid as an attendance fee for board and committee meetings.

Nominations Committee

The Nominations Committee provides independent and objective recommendations to the board to ensure that the board has the appropriate composition to effectively discharge its duties. Committee meetings are held on an ad hoc basis when necessary.

Appointments to the board are made in a formal and transparent manner and are considered by the board as a whole.

Annual Financial Statements

Solid structures and risk awareness

Independent Auditor's Report	40
Audit Committee's Report	41
Certificate of the Company Secretary	42
Directors' Statement of Responsibility	42
Directors' Report	43
Statements of Comprehensive Income	47
Statements of Financial Position	48
Statements of Changes in Equity	49
Statements of Cash Flow	50
Notes to the Annual Financial Statements	51
Memorandum of Incorporation: Salient Features	86
Notice of the Annual General Meeting	89

The company and group annual financial statements for the year ended 29 February 2012, have been prepared under the supervision of the Financial Director, Elizabeth Naidoo (CA)SA.

Independent Auditor's Report

TO THE SHAREHOLDERS OF DATACENTRIX HOLDINGS LIMITED

We have audited the consolidated and separate annual financial statements of Datacentrix Holdings Limited which comprise the consolidated and separate statements of financial position as at 29 February 2012, the statements of comprehensive income, changes in equity and of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, the directors' and audit committee reports, as set out on pages 41 to 85.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

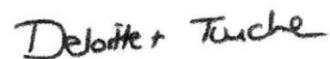
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 consolidated financial statements present fairly, in all material respects, the consolidated and separate financial position of Datacentrix Holdings Limited Ltd as at 29 February 2012, and its consolidated and separate financial performances and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



Deloitte & Touche
Registered Auditors
Per Z Jasper
Partner
16 April 2012

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens X6, Pretoria, 0081, South Africa,
PO Box 11007, Hatfield, 0028

National Executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Risk Advisory & Legal Services, NB Kader Tax, L Geeringh Consulting, L Bam Corporate Finance, JK Mazzocco Talent & Transformation, CR Beukman Finance, TJ Brown Chairman of the Board, MJ Comber Deputy Chairman of the Board

Member of Deloitte Touche Tohmatsu

Audit Committee's Report

In compliance with the requirements of section 94 of the Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act"), an Audit Committee is appointed annually by shareholders at the AGM. During the year under review, this committee comprised of Alwyn Martin (Chairman), Thenjiwe Chikane and Joan Joffe. Troy Dyer resigned from the committee effective 4 November 2011.

During the financial year ended 29 February 2012, in addition to the duties set out in the Audit Committee's terms of reference, the Audit Committee carried out its functions as follows:

- Nominated the appointment of Deloitte & Touche as the registered independent auditor after satisfying itself through enquiry that Deloitte & Touche is independent as defined in terms of the Companies Act;
- Determined the fees to be paid to Deloitte & Touche and their terms of engagement;
- Ensured that the appointment of Deloitte & Touche complied with the Companies Act and any other legislation relating to the appointment of auditors;
- Approved a non-audit services policy that determines the nature and extent of any non-audit services, which Deloitte & Touche may provide to the company; and
- Pre-approved any proposed contract with Deloitte & Touche for the provision of non-audit services to the company.

The Audit Committee has satisfied itself through enquiry that Deloitte & Touche and Zuleka Jasper, the designated auditor, are independent of the company. The Audit Committee recommended the annual financial statements for the year ended 29 February 2012 for approval to the board. The board has subsequently approved the annual financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

The committee has considered and satisfied itself of the appropriateness of the expertise and experience of the Financial Director, Elizabeth Naidoo, and the finance function. An abridged curriculum vitae of the Financial Director, Elizabeth Naidoo, appears on page 24 of the Integrated Annual Report.



Alwyn Martin
Chairman, Audit Committee

Midrand
16 April 2012

Certificate of Company Secretary

I certify, in my capacity as company secretary and in accordance with section 86 of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, that for the year ended 29 February 2012 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.



Annamarie van der Merwe
Ithemba Governance and Statutory Solutions (Proprietary) Limited
Company Secretary
Midrand, 16 April 2012

Directors' Statement of Responsibility

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 auditor is to independently audit and report on the fair presentation of the financial statements in all material respects and their report is presented on page 40.

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 29 February 2012.

The directors of the group, whose names are given on pages 24 and 25 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 Listings Requirements of JSE Limited.

The annual financial statements appearing on pages 41 to 85 were approved by the board of directors on 16 April 2012, and are signed on its behalf by:



Gary Morolo, Non-executive Chairman



Ahmed Mahomed, Chief Executive Officer

Directors' Report

The directors have pleasure in presenting their report on the activities of the group and company for the year ended 29 February 2012.

General Review

The year under review is fully covered in this Integrated Report in the Chairman's Report and the Chief Executive Officer's Report, respectively.

Share Capital

There were no movements in the share capital of the company. Details of the authorised and issued share capital appear in note 22 to the annual financial statements.

Dividends

Details of the dividends and distributions declared and paid are shown in note 9.

Datacentrix Holdings Share Trust

The two trustees, Dudu Nyamane and Gary Morolo, both non-executive directors, manage the Datacentrix Holdings Share Trust. The trustees are responsible for the financial management of the Trust and ensure adherence to the rules of the Share Trust Deed. Details of the Share Trust are included in note 29.

Subsidiaries

Details of principal subsidiary companies appear within note 15.

Holding Companies and Major Shareholders

Shareholders holding beneficially, directly or indirectly in excess of five percent of the issued share capital of the company are detailed in note 33.

Events Subsequent to Financial Year End

The directors are not aware of any other matters or circumstances arising since the end of the financial year until the date of this report, not otherwise dealt with in the annual financial statements, which would significantly affect the financial position of the group or the results of its operations. Business Connexion was granted an Anton Piller order by the high court against Datacentrix. The matter is still under investigation. There were no other material subsequent events that required disclosure.

Capital Expenditure

The company spent R20.6 million (2011: R23.7 million) on assets. R6.7 million (2011: R9 million) was spent on spares stock, also classified as equipment.

Auditors

Deloitte & Touche were the auditors for the year ended 29 February 2012 and will be proposed for re-appointment as auditors for the forthcoming year at the AGM.

Dealing in Securities

Trading in the company's shares and options is conducted on completion of an application form. Authorisation is given in writing by the chairman of the board or the CEO as appropriate. The written authority is kept by the company secretary with the record of the particular transaction.

The group operates a closed period prior to the publication of its year end and interim results. During this time, the group's directors, officers and employees, and their families and close associates, are restricted from dealing, whether directly or indirectly, in the company's shares on the basis of privileged, price-sensitive information before it has been publicly announced to the market. Additional closed periods can be enforced as required in terms of any corporate activity.

Directors' Report (continued)

Directorate

Biographical notes of the current directors are shown within this Integrated Report. Further details of directors' and prescribed officers' remuneration and options are reported below. Troy Dyer, independent, non-executive director resigned from the board effective 4 November 2011. According to the company's Memorandum of Incorporation, three directors should retire by rotation at the forthcoming AGM.

Company Secretary

The company secretary is Ithemba Governance and Statutory Solutions (Proprietary) Limited. The company secretary provides a central source of advice to the board on the requirements of the JSE Listings Requirements, King III and corporate governance in general. In addition to the company secretary's statutory and other duties, the secretary also provides the board as a whole, directors individually, and the committees, with guidance as to the manner in which their responsibilities should be discharged in the best interests of the company. The appointment and removal of the company secretary is a matter for the board as a whole.

Directors' Responsibilities

The annual financial statements are the responsibility of the directors of the company. The directors fulfil this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisation and that the financial records are reliable.

Audit Committee and Risk Committee

Details of the Audit Committee and Risk Committee are reported on in the Corporate Governance Report.

Going Concern

Following due consideration of the operating budgets, an assessment of group debt covenants and funding requirements, solvency and liquidity, the major risks, outstanding legal, insurance and taxation issues, and other pertinent matters presented by management, the directors have recorded that they have reasonable expectation that the company and the group have adequate resources and the ability to continue in operation for the foreseeable future. For these reasons, the financial statements have been prepared on a going concern basis.

Financial Results

The financial results for the year ended 29 February 2012 are set out in detail within these annual financial statements.

Interests of Directors

Details of directors' interest in contracts or share or reference to, are dealt within the Corporate Governance Report.

Directors' and Prescribed Officers' Remuneration

Executive Directors

Remuneration and benefits for executive directors were as follows:

2012	Salaries	Bonuses	Benefits	Retirement	Total
	R'000	R'000	R'000	contributions R'000	
Ahmed Mahomed	2 664	2 733	31	339	5 767
Elizabeth Naidoo	1 689	1 587	18	290	3 584
Total	4 353	4 320	49	629	9 351
2011					
Ahmed Mahomed	2 430	4 524	51	312	7 317
Elizabeth Naidoo	1 427	1 299	30	252	3 008
Total	3 857	5 823	81	564	10 325

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

Group Executive Committee

The total remuneration of members of the executive committee is set out below:

2012	Salaries	Bonuses	Benefits	Retirement	Total	2011 Total
	R'000	R'000	R'000	contributions R'000		
Officer 1	1 589	1 278	55	-	2 922	2 433
Officer 2	1 395	1 729	31	178	3 333	2 691
Officer 3	971	868	138	136	2 113	1 693
Officer 4	1 115	949	171	158	2 393	1 961
Officer 5	945	428	65	130	1 568	1 526
Officer 6	1 015	601	121	106	1 843	1 603
Officer 7	639	90	16	82	827	245
Total	7 669	5 943	597	790	14 999	12 152

Non-executive Directors - Fees for Services as Directors

	Total	
	2012 R'000	2011 R'000
Gary Morolo [#]	877	798
Alwyn Martin	751	494
Dudu Nyamane	594	439
Joan Joffe [*]	881	726
Thenjiwe Chikane	861	582
Troy Dyer ^{**}	565	-
Total	4 529	3 039

[#] Gary Morolo has an interest in major shareholder Aka Capital (Proprietary) Limited and accordingly, the fees were paid to this company.

^{*}The fee for Joan Joffe includes her role as LID

^{**}Resigned during the year

A total amount of R1.5 million was paid out to the non-executive directors for the BEE committee meetings.

Directors' Shareholding

Executive Directors

	2012		2011	
	Beneficial Direct	Indirect	Beneficial Direct	Indirect
Ahmed Mahomed	119 800	-	86 000	-
Total	119 800	-	86 000	-

Directors' Report (continued)

Directors' Shareholding (continued)

Non-executive Directors

	2012			2011		
	Non-beneficial Indirect	Beneficial Direct	Beneficial Indirect	Non-beneficial Indirect	Beneficial Direct	Beneficial Indirect
Joan Joffe	-	454 545	-	-	502 685	-
Gary Morolo	61 152 467	-	20 000 000	61 152 467	-	20 000 000
Total	61 152 467	454 545	20 000 000	61 152 467	502 685	20 000 000

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

Executive Directors' Share Options

Share option allocations are considered and recommended by the board and approved by the Social, Ethics and Remuneration Committee. Conditions and exercise periods are set out in the Datacentrix Holdings Share Trust Deed. The Social, Ethics and Remuneration Committee has committed to allocate 4,471,000 options to the various executive directors and management in June 2012.

	Number of options 28/02/2011	New options allocated during the year	Expired, sold or lapsed during the year	Number of options 29/02/2012	Option Price R	Granting date	Value
							of all options in total R
Ahmed Mahomed	750 000	-	-	750 000	1.00	01/01/2002	750 000
	1 750 000	-	-	1 750 000	3.43	02/10/2006	6 002 500
	500 000	-	-	500 000	3.11	30/01/2009	1 555 000
	3 000 000	-	-	3 000 000	4.11	25/11/2009	12 330 000
	1 333 334	-	-	1 333 334	3.97	23/06/2010	5 293 336
Elizabeth Naidoo	-	1 333 334	-	1 333 334	4.22	05/10/2011	5 626 670
	150 000	-	-	150 000	1.00	08/01/2002	150 000
	1 000 000	-	-	1 000 000	3.43	02/10/2006	3 430 000
	300 000	-	-	300 000	3.11	30/01/2009	933 000
	666 667	-	-	666 667	3.97	23/06/2010	2 646 668
	-	666 667	-	666 667	4.22	05/10/2011	2 813 335
	9 450 001	2 000 001	-	11 450 002			41 530 509

Sponsor

Merchantec Capital was appointed the company's sponsor in October 2011. Merchantec Capital is a leading independent JSE registered sponsor and corporate finance company in South Africa. Their sponsor division comprises dedicated people who, through their thorough understanding of the various regulatory frameworks and extensive corporate finance experience, ensure the highest quality of service. The team represents 24 listed clients, a number of which have been clients for almost ten years.

Insurance

The group has placed cover in the South African traditional insurance markets to ensure that all categories of risk are covered adequately. Additional cover on a per risk basis has been purchased where appropriate.

Statements of Comprehensive Income

For the year ended 29 February 2012

	Notes	Group		Company	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
Revenue	3	1 757 762	1 575 739	-	-
Changes in inventories of finished goods and work in progress		(23 887)	2 005	-	-
Finished goods		(1 090 079)	(1 006 215)	-	-
Employee benefits expense		(431 567)	(362 090)	-	-
Depreciation and amortisation expenses		(21 705)	(25 653)	-	-
Operating expenses		(67 003)	(59 348)	(1 257)	(712)
Loss from joint venture		(74)	-	-	-
Investment income	4	14 109	12 839	77 781	97 809
Finance costs/interest paid	5	(2 145)	(45)	-	-
Profit before taxation	6	135 411	137 232	76 524	97 097
Income taxation expense	7	(44 567)	(47 034)	(4 636)	(6 261)
Total comprehensive income for the year attributable to shareholders		90 844	90 198	71 888	90 836
Basic earnings per ordinary share (cents)	8	46.4	46.1		
Diluted basic earnings per ordinary share (cents)	8	45.6	45.3		
Dividend declared and proposed per share (cents)	9	30.0	23.2		

Statements of Financial Position

as at 29 February 2012

	Notes	Group		Company	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
ASSETS					
Non-current assets					
Property and equipment	10	38 845	37 536	-	-
Goodwill	11	15 596	15 596	-	-
Intangible assets - software	12	7 098	2 354	-	-
Investment in joint venture	13	1 022	-	-	-
Long-term receivables	14	284	-	-	-
Investment in subsidiaries	15	-	-	118 366	87 389
Finance lease receivable - long-term	16	17 503	-	-	-
Deferred taxation assets	17	23 774	21 511	-	-
Current assets					
Loan to share trust	18	-	-	6 627	6 627
Current taxation assets		4 025	154	-	-
Finance lease receivable - short-term	16	11 202	-	-	-
Inventories	19	34 764	10 877	-	-
Trade and other receivables	20	289 843	253 243	161	142
Cash and cash equivalents	21	313 377	321 170	339	308
TOTAL ASSETS		757 333	662 441	125 493	94 466
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22	21	21	21	21
Share premium	22	37 522	37 544	39 280	39 280
Treasury shares	22	(39 720)	(38 799)	-	-
Equity-settled share scheme reserve	22	30 101	24 761	30 101	24 761
Retained earnings		443 129	396 500	55 632	30 093
Non-current liabilities					
Deferred revenue - long-term	23	25 241	18 292	-	-
Finance lease payables - long-term	24	15 122	-	-	-
Current liabilities					
Deferred revenue - short-term	23	48 005	42 962	-	-
Finance lease payables - short-term	24	8 958	-	-	-
Trade and other payables	25	184 530	177 773	459	311
Provisions	26	1 640	1 500	-	-
Lease smoothing liability		2 784	1 887	-	-
TOTAL EQUITY AND LIABILITIES		757 333	662 441	125 493	94 466

Statements of Changes in Equity

for the year ended 29 February 2012

	Share capital R'000	Share premium R'000	Treasury shares R'000	Equity-settled	Retained earnings R'000	Total R'000
				share scheme reserve R'000		
GROUP						
Balance at 28 February 2010	21	37 442	(38 200)	17 872	366 017	383 152
Total comprehensive income for the year	-	-	-	-	90 198	90 198
Treasury shares - movement during the year	-	-	(599)	-	-	(599)
Share-based payments	-	-	-	6 889	-	6 889
Dividend paid	-	-	-	-	(59 715)	(59 715)
Profit on sale of treasury shares	-	102	-	-	-	102
Balance at 28 February 2011	21	37 544	(38 799)	24 761	396 500	420 027
Total comprehensive income for the year	-	-	-	-	90 844	90 844
Treasury shares - movement during the year	-	-	(921)	-	-	(921)
Share-based payments	-	-	-	5 340	-	5 340
Dividend paid	-	-	-	-	(44 215)	(44 215)
Loss on sale of treasury shares	-	(22)	-	-	-	(22)
Balance at 29 February 2012	21	37 522	(39 720)	30 101	443 129	471 053
COMPANY						
Balance at 28 February 2010	21	39 280	-	17 872	1 862	59 035
Total comprehensive income for the year	-	-	-	-	90 836	90 836
Share-based payments	-	-	-	6 889	-	6 889
Dividend paid	-	-	-	-	(62 605)	(62 605)
Balance at 28 February 2011	21	39 280	-	24 761	30 093	94 155
Total comprehensive income for the year	-	-	-	-	71 888	71 888
Share-based payments	-	-	-	5 340	-	5 340
Dividend paid	-	-	-	-	(46 349)	(46 349)
Balance at 29 February 2012	21	39 280	-	30 101	55 632	125 034

Statements of Cash Flow

For the year ended 29 February 2012

	Notes	Group		Company	
		2012 R'000	2011 R'000	2012 R'000	2011 R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from clients		1 689 522	1 542 933	(19)	5
Cash paid to suppliers and employees		(1 610 413)	(1 379 816)	(1 109)	(564)
Cash generated from/(utilised in) operations	37	79 109	163 117	(1 128)	(559)
Interest received		16 760	12 839	8	9
Interest paid		(2 145)	(45)	-	-
Dividend received from subsidiaries		-	-	77 773	97 800
Dividend paid		(44 215)	(59 715)	(46 349)	(62 605)
Taxation paid	38	(50 701)	(55 307)	(4 636)	(6 261)
Net cash (outflow)/inflow from operating activities		(1 192)	60 889	25 668	28 384
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property and equipment		(20 639)	(23 695)	-	-
Additions to intangible assets		(8 125)	(1 929)	-	-
Proceeds from sale of property and equipment		100	632	-	-
Decrease in amounts receivable under finance leases		-	1 036	-	-
Increase in investment and advance payments		-	-	(25 637)	(28 175)
Increase in investment in joint venture		(1 096)	-	-	-
Net cash outflow from investing activities		(29 760)	(23 956)	(25 637)	(28 175)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase in treasury shares		(921)	(599)	-	-
Increase in amounts due under finance leases		24 080	-	-	-
Net cash inflow/(outflow) from financing activities		23 159	(599)	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7 793)	36 334	31	209
Cash and cash equivalents at the beginning of the year		321 170	284 836	308	99
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		313 377	321 170	339	308

Notes to the Annual Financial Statements

For the year ended 29 February 2012

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

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee of the IASB that are relevant to its operations.

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

Standard/ Interpretation	Description	Effective for annual periods beginning on or after
New standards:		
IFRS 9	Financial Instruments: Classification and measurement of financial assets Classification and measurement of financial liabilities Derecognition	1 January 2015 1 January 2015 1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
Amendments to existing standards:		
IFRS 1	First-time adoption of International Financial Reporting Standards: Replacement of 'fixed date' for certain exceptions with 'the date of transition to IFRSs' Additional exemption for entities ceasing to suffer from severe hyperinflation.	1 July 2011 1 July 2011
IFRS 7	Enhancing disclosures about transfers of financial assets Enhancing disclosures about offsetting of financial assets and financial liabilities Disclosures about the initial application of IFRS 9	1 July 2011 1 January 2013 and interim periods within those periods 1 January 2015 (or otherwise when IFRS9 is first applied)
IAS 1	Presentation of other comprehensive income	1 July 2012
IAS 19	Employee Benefits	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013

Notes to the Annual Financial Statements

For the year ended 29 February 2012 (continued)

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

Standard/ Interpretation	Description	Effective for annual periods beginning on or after
Amendments to existing standards (continued)		
IAS 32	Application guidance amendments relating to the offsetting of financial assets and financial liabilities	1 January 2014
New interpretations:		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 July 2013

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

Management assessed all the Standards and Interpretations and do not believe that any of these will have a material impact on the results of the company in future periods.

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 cost 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, 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.

Interests 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 (i.e. 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).

When a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably. Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

Jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the group's share of the profit and loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the group, from the date that joint control commences until the date that joint control ceases.

When the group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of future losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the investee.

Operating Segments

IFRS 8 applies to the separate or individual financial statements of an entity (and to the consolidated financial statements of a group with a parent):

- whose debt or equity instruments are traded in a public market or
- that files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market

Notes to the Annual Financial Statements

for the year ended 29 February 2012 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating segments (continued)

However, when both separate and consolidated financial statements for the parent are presented in a single financial report, segment information need be presented only on the basis of the consolidated financial statements. IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria:

- its reported revenue, from both external clients and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; or
- the absolute measure of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; or
- its assets are 10 per cent or more of the combined assets of all operating segments.

If the total external revenue reported by operating segments constitutes less than 75 per cent of the entity's revenue, additional operating segments must be identified as reportable segments (even if they do not meet the quantitative thresholds set out above) until at least 75 per cent of the entity's revenue is included in reportable segments.

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.

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 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.

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 statement of financial position.

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.

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 profit and loss for the year. 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 (or 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 immediately in profit and loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

Notes to the Annual Financial Statements

For the year ended 29 February 2012 (continued)

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 statement of financial position 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 taxation. 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 year end.

Deferred taxation is accounted for using the 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 taxation liabilities are recognised for all taxable temporary differences and deferred taxation 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 taxation liabilities are recognised for taxable temporary differences arising from investment in subsidiaries and associates, 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 taxation is calculated at the taxation rates that are expected to apply when the asset is realised or the liability is settled. Deferred taxation is charged or credited in profit and loss for the year, except when it relates to items credited or charged directly to other comprehensive income or equity, in which case the deferred taxation is also dealt with accordingly.

Secondary taxation on companies (STC) is recognised in the year when dividends are declared, net of dividends received on which STC credits arise.

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 in the statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially

measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at 'fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial Assets at FVTPL

Financial assets are classified as FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 32.

AFS Financial Assets

Unlisted shares and listed redeemable notes held by the group that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 32. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period. Dividends on AFS equity instruments are recognised in profit or loss when the group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at year end. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the Annual Financial Statements

For the year ended 29 February 2012 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets (continued)

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 45 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of Financial Assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities and Equity Instruments issued by the Group

Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at 'FVTP' or 'other financial liabilities'.

Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 32.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of Financial Liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Derivative Financial Instruments

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 32.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each year end. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions, or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded Derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Notes to the Annual Financial Statements

For the year ended 29 February 2012 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value-added 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 licences 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 licence provider. For all other classes of revenue the group generates revenue as a principal.

Revenue derived from services rendered relates to service and maintenance contracts taken out over a 12 to 36 month period. The revenue, which is deferred, is recognised over the period of the contract.

Interest income, on investments and finance leases, 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 at year end. Profit and losses arising on exchange are dealt with in profit or loss.

Retirement Benefits

Payments to defined contribution retirement plans are charged as an expense as they fall due.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

Finance Costs

All finance costs are recognised in profit or loss in the period in which they are incurred as the group has no qualifying assets as defined in IAS 23: Borrowing Costs.

Related Party Transactions

The company does not have a single controlling shareholder. All subsidiaries of the group are related parties. A list of major subsidiaries is included in note 15.

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.

The expected life used in the binomial 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 3 sets out the different types of revenue recognised for the businesses of Infrastructure, Managed Services and Business Solutions. 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.

Where a single contract price is negotiated with a client for both goods and services, the split is determined with reference to the usual sales prices for these specific goods and services.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting 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 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. A 5-year model is applied and cash flows are discounted at 9% (2011: 9%).

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 10 and 12 for details.

Inventory Carried at Net Realisable Value

The net realisable value of inventory represents the estimated selling price in the current market at year end. 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 year end. No such provision was required in the current or prior year.

Leave Pay Accrual

The leave pay accrual relates to possible vesting leave pay to which employees may become entitled upon leaving the employment of the group. The accrual 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 accrual is utilised when employees become entitled to and are paid for the accumulated leave pay or utilise compensated leave due to them.

Notes to the Annual Financial Statements

for the year ended 29 February 2012 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key Sources of Estimation Uncertainty (continued)

Provision for Bad Debts

The provision for bad debts relates to possible recoverability and ageing issues regarding specific debtors. These are analysed on a one-on-one basis. No provision was raised in the current and prior financial year.

Fair Value of Financial Instruments

As described in note 32, the directors used their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. For derivative financial instruments assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

3. REVENUE

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

	Group	
	2012 R'000	2011 R'000
Sale of goods	1 075 464	991 292
Services rendered	606 487	526 502
Rental income - hardware	-	3 656
Interest on finance lease receivables	2 651	-
Commission income - sale of licences	73 160	54 289
	1 757 762	1 575 739

4. INCOME FROM INVESTMENTS

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Interest on bank deposits	14 109	12 839	8	9
Dividends received from subsidiaries	-	-	77 773	97 800
	14 109	12 839	77 781	97 809

5. FINANCE COSTS

	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
Interest paid to financial institutions	21	45	-	-
Interest paid on finance lease payables	2 124	-	-	-
	2 145	45	-	-

6. PROFIT BEFORE TAXATION

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

	Group	
	2012 R'000	2011 R'000
Auditors' remuneration		
- external audit fees	2 600	2 350
- fees for other services (taxation and advisory services)	680	432
Net foreign exchange loss		
- realised	1 499	1 802
- unrealised	208	313
	1 707	2 115
Depreciation of property and equipment	18 324	24 398
Total employee benefits expense	431 567	362 090
Operating lease payments - properties	14 907	13 456
Retirement fund contributions (included in employee benefits expense)	22 708	20 214
Amortisation of software	3 381	1 255
Loss on disposal of property and equipment	906	425

7. INCOME TAXATION EXPENSE

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Taxation charge				
SA normal taxation - current year	42 195	47 793	1	-
Deferred taxation - current year	(2 263)	(7 027)	-	-
Deferred taxation - prior year	-	7	-	-
Secondary taxation on companies	4 635	6 261	4 635	6 261
	44 567	47 034	4 636	6 261

SA normal income taxation is calculated at 28% (2011: 28%) of the estimated assessable profit for the year. Secondary taxation on companies (STC) is calculated at 10% (2011: 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% (2011: 28%). In terms of the dividends tax, effective 1 April 2012, the local dividend tax rate is 15%.

	%	%	%	%
Reconciliation of rate of taxation				
Taxation at statutory rate	28.0	28.0	28.0	28.0
Expenses/(income) not allowed for taxation	1.5	1.7	(28.0)	(28.0)
Secondary taxation on companies	3.4	4.6	6.7	6.5
Effective taxation rate for the year	32.9	34.3	6.7	6.5

Notes to the Annual Financial Statements

for the year ended 29 February 2012 (continued)

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	
	2012 R'000	2011 R'000
Earnings for the purpose of earnings per share	90 844	90 198
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	3 218 202	3 392 086
Weighted average number of ordinary shares for the purposes of diluted earnings per share	199 016 193	199 190 077
Earnings per share (cents)		
Basic	46.4	46.1
Diluted	45.6	45.3
Headline earnings for the purposes of headline earnings per share		
Total comprehensive income attributable to ordinary shareholders	90 844	90 198
Loss on disposal of assets	906	425
Headline earnings for the purposes of basic and diluted headline earnings per share	91 750	90 623
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	3 218 202	3 392 086
Weighted average number of ordinary shares for the purposes of diluted headline earnings per share	199 016 193	199 190 077
Headline earnings per share (cents)		
Basic	46.9	46.3
Diluted	46.1	45.5
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		
Closing number of shares (net of shares held by the Datacentrix Holdings Share Trust)	195 797 991	195 797 991
Net asset value		
Ordinary shareholders' equity	471 053	420 027
Net asset value (adjusted for treasury shares) per share (cents)	240.6	214.5
Tangible net asset value		
Tangible 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		
Closing number of shares (net of shares held by the Datacentrix Holdings Share Trust)	195 797 991	195 797 991

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

	Group	
	2012 R'000	2011 R'000
Net asset value		
Ordinary shareholders' equity	471 053	420 027
Adjustment: less intangible assets	(22 694)	(17 950)
Tangible net asset value	448 359	402 077
Tangible net asset value (adjusted for treasury shares) per share (cents)	229.0	205.4

9. DIVIDEND AND PROPOSED DIVIDEND

In respect of the current year, the directors declared a gross final dividend of 19.53 cents, which is a departure from the normal two times headline earnings per share cover. The final dividend has not been included as a liability in these financial statements as it was declared subsequent to year end. The proposed dividend for February 2012 is payable to all shareholders on the Register of members on 18 May 2012. In terms of the dividends tax, effective 1 April 2012, the following additional information is disclosed:

- the local dividend tax rate is 15%;
- the dividends will be payable from income reserves;
- no STC credits have been utilised. Accordingly, the dividend to utilise in determining the dividends tax is 19.53 cents per share;
- the dividend tax to be withheld by the Company amounts to 2.93 cents per share;
- therefore the net dividend payable to shareholders who are not exempt from dividends tax amounts to 16.6 cents per share, while the gross dividend payable to shareholders who are exempt from dividends tax amounts to 19.53 cents per share;
- the issued share capital of the Company at the declaration date comprises of 205 265 683 ordinary shares; and
- the Company's income tax reference number is 9739/002/71/6.

Therefore a total net annual dividend of 30.0 cents per share, which includes the net interim dividend of 13.4 cents per share paid on 31 October 2011, has been declared for the year.

10. PROPERTY AND EQUIPMENT - GROUP ONLY

2012	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	2 296	275	(114)	2 457
Furniture and fittings	7 953	525	(180)	8 298
Computer equipment	23 841	11 632	(2 554)	32 919
Office equipment	7 930	997	(74)	8 853
Spare parts	35 413	6 742	(11 773)	30 382
Leasehold improvements	5 207	468	(1 216)	4 459
Total	98 103	20 639	(15 911)	102 831

Notes to the Annual Financial Statements

for the year ended 29 February 2012 (continued)

10. PROPERTY AND EQUIPMENT - GROUP ONLY (continued)

2012	Opening balance R'000	Depreciation R'000	Disposals R'000	Closing balance R'000
ACCUMULATED DEPRECIATION				
Land	-	-	-	-
Buildings	252	3	-	255
Motor vehicles	1 246	501	(113)	1 634
Furniture and fittings	5 379	810	(176)	6 013
Computer equipment	17 806	4 873	(2 431)	20 248
Office equipment	4 192	1 225	(73)	5 344
Spare parts	30 279	10 113	(10 925)	29 467
Leasehold improvements	1 413	799	(1 187)	1 025
Total	60 567	18 324	(14 905)	63 986

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

10. PROPERTY AND EQUIPMENT - GROUP ONLY (continued)

	Group	
	2012 R'000	2011 R'000
NET BOOK VALUE AND DEPRECIATION RATES APPLIED		
Land	1 915	1 915
Buildings (5%)	13 293	13 296
Motor vehicles (25%)	823	1 050
Furniture and fittings (16.7%)	2 285	2 574
Computer equipment (33.3%)	12 671	6 035
Office equipment (15% to 33.3%)	3 509	3 738
Spare parts (33.3%)	915	5 134
Leasehold improvements (period of lease)	3 434	3 794
Total	38 845	37 536

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 offices of the company.

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 amortisation and 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% (2011: 9%) and expected volume growth of zero percent. The risk profiles of the cash generating units are considered to be similar and hence a similar discount rate has been used. Management considers these rates to be highly conservative.

12. OTHER INTANGIBLE ASSETS - SOFTWARE

Carrying amount at the beginning of the year	2 354	1 680
Cost	11 886	9 957
Amortised to the beginning of the year	(9 532)	(8 277)
Additions during the year	8 125	1 929
Amortisation recognised during the year	(3 381)	(1 255)
Carrying amount at the end of the year	7 098	2 354
Cost at acquisition	20 011	11 886
Amortised to the end of the year	(12 913)	(9 532)

The amortisation rate applied was 33% (2011: 33%).

Notes to the Annual Financial Statements

for the year ended 29 February 2012 (continued)

13. INVESTMENT IN JOINT VENTURE

	Group	
	2012 R'000	2011 R'000
Equity accounted investment		
- Investment at cost	1 204	-
- Share of accumulated loss since acquisition	(74)	-
- Share of opening accumulated losses	-	-
- Share of losses for the year	(74)	-
Investment in joint venture	1 130	-
Loan from joint venture	(108)	-
Total interest in joint venture	1 022	-

The group has a 50% interest in Electronic-DNA (Proprietary) Limited. The company supplies licences for security software developed. The loan to the joint venture is unsecured, interest-free and has no fixed terms of repayment. The equity accounted investee is not a publicly listed entity and consequentially does not have a published price quotation.

The investment value carried in the financial statements at fair value represents the following proportionate share in the assets and liabilities:

Non-current assets	985	-
Current assets	191	-
Total assets	1 176	-
Long-term liabilities	(46)	-
Current liabilities	-	-
Total liabilities	(46)	-
Net asset value	1 130	-
Revenue	85	-
Cost of sales	-	-
Gross profit	85	-
Expenses	(113)	-
Other income	-	-
Operating loss	(28)	-
Income taxation expense	(46)	-
Loss for the year	(74)	-

14. LONG-TERM RECEIVABLES

Amounts receivable	597	-
- Short-term portion (within one year) (refer note 20)	313	-
- Long-term portion (after one year)	284	-

A transaction with a client for an amount of R646,336 was concluded with the arrangement that the amount will be paid over a term of 24 months.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2012 R'000	2011 R'000
Shares at cost	12 514	22 313
Amount owing by subsidiary companies	105 852	65 076
	118 366	87 389

Name of subsidiary <i>Principal activity</i>	Issued share capital		Effective percentage held		Shares at cost		Net receivable	
	2012	2011	2012 %	2011 %	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Datacentrix (Proprietary) Limited <i>IT infrastructure and managed services</i>	2	2	100	100	10 857	10 857	105 852	56 204
Datacentrix Solutions (Proprietary) Limited <i>Dormant</i>	200	200	100	100	#	9 799	-	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	-	-	-	-
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	-	-	-	-
					12 514	22 313	105 852	65 076

* Indirect holding, i.e. through a subsidiary

Amount less than R1,000

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

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

	Group	
	2012 R'000	2011 R'000
Datacentrix (Proprietary) Limited	116 495	99 697
Datacentrix Solutions (Proprietary) Limited	-	(2 798)
Datacentrix Holdings Share Trust	2 124	113
Datacentrix Properties (Proprietary) Limited	231	252
	118 850	97 264

Notes to the Annual Financial Statements

for the year ended 29 February 2012 (continued)

16. FINANCE LEASE RECEIVABLES

	Group	
	2012 R'000	2011 R'000
Total finance lease receivables at beginning of the year	-	-
New lease contracts during the year	35 593	-
Total capital payments received	(6 888)	-
Total finance lease receivables at end of the year	28 705	-

	2012			2011		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
The finance lease receivables are payable as follows:						
Short-term (within 1 year)	13 714	2 512	11 202	-	-	-
Long-term (within 2-5 years)	18 951	1 448	17 503	-	-	-
Total	32 665	3 960	28 705	-	-	-

	2012				2011	
	Currency	Nominal interest rate	Face value	Carrying value	Face value	Carrying value
Finance leases	ZAR	11% - 15%	32 665	28 705	-	-

During the year, the company entered into finance leases in respect of Managed Print Services deals with clients. These leases are covered in back-to-back transactions with vendors.

17. DEFERRED TAXATION ASSETS

	Group	
	2012 R'000	2011 R'000
Provisions, forward exchange contract and lease liabilities	15 290	12 897
Property and equipment	6 116	7 226
Calculated taxation loss	267	332
Prepayments	(587)	(51)
Deferred revenue on long-term contracts and finance lease receivables	2 688	1 107
	23 774	21 511
Movement in deferred taxation:		
Carrying amount at the beginning of the year	21 511	14 490
Movement in:		
Provisions, forward exchange contract and lease liabilities	2 393	3 734
Property and equipment	(1 110)	1 857
Calculated taxation loss	(65)	(35)
Prepayments	(536)	13
Deferred revenue on long-term contracts and finance lease receivables	1 581	1 452
Carrying amount at the end of the year	23 774	21 511

17. DEFERRED TAXATION ASSETS (continued)

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.

18. LOAN TO SHARE TRUST

	Company	
	2012 R'000	2011 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 29 for details in respect of the share trust. The fair value equates the carrying value of the loan.

19. INVENTORIES

	Group	
	2012 R'000	2011 R'000
Finished goods	13 305	3 978
Work in progress	19 647	3 768
Consumables	1 812	3 131
	34 764	10 877

Consumables stock relates to cartridges, which are supplied by our Managed Print Services business unit to clients. It was not necessary to adjust any inventories to net realisable value.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Trade receivables	284 226	243 823	-	-
Short-term portion of long-term receivables (refer note 14)	313	-	-	-
Other receivables	5 304	9 420	161	142
	289 843	253 243	161	142

The average credit period on sales of goods is 45 days (2011: 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. Before accepting any new client, the group checks bank and trade references to assess the potential client's credit quality and defines credit limits by client. There are no other 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 R47 million (2011: R20 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 59 days (2011: 56 days).

Notes to the Annual Financial Statements

For the year ended 29 February 2012 (continued)

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Bank balances and cash	312 147	321 170	339	308
Bank guarantees	1 230	-	-	-
	313 377	321 170	339	308

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.

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

Share Capital				
Authorised				
400,000,000 (2011: 400,000,000) ordinary shares of R0,0001 each	40	40	40	40
Issued				
205,265,683 (2011: 205,265,683) ordinary shares of R0,0001 each	21	21	21	21
Share Premium				
Carrying amount at the beginning of the year	37 544	37 442	39 280	39 280
(Loss) profit on sale of treasury shares	(22)	102	-	-
Carrying amount at the end of the year	37 522	37 544	39 280	39 280
Treasury Shares	(39 720)	(38 799)	-	-
Equity-settled Share Scheme Reserve				
Carrying amount at the beginning of the year	24 761	17 872	24 761	17 872
Expensed during the year	5 340	6 889	5 340	6 889
Carrying amount at the end of the year	30 101	24 761	30 101	24 761

The number of treasury shares held by the Datacentrix Holdings Share Trust amounts to 9,467,692 (2011: 9,467,692) ordinary shares.

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

23. DEFERRED REVENUE

	Group	
	2012 R'000	2011 R'000
Carrying amount at the beginning of the year	61 254	44 441
Long-term portion	18 292	11 921
Short-term portion	42 962	32 520
Deferral of revenue during the year	116 080	92 604
Realisation of revenue during the year	(104 088)	(75 791)
Carrying amount at the end of the year	73 246	61 254
Long-term portion	25 241	18 292
Short-term portion	48 005	42 962

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.

24. FINANCE LEASE LIABILITIES

Total finance lease liabilities at beginning of year	-	-
New lease contracts during the year	29 246	-
Total capital repayments	(5 166)	-
Total finance lease liabilities at end of year	24 080	-

	2012			2011		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
The finance lease liabilities are payable as follows:						
Short-term (within 1 year)	11 058	2 100	8 958	-	-	-
Long-term (within 2-5 years)	16 361	1 239	15 122	-	-	-
Total	27 419	3 339	24 080	-	-	-

Terms of finance lease liabilities

	2012			2011	
	Currency	Nominal interest rate	Face value	Carrying value	Face value
Finance leases	ZAR	11% - 15%	27 419	24 080	-

During the year, the company entered into finance leases in respect of Managed Print Services deals with clients. These leases are covered in back to back transactions with vendors.

Notes to the Annual Financial Statements

for the year ended 29 February 2012 (continued)

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Trade payables	123 686	120 035	-	-
Other accruals and payables	60 844	57 738	459	311
	184 530	177 773	459	311

26. PROVISIONS (short-term in nature)

	Group	
	2012 R'000	2011 R'000
Provision for Audit Fee		
Carrying amount at the beginning of the year	1 500	1 849
Provision made	3 384	3 210
Provision utilised	(3 244)	(3 559)
Carrying amount at the end of the year	1 640	1 500

Provision for Audit Fee

The audit fee provision is based on the total budget approved by the Audit Committee not yet paid at year end, and includes the statutory audit fees and non-audit services.

27. 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 2012 up to the date of this notice, a material effect on the group's financial position. Business Connexion was however granted an Anton Piller order by the high court against Datacentrix in this period. The matter is still under investigation.

The following bank guarantees were in place for subsidiary companies:

- R126,566 (2011: R126,566) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being Acucap Investments (Proprietary) Limited;
- R697,010 (2011: R697,010) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being IFOUR Properties Three (Proprietary) Limited;
- R533,376 (2011: 533,376) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being Parch Properties 74 (Proprietary) Limited;
- Nil (2011: R108,000) for rental payments for Datacentrix (Proprietary) Limited with the beneficiary being Rosehip Properties 6 (Proprietary) Limited. The guarantee was settled at year end; and
- Nil (2011: R65 million) for the execution of related contracts for Datacentrix (Proprietary) Limited with the beneficiary being IBM South Africa (Proprietary) Limited. The guarantee was renegotiated and transitioned into a lock box account instead.

There are unlimited cross-suretyships between all the subsidiaries and the company for bank facilities. There were no contingent liabilities or capital commitments at year end.

28. OPERATING LEASE ARRANGEMENTS

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.

28. OPERATING LEASE ARRANGEMENTS (continued)

At the end of the reporting period, the group had outstanding commitments under non-cancellable operating leases receivable, which fall due as follows:

	Group	
	2012 R'000	2011 R'000
Within one year	14 558	14 230
In the second to fifth year	32 677	45 107
	47 235	59 337

29. 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 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. 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:

The inputs into the binomial model are as follows:

Exercise price	2012	2013	2014	2015	2016	2017	Total
100 cents	1 000 750	-	-	-	-	-	1 000 750
130 cents	31 250	-	-	-	-	-	31 250
240 cents	50 000	-	-	-	-	-	50 000
245 cents	7 500	-	-	-	-	-	7 500
250 cents	28 750	-	-	-	-	-	28 750
270 cents	270 186	103 075	51 537	-	-	-	424 798
285 cents	15 000	-	-	-	-	-	15 000
300 cents	326 875	6 250	3 125	-	-	-	336 250
305 cents	50 000	-	-	-	-	-	50 000
310 cents	44 375	3 750	1 875	-	-	-	50 000
311 cents	1 381 250	232 500	116 250	-	-	-	1 730 000
315 cents	12 500	5 000	2 500	-	-	-	20 000
325 cents	12 500	5 000	2 500	-	-	-	20 000
330 cents	75 000	10 000	5 000	-	-	-	90 000
331 cents	12 500	5 000	2 500	-	-	-	20 000
340 cents	12 500	6 250	6 250	-	-	-	25 000
343 cents	2 750 000	-	-	-	-	-	2 750 000
350 cents	50 000	-	-	-	-	-	50 000
360 cents	12 500	6 250	6 250	-	-	-	25 000
370 cents	33 125	15 000	11 875	-	-	-	60 000
376 cents	3 750	2 500	2 500	1 250	-	-	10 000
380 cents	5 000	-	-	-	-	-	5 000
383 cents	3 750	2 500	2 500	1 250	-	-	10 000
391 cents	18 125	13 750	13 750	9 375	-	-	55 000
393 cents	18 750	12 500	12 500	6 250	-	-	50 000
394 cents	7 500	11 250	10 000	10 000	1 250	-	40 000
397 cents	1 594 167	1 285 001	1 285 001	309 168	-	-	4 473 337
400 cents	80 625	31 250	29 375	16 250	2 500	-	160 000

Notes to the Annual Financial Statements

For the year ended 29 February 2012 (continued)

29. SHARE-BASED PAYMENTS (continued)

Equity-settled Share Option Plan (continued)

Exercise price	2012	2013	2014	2015	2016	2017	Total
401 cents	11 250	7 500	7 500	3 750	-	-	30 000
404 cents	3 750	7 500	7 500	7 500	3 750	-	30 000
410 cents	30 000	20 000	20 000	10 000	-	-	80 000
411 cents	-	5 625	3 750	3 750	1 875	-	15 000
412 cents	-	1 250	2 500	2 500	2 500	1 250	10 000
413 cents	-	3 750	2 500	2 500	1 250	-	10 000
418 cents	-	1 250	2 500	2 500	2 500	1 250	10 000
419 cents	-	1 875	1 250	1 250	625	-	5 000
420 cents	30 000	-	-	-	-	-	30 000
422 cents	-	975 958	1 285 583	1 285 583	619 250	309 625	4 475 999
423 cents	3 750	2 500	2 500	1 250	-	-	10 000
426 cents	22 500	15 000	15 000	7 500	-	-	60 000
428 cents	-	2 500	5 000	5 000	5 000	2 500	20 000
429 cents	-	3 750	2 500	2 500	1 250	-	10 000
430 cents	-	3 750	2 500	2 500	1 250	-	10 000
431 cents	2 000 000	1 000 000	-	-	-	-	3 000 000
434 cents	-	3 750	2 500	2 500	1 250	-	10 000
435 cents	-	5 000	5 000	5 000	3 750	1 250	20 000
437 cents	-	6 250	12 500	12 500	12 500	6 250	50 000
439 cents	5 625	3 750	3 750	1 875	-	-	15 000
448 cents	-	3 750	2 500	2 500	1 250	-	10 000
449 cents	3 750	7 500	7 500	7 500	3 750	-	30 000
450 cents	20 000	-	-	-	-	-	20 000
460 cents	9 375	8 750	11 250	8 125	5 000	2 500	45 000
466 cents	2 500	5 000	5 000	5 000	2 500	-	20 000
470 cents	11 250	7 500	7 500	3 750	-	-	30 000
473 cents	-	7 500	5 000	5 000	2 500	-	20 000
475 cents	-	1 250	2 500	2 500	2 500	1 250	10 000
480 cents	15 000	10 000	10 000	5 000	-	-	40 000
482 cents	1 250	2 500	2 500	2 500	1 250	-	10 000
485 cents	25 000	-	-	-	-	-	25 000
486 cents	20 000	-	-	-	-	-	20 000
487 cents	5 625	11 250	8 750	6 875	2 500	-	35 000
488 cents	2 500	5 000	5 000	5 000	2 500	-	20 000
495 cents	25 000	-	-	-	-	-	25 000
499 cents	65 000	3 750	2 500	2 500	1 250	-	75 000
500 cents	350 000	-	-	-	-	-	350 000
520 cents	30 000	-	-	-	-	-	30 000
530 cents	30 000	-	-	-	-	-	30 000
538 cents	-	3 750	2 500	2 500	1 250	-	10 000
539 cents	-	9 375	6 250	6 250	3 125	-	25 000
546 cents	-	11 250	7 500	7 500	3 750	-	30 000
550 cents	15 000	3 750	2 500	2 500	1 250	-	25 000
	10 646 353	3 929 659	3 038 371	1 788 501	694 875	325 875	20 423 634

29. SHARE-BASED PAYMENTS (continued)

Equity-settled Share Option Plan (continued)

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% (2011: 8.5%), continuously compounded, was used based on industry averages.

	Group	
	2012 Options	2011 Options
Outstanding at beginning of the year	16 694 848	12 325 890
Granted during the year	4 821 000	5 023 335
Exercised during the year	(462 214)	(258 250)
Forfeited during the year	(630 000)	(396 127)
Outstanding at the end of the year	20 423 634	16 694 848

The weighted average share price at the date of exercise for share options exercised during the year was R4.61 (2011: R4.61).

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 R48,753,943 (2011: R36,711,971). The trust has a potential future exposure of Rnil (2011: Rnil) since the shares owned by the trust are more than the options not yet exercised.

30. RETIREMENT BENEFIT PLANS

The Alexander Forbes Provident Fund with 1,028 members (2011: 963 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.

31. EVENTS AFTER YEAR END

Business Connexion was granted an Anton Piller order by the high court against Datacentrix. The matter is still under investigation. There are no other material events after the Statement of Financial Position date that require additional disclosure.

32. 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 2011. 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.

Notes to the Annual Financial Statements

for the year ended 29 February 2012 (continued)

32. FINANCIAL INSTRUMENTS (continued)

Categories of Financial Instruments

GROUP 2012	Loans and receivables R'000	Total R'000	Fair value R'000
Financial assets			
Long-term receivables	284	284	284
Finance lease receivables	28 705	28 705	28 705
Trade and other receivables	289 843	289 843	289 843
Cash and cash equivalents	313 377	313 377	313 377
	632 209	632 209	632 209
2011			
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

GROUP 2012	Other financial liabilities R'000	Total R'000	Fair value R'000
Financial liabilities			
Finance lease liabilities	24 080	24 080	24 080
Trade and other payables, excluding VAT payable	176 673	176 673	176 673
	200 753	200 753	200 753
2011			
Financial liabilities			
Trade and other payables, excluding VAT payable	167 540	167 540	167 540
	167 540	167 540	167 540

COMPANY 2012	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	161	161	161
Amounts owing by subsidiary companies	105 852	105 852	105 852
Cash and cash equivalents	339	339	339
	112 979	112 979	112 979
2011			
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

32. FINANCIAL INSTRUMENTS (continued)

Categories of Financial Instruments (continued)

COMPANY 2012	Other financial liabilities R'000	Total R'000	Fair value R'000
Financial liabilities			
Trade and other payables	459	459	459
	459	459	459
2011			
Financial liabilities			
Trade and other payables	311	311	311
	311	311	311

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.

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.

Notes to the Annual Financial Statements

for the year ended 29 February 2012 (continued)

32. FINANCIAL INSTRUMENTS (continued)

Forward Foreign Exchange Contracts (continued)

	Foreign currency amount FC'000	Spot rate	R'000	Fair value R'000
2012				
US Dollar	2 883	7.49	21 594	25 012
GBP	-	-	-	-
Euro	39	9.98	389	403
			21 983	25 415
2011				
US Dollar	1 820	6.95	12 649	17 928
GBP	7	11.28	79	83
Euro	39	9.62	375	380
			13 103	18 391

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.

	USD 1: R7.49	R8.09	R8.74	R9.44
2012				
Forex loss	(297)	(321)	(346)	(374)
Forward exchange contracts	(1 507)	(1 627)	(1 758)	(1 898)
Creditors	1 210	1 307	1 411	1 524
2011	USD 1: R6.43	R6.95	R7.50	R8.10
Forex gain	(1 864)	(2 013)	(2 175)	(2 348)
Forward exchange contracts	(1 822)	(1 968)	(2 126)	(2 296)
Creditors	(42)	(45)	(49)	(52)
2012	Euro 1: R9.98	R10.77	R11.64	R12.57
Forex loss	42	45	49	53
Forward exchange contracts	25	27	29	31
Creditors	19	19	20	22
2011	Euro 1: R8.91	R9.62	R10.39	R11.23
Forex gain	(50)	(54)	(58)	(63)
Forward exchange contracts	(44)	(47)	(51)	(55)
Creditors	(6)	(7)	(7)	(8)
2012	GBP 1: R11.78	R12.72	R13.74	R14.84
Forex loss	8	9	10	11
Forward exchange contracts	8	9	10	11
Creditors	-	-	-	-

32. FINANCIAL INSTRUMENTS (continued)

Foreign Currency Sensitivity (continued)

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's exposure to interest rate risk is on a floating rate basis.

At reporting date the interest rate profile of the group's interest-bearing financial instruments was:

	Group	
	2012 R'000	2011 R'000
Interest bearing financial assets	28 705	-
Interest bearing financial liabilities	(24 080)	-
	4 625	-

Cash Flow Sensitivity Analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit and loss by the amounts shown below. This analysis assumes that the other variables remain constant and is based on closing balances compounded annually.

	Profit or (loss)	
	100 basis point increase R'000	100 basis point increase R'000
Variable interest rate instruments	46	(46)

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 29 February 2012 (continued)

32. FINANCIAL INSTRUMENTS (continued)

Credit Risk Management (continued)

The group has the following amounts due from major clients:

2012	Number of clients	Value	
		R'000	%
Greater than R5 million	12	122 001	43
Greater than R2 million but less than R5 million	17	53 914	19
Less than R2 million	610	108 311	38
Total	639	284 226	100

2011	Number of clients	Value	
		R'000	%
Greater than R5 million	8	96 696	40
Greater than R2 million but less than R5 million	17	56 926	23
Less than R2 million	487	90 201	37
Total	512	243 823	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.

33. SHAREHOLDER ANALYSIS

Major Shareholders	2012		2011	
	Number of shares	%	Number of shares	%
Aka Capital (Proprietary) Limited [Co-ordinated Network Investments (Proprietary) Limited]	61 152 467	30	61 152 467	30
Eglin Investments Number 31 (Proprietary) Limited	20 000 000	10	20 000 000	10
Directors, management and staff	1 327 947	1	1 308 513	1
Datacentrix Holdings Share Trust	9 467 692	5	9 467 692	5
General public and corporate investors				
- Major banks	10 286 746	5	10 616 206	5
- Old Mutual	28 138 773	13	24 813 797	11
- Other	74 892 058	36	77 907 008	38
Total	205 265 683	100	205 265 683	100

2012	Number of shareholders		Number of shares	
	shareholders	%	shares	%
1 to 10 000 shares	1 375	80	3 921 852	2
10 001 to 50 000 shares	186	11	4 399 475	2
50 001 to 100 000 shares	40	2	2 912 987	1
100 001 to 500 000 shares	69	4	15 894 313	8
500 001 to 1 000 000 shares	21	1	14 892 236	7
1 000 001 shares and over	27	2	163 244 820	80
Total	1 718	100	205 265 683	100

33. SHAREHOLDER ANALYSIS (continued)

2011	Number of shareholders		Number of shares	
	shareholders	%	shares	%
1 to 10 000 shares	1 430	79	4 128 818	2
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

Public and Non-public Shareholders

2012	Number of shareholders		Number of shares	
	shareholders	%	shares	%
Non-public shareholders	6	0.4	10 795 639	5.2
- Directors, management and staff	5	0.3	1 327 947	0.6
- Share trust	1	0.1	9 467 692	4.6
Public shareholders	1 712	99.6	194 470 044	94.8
Total	1 718	100	205 265 683	100

2011

Non-public shareholders	7	0.4	10 776 205	5.2
- Directors, management and staff	6	0.3	1 308 513	0.6
- Share trust	1	0.1	9 467 692	4.6
Public shareholders	1 827	99.6	194 489 478	94.8
Total	1 834	100	205 265 683	100

34. 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 board of directors on an annual basis.

35. 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 and integrated solutions;
- Managed Services - supply of IT services;
- Business Solutions - supply of business solutions; and
- Corporate - remaining subsidiaries, special purpose entities of the group.

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 29 February 2012 (continued)

35. SEGMENTAL ANALYSIS (continued)

	Infrastructure R'000	Managed Services R'000	Business Solutions R'000	Corporate R'000	Group R'000
2012					
Revenue	1 342 838	329 989	84 935	-	1 757 762
Changes in inventories of finished goods, work in progress and finished goods sold	(1 018 585)	(93 052)	(2 329)	-	(1 113 966)
Employee benefit expense	(208 908)	(168 010)	(54 649)	-	(431 567)
Depreciation, amortisation and impairments	(7 817)	(13 514)	(375)	-	(21 706)
Operating expenses	(46 847)	(14 782)	(5 373)	-	(67 002)
Loss from joint venture	(74)	-	-	-	(74)
Income from investments	-	-	-	14 109	14 109
Finance costs	-	(2 116)	-	(29)	(2 145)
Profit before taxation	60 607	38 515	22 209	14 080	135 411
Income taxation expense	(16 991)	(10 784)	(6 218)	(10 574)	(44 567)
Earnings for the year attributable to ordinary shareholders	43 616	27 731	15 991	3 506	90 844
2011					
Revenue	1 158 526	338 031	79 182	-	1 575 739
Changes in inventories of finished goods, work in progress and finished goods sold	(866 342)	(132 654)	(5 214)	-	(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	(38 478)	(14 979)	(5 891)	-	(59 348)
Income from investments	-	-	-	12 839	12 839
Finance costs	-	-	-	(45)	(45)
Profit before taxation	71 031	33 635	19 772	12 794	137 232
Income taxation expense	(19 889)	(9 418)	(5 536)	(12 191)	(47 034)
Earnings for the year attributable to ordinary shareholders	51 142	24 217	14 236	603	90 198

The prior year results as included in the above segmental analysis were changed for a more accurate reflection of the revenue lines.

36. 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 15. No goods and services were sold by the company to its subsidiaries.

Shareholders

The principal shareholders of the company are detailed in the shareholders' analysis in note 33.

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

	Group		Company	
	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Profit before taxation	135 411	137 232	76 524	97 097
Adjusted for:	14 285	20 467	(77 781)	(97 809)
Loss on sale of property, equipment and intangibles	906	425	-	-
Depreciation of property and equipment	18 324	24 398	-	-
Amortisation of software	3 381	1 255	-	-
Loss from joint venture	74	-	-	-
Interest received	(16 760)	(12 839)	(8)	(9)
Dividend received from subsidiary	-	-	(77 773)	(97 800)
Smoothing of leases	897	192	-	-
Share-based payments	5 340	6 889	-	-
(Loss) profit on sale of treasury shares	(22)	102	-	-
Interest paid	2 145	45	-	-
Operating profit (loss) before working capital changes	149 696	157 699	(1 257)	(712)
Working capital changes	(70 587)	5 418	129	153
Inventories	(23 887)	2 005	-	-
Trade and other accounts receivable	(36 884)	(32 806)	(19)	5
Increase in finance lease receivables	(28 705)	-	-	-
Trade, other accounts payable and provisions	18 889	36 219	148	148
Cash generated from (utilised in) operations	79 109	163 177	(1 128)	(559)
38. TAXATION PAID				
Opening balance	154	(1 098)	-	-
Statement of comprehensive income charge - current and secondary taxation	(44 567)	(47 034)	(4 636)	(6 261)
Movement in deferred taxation balance	(2 263)	(7 021)	-	-
Closing balance	(4 025)	(154)	-	-
	(50 701)	(55 307)	(4 636)	(6 261)

Memorandum of Incorporation: Salient Features

The notice of the annual general meeting as contained in this annual report includes a special resolution for the approval of a new Memorandum of Incorporation for the Company by shareholders.

A copy of the complete Memorandum of Incorporation is available for inspection at the Company's registered office, Sage Corporate Park North, 238 Roan Crescent, 1685, Old Pretoria Road, Midrand, from the date of the notice of the annual general meeting (i.e. Friday, 18 May 2012) until Friday, 15 June 2012, the date of the annual general meeting.

The **salient features** of the Memorandum of Incorporation are set out below. Any reference to "the Act" means the Companies Act, 71 of 2008.

Unissued Securities

Unissued equity securities shall be offered to existing shareholders, pro rata to their shareholdings, unless such securities are to be issued for an acquisition of assets. However, the shareholders in general meeting may authorise the directors to issue unissued securities, and/or grant options to subscribe for unissued securities, as the directors in their discretion deem fit, provided that such corporate action(s) has/have been approved by the JSE and are subject to the Listings Requirements.

Transferability of Securities and Transfer of Securities

- (a) Securities for which listing is sought must be fully paid up and freely transferable, unless otherwise required by statute.
- (b) All authorities to sign transfer deeds granted by holders of securities for the purpose of transferring securities that may be lodged, produced or exhibited with or to the Company at any of its transfer offices shall, as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Company's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notices, the Company shall be entitled to give effect to any instruments signed under the authority to sign, and certified by any officer of the Company, as being in order before the giving and lodging of such notice.

Ratification of Ultra Vires Acts

The proposal of any resolution to shareholders in terms of Sections 20(2) and 20(6) of the Act is prohibited in the event that such a resolution would lead to the ratification of an Act that is contrary to the Listings Requirements; unless otherwise agreed with the JSE.

Rules

The directors' power to make, amend or appeal rules as contemplated in Section 15(3) of the Act is prohibited.

Preferences, Rights, Limitations and Other Share Terms

- (a) Securities in each class for which listing is applied rank *pari passu* in respect of all rights.
- (b) In the event of voting by poll, every holder of an ordinary share has one vote in respect of each share that he holds.
- (c) The holders of securities, other than ordinary shares and any special shares created for the purposes of black economic empowerment in terms of the BEE Act and BEE Codes, are not entitled to vote on any resolution taken by the Company, save for as permitted by the JSE Listings Requirements. In instances that such shareholders are permitted to vote at general/annual general meetings, their votes do not carry any special rights or privileges and they are entitled to one vote for each share that they hold, provided that their total voting right at such a general/annual general meeting may not exceed 24,99% of the total voting rights of all shareholders at such meeting.
- (d) Any amendment to the MOI must be approved by a special resolution of ordinary shareholders, save where such an amendment is ordered by a court in terms of Sections 16(1)(a) and 16(4) of the Act.
- (e) If any amendment relates to the variation of any preferences, rights, limitations and other terms attaching to any other class of shares already in issue, that amendment will not be implemented without a special resolution, taken by the holders of shares in that class at a separate meeting. In such instances, the holders of such shares will be allowed to vote at the meeting of ordinary shareholders subject to the JSE Listings Requirements. No resolution of shareholders of the Company shall be proposed or passed, unless a special resolution, of the holders of the shares in that class, have approved the amendment.

- (f) Preferences, rights, limitations or other terms of any class of shares of a listed Company must not be varied and no resolution may be proposed to shareholders for rights to include such variation in response to any objectively ascertainable external fact or facts as provided for in Sections 37(6) and 37(7) of the Act.

Capitalisation Issues

Any capitalisation issue by the Company shall at least be subject to the fulfilment of the requirements set out in Section 47 of the Act.

Scrip Dividend and Cash Dividend Elections

The grant of the right of election is not prohibited.

Payments to Securities Holders

Payments to securities holders are provided for in accordance with the JSE Listings Requirements and capital shall not be repaid upon the basis that it may be called up again.

Other Corporate Actions

The following corporate actions are provided for, in accordance with the JSE Listings Requirements:

- (a) Issue of shares for cash and options and convertible securities granted/issued for cash;
- (b) Repurchase of securities;
- (c) Alteration of share capital, authorised shares and rights attaching to a class/es of shares.

Debt Instruments

The granting of special privileges to holders of debt instruments, such as attending and voting at general meetings and the appointment of directors, are prohibited.

Resolutions and Meetings

- (a) Notice periods are as provided for in section 62(1) of the Act. The passing of a special resolution is subject to the approval of at least 75% of the votes cast by all equity securities holders present in person, or represented by proxy, at the general meeting/annual general meeting convened to approve such resolution.
- (b) All shareholder meetings convened in terms of the JSE Listings Requirements shall be held "in person" and not by means of a written resolution as is contemplated in section 60 of the Act.
- (c) There is no prohibition or restriction on the Company from calling any meeting for the purposes of adhering to the JSE Listings Requirements.
- (d) Notices of general/annual general meetings are to be delivered to each shareholder entitled to vote at such meeting and who has elected to receive such documents.
- (e) Provision is made for delivering notices of meetings to the JSE at the same time as notices are sent to shareholders and must also be announced through SENS.
- (f) The quorum at a general meeting is at least three shareholders entitled to attend and vote thereat. In addition, the quorum requirements provided for in Section 64(1) of the Act will be 25% in respect of the meeting. Once a quorum has been established, all the shareholders of the quorum must be present at the meeting to hear any matter that must be considered at the meeting.

Lien Upon Securities

The Company has no power to claim a lien on securities.

Commission

The Company may not pay commission exceeding 10% to any person in consideration for their subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the Company.

Record Date

The record date for all transactions is as set out in the JSE Listings Requirements.

Memorandum of Incorporation: Salient Features (continued)

Directors

- (a) The minimum number of directors is four.
- (b) The Board may appoint directors as an addition to the Board or to fill a casual vacancy. (c) The appointment of all directors is subject to shareholder approval at any general/annual general meeting. Provision is made for the appointment of alternate directors.
- (d) Should the number of directors fall below the minimum provided in the MOI, the remaining directors must, as soon as possible, and, in any event, not later than three months from the date that the number of directors falls below the minimum, fill the vacancies or call a general meeting for the purpose of filling the vacancies. A failure by the Company to have the minimum number of directors during the three-month period does not limit or negate the authority of the board of directors or invalidate anything done by the board of directors or the Company. After the expiry of the three-month period, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.
- (e) A director may be employed in any other capacity in the Company or as a director or employee of a company controlled by, or itself a major subsidiary of, the Company and, in such event, his appointment and remuneration in respect of such other office shall be determined by a disinterested quorum of directors.
- (f) The directors may be paid all their travelling and other expenses, properly and necessarily incurred by them in and about the business of the Company, and in attending meetings of the directors or of committees thereof; and, if any director is required to perform extra services, to reside abroad or be specifically occupied about the Company's business, he may be entitled to receive such remuneration as is determined by a disinterested quorum of directors, which may be either in addition to or in substitution for any other remuneration payable.
- (g) At least one third of non-executive directors must retire at the Company's annual general meeting (or other general meeting held on an annual basis), provided the meeting is not conducted in terms of section 60 of the Act. These retiring members of the board of directors may be re-elected, provided they are eligible. The board of directors, through the nomination committee, should recommend eligibility, taking into account past performance and contribution made.
- (h) The notice period to be allowed before the date of a general meeting/ annual general meeting convened for the nomination of a new director must be such as to give sufficient time, after the receipt of the notice, for nominations to reach the Company's office from any part of the Republic of South Africa. Directors may be elected at a general meeting, provided the meeting is not conducted in terms of section 60 of the Act.
- (i) The directors shall be entitled to elect a chairman, deputy chairman and/or any vice chairman and to determine the period for which they, respectively, shall hold office. Where the quorum of directors is two, the chairman shall not be permitted to have a casting vote if only two directors are present at a meeting of directors.
- (j) A decision that could be voted on at a meeting of the board of directors of a Company may, instead, be adopted by written consent of a majority of the directors, given in person or by electronic communication, provided that each director has received notice of the matter to be decided. Such resolution, inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors. Any such resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last director who signed it (unless a statement to the contrary is made in that resolution).
- (k) Life directorships and directorships for an indefinite period are not permissible.

Dividends

- (a) The Company in general meeting or the directors may declare dividends. However, the Company in general meeting is not able to declare a larger dividend than that declared by the directors.
- (b) Dividends are to be payable to shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later.
- (c) The Company must hold all monies due to shareholders in trust indefinitely, but subject to the laws of prescription. Notwithstanding the afore going, unclaimed dividends may be forfeited for the benefit of the Company after a period of three years if so resolved by the Board.

Annual Financial Statements

A copy of the annual financial statements must be distributed to shareholders at least 15 business days before the date of the annual general meeting at which they will be considered.

Notice of Annual General Meeting

Datacentrix Holdings Limited

Incorporated in the Republic of South Africa
(Registration number: 1998/006413/06)
JSE share code: DCT, ISIN: ZAE000016051
("Datacentrix" or "the company" or "the group")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given of the fourteenth Annual General Meeting ("AGM") of members of the company, which will be held at the registered office of the company, Sage Corporate Park North, 238 Roan Crescent, 1685, Old Pretoria Road, Midrand, on Friday, 15 June 2012 at 10:00 to deal with the business as set out below and to consider, and if deemed fit, to pass, with or without modification, the ordinary and special resolutions as set out in this notice.

The board of directors of the company ("the board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), the record date for the purposes of determining which shareholders of the company are entitled to participate in and vote at the AGM is Friday, 8 June 2012. Accordingly, the last day to trade in Datacentrix shares in order to be recorded in the Register to be entitled to attend and vote at the AGM will be Friday, 1 June 2012.

Presentation of Annual Financial Statements

To present the annual financial statements of the company and the group for the financial year ended 29 February 2012, including the reports of the auditors, directors and the Audit Committee.

Ordinary Resolutions 1.1 to 1.3: Re-election of Directors

- 1.1 To re-elect Gary Morolo, who, in terms of Article 24.5 of the company's Memorandum of Incorporation, retires by rotation at this AGM but, being eligible to do so, offers himself for re-election.
- 1.2 To re-elect Thenjiwe Chikane who, in terms of Article 24.5 of the company's Memorandum of Incorporation, retires by rotation at this AGM but, being eligible to do so, offers herself for re-election.
- 1.3 To re-elect Dudu Nyamane who, in terms of Article 24.5 of the company's Memorandum of Incorporation, retires by rotation at this AGM but, being eligible to do so, offers herself for re-election.

An abbreviated curriculum vitae in respect of each director offering himself/herself for re-election appears on page 24 of the annual report to which this notice is attached.

Ordinary Resolutions 2.1 to 2.3: Appointment of the Datacentrix Audit Committee

- 2.1 To appoint Alwyn Martin as a member and Chairman of the Audit Committee.
- 2.2 To appoint Thenjiwe Chikane as a member of the Audit Committee.
- 2.3 To appoint Joan Joffe as a member of the Audit Committee.

An abbreviated curriculum vitae in respect of each member of the Audit Committee appears on page 24 of the annual report to which this notice is attached.

Ordinary Resolution 3: Re-appointment of External Auditors

To confirm the re-appointment of Deloitte & Touche as independent external auditors of the company with Zuleka Jasper, being the individual registered auditor, who has undertaken the audit of the company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

Ordinary Resolution 4: Control of authorised but unissued ordinary shares

"Resolved that the authorised but unissued ordinary shares in the capital of Datacentrix Holdings Limited ("the company") be and are hereby placed under the control and authority of the directors of the company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such

Notice of Annual General Meeting (continued)

ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, 2008 (Act 71 of 2008), the Memorandum of Incorporation of the company and the Listings Requirements of JSE Limited (“the JSE Listings Requirements”), as amended, from time to time.”

Ordinary Resolution 5: Approval to issue ordinary shares and to sell treasury shares for cash

“Resolved that the directors of Datacentrix Holdings Limited (“the company”) and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority to -

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the company purchased by subsidiaries of the company, for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 2008 (Act 71 of 2008), the Memorandum of Incorporation of the company and its subsidiaries and the JSE Listings Requirements from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue, may only be made to “public shareholders”, as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements, and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 5% (five percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the company's next AGM or the expiry of a period of 15 (fifteen) months from the date of this AGM;
- that a paid press announcement giving full details, including the impact on net asset value, net tangible asset value per share, earnings per share, headline earnings per share and, if applicable, diluted earnings per share, will be published when the company has issued ordinary shares representing on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on JSE Limited of the ordinary shares over the 30 business days prior to the date that the price of the issue is determined or agreed between the directors of the company and the party subscribing for the shares; and
- whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.”

Note: In terms of the JSE Listings Requirements, a 75% (seventy-five percent) majority of the votes cast by shareholders present or represented by proxy at the AGM must be cast in favour of ordinary resolution number 2 for it to be approved.

Ordinary Resolution 6: Remuneration Policy

“Resolved that, by way of a non-binding, advisory vote, the remuneration policy of Datacentrix Holdings Limited (“the company”) as set out on pages 38 of the annual report of which this notice is attached, be and is hereby approved.”

Special Resolution 1: Non-executive Directors' Remuneration

“Resolved that, in terms of the provisions of section 66(9) of the Companies Act, 2008 (Act 71 of 2008), the annual remuneration payable to the non-executive directors of Datacentrix Holdings Limited (“the company”) for their services as directors of the company for the financial year ending 28 February 2013 and until such time as replaced and/or amended by way of a special resolution passed by shareholders at a duly constituted AGM of the company, be and is hereby approved as follows:

Non-executive Remuneration

	Present	Proposed
Chairman of the Board – annually	R877,250	R929,885
Lead Independent Director – annually	R175,696	R186,240
Chairman of a Committee – per meeting	R36,240	R38,415
Members of the Board/Committees – per meeting	R24,160	R25,610

Note: In terms of the relevant statutory provisions, a 75% (seventy-five percent) majority of the votes cast by shareholders present or represented by proxy at the AGM must be cast in favour of special resolution 1 for it to be approved.

Special Resolution 2: Financial assistance to all related and inter-related companies

“Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) (“Companies Act”), the shareholders of Datacentrix Holdings Limited (“the company”) hereby approve of the company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 2, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation provided that -

- the board of directors of the company (“the Board”), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and
- the Board may not authorise the company to provide any financial assistance pursuant to this special resolution number 2 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the company to provide such financial assistance.”

Note: In terms of the relevant statutory provisions, a 75% (seventy-five percent) majority of the votes cast by shareholders present or represented by proxy at the AGM must be cast in favour of special resolution number 2 for it to be approved.

Notice given to shareholders of the company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the company to provide such direct or indirect financial assistance in respect of special resolution number 2:

- By the time that this notice of AGM is delivered to shareholders of the company, the Board will have adopted a resolution (“Section 45 Board Resolution”) authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 2 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a related or inter-related company, or to a related or inter-related company or corporation;
 - the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 2 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and
- © in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the company's net worth at the date of adoption of such resolution, the company hereby provides notice of the Section 45 Board Resolution to shareholders of the company. Such notice will also be provided to any trade union representing any employees of the company.

Special Resolution 3: Adoption of Memorandum of Incorporation

“To approve, by way of a special resolution, the adoption of the new Memorandum of Incorporation, the salient features of which are set out on pages 86 to 88 of the Annual Report and which has been signed by the chairman of the AGM for identification purposes.”

Note: In terms of the relevant statutory provisions, a 75% (seventy-five percent) majority of the votes cast by shareholders present or represented by proxy at the AGM must be cast in favour of special resolution 3 for it to be approved.

Ordinary Resolution 7: Signature of Documents

“Resolved that each director of Datacentrix Holdings Limited (“the company”) be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed and passed at the AGM.”

Notice of Annual General Meeting (continued)

Other Business

To transact such other business as may be transacted at the AGM of the company.

Electronic Participation

Should any shareholder of the company wish to participate in the AGM by way of electronic participation, that shareholder shall be obliged to make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate, to the company secretary at the applicable address set out below at least 5 (five) business days prior to the AGM in order for the company secretary to arrange for the shareholder (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the company secretary to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The company reserves the right not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder so accessing the electronic participation.

Voting and Proxies

Special resolutions to be adopted at this AGM require approval from 75% (seventy-five percent) of the shares represented in person or by proxy at the meeting. Ordinary resolutions to be adopted require approval from a simple majority, which is more than 50% (fifty percent) of the shares represented in person or by proxy at the meeting.

A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the AGM, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

Kindly note that meeting participants, which includes proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

By order of the board,



Annamarie van der Merwe

IThemba Governance and Statutory Solutions (Proprietary) Limited
Company Secretary
Midrand
16 April 2012

Shareholders Information

Shareholders' Diary	94
Proxy Form	95
Notes to the Proxy Form	96
Contact Information	IBC

Shareholder value

Shareholders' Diary

Financial year end 28 February 2013
Annual General Meeting 15 June 2012

Results Announcements

Interim results for six months to 31 August 2012 2 October 2012
Announcement of annual results to 28 February 2013 April 2013
Annual financial statements for the year ended 28 February 2013 May 2013

Dividend

Declaration date: Tuesday, 17 April 2012
Last day to trade: Friday, 11 May 2012
Share trade ex-dividend: Monday, 14 May 2012
Record date: Friday, 18 May 2012
Payment date: Monday, 21 May 2012

Share certificates may not be dematerialised or rematerialised between Monday, 14 May 2012 and Friday, 18 May 2012, both days inclusive.

Proxy Form

Datacentrix Holdings Limited ("Datacentrix" or "the company" or "the group")
Incorporated in the Republic of South Africa, (Registration number: 1998/006413/06), Share code: DCT, ISIN: ZAE000016051

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the fourteenth Annual General Meeting ("AGM") of shareholders of the Company to be held at the office of the Company, Sage Corporate Park North, 238 Roan Crescent, 1685, Old Pretoria Main Road, Midrand, at 10:00 on Friday, 15 June 2012 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the AGM must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the AGM in person or by proxy and vote. If they do not wish to attend the AGM in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy.**

I/We (name in block letters) _____
of (address) _____

Being the holder(s) of ordinary shares in the company, hereby appoint:

1. _____ of _____ or failing him/her
2. _____ of _____ or failing him/her

3. the chairman of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the AGM of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

		Number of ordinary shares		
		For	Against	Abstain
1.1	To approve the re-election as director of Gary Morolo who retires by rotation			
1.2	To approve the re-election as director of Thenjiwe Chikane who retires by rotation			
1.3	To approve the re-election as director of Dudu Nyamane who retires by rotation			
2.1	To approve the appointment of Alwyn Martin as member and Chairman of the Audit Committee			
2.2	To approve the appointment of Thenjiwe Chikane as member of the Audit Committee			
2.3	To approve the appointment of Joan Joffe as member of the Audit Committee			
3.	To confirm the re-appointment of Deloitte & Touche as auditors of the company together with Zuleka Jasper for the ensuing financial year			
4.	Control of authorised but unissued ordinary shares			
5.	Approval to issue ordinary shares, and to sell treasury shares, for cash			
6.	Approval of the remuneration policy			
7.	Special resolution number 1 - Approval of the non-executive directors' remuneration			
8.	Special resolution number 2 - Financial assistance to related and inter-related companies			
9.	Special resolution number 3 - Adoption of Memorandum of Incorporation			
10.	Ordinary resolution number 7 - Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable. A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the company.

Signed at _____ on _____ 2012

Signature _____ Assisted by (if applicable) _____

Notes to the Proxy Form

- The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
- All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
- A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
- A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
- A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty-eight hours before the commencement of the AGM.
- If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
- The Chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
- A shareholder's authorisation to the proxy including the Chairperson of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
- The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
- Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the AGM.
- A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
- Where there are joint holders of ordinary shares:
 - any one holder may sign the form of proxy;
 - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
- Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:**

Hand deliveries to:	Postal deliveries to:
Computershare Investor Services Proprietary Limited	Computershare Investor Services Proprietary Limited
70 Marshall Street	PO Box 61051
Johannesburg, 2001	Marshalltown, 2107
- to be received by no later than 10:00 on Wednesday, 13 June 2012 (or 48 hours before any adjournment of the AGM which date, if necessary, will be notified on SENS).
- A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Contact Information

Datacentrix Holdings Limited

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

Business Address and Registered Office

Sage Corporate Park North
 238 Roan Crescent, Old Pretoria Road
 Midrand, 1685
 Tel: +27 87 741 5000
 Fax: +27 87 741 5100
 Email: info@datacentrix.co.za
 Website: www.datacentrix.co.za

Company Secretary

Ithemba Governance and Statutory Solutions
 (Proprietary) Limited
 Suite 102, Block 5, Monument Office Park
 79 Steenbok Avenue, Monument Park
 PO Box 25160, Monument Park, 0105
 Tel: +27 86 111 1010
 Fax: +27 86 604 1315

Sponsor

Merchantec Capital
 2nd Floor, North Block
 Hyde Park Office Tower
 Corner 6th Road and Jan Smuts Avenue
 Hyde Park, 2196
 PO Box 41480, Craighall, 2024
 Tel: +27 11 325 6363
 Fax: +27 11 325 6362

Share Transfer Secretaries

Computershare Investor Services (Proprietary) Limited
 70 Marshall Street, Johannesburg, 2001
 PO Box 61051, Marshalltown, 2107
 Tel: +27 11 370 5000
 Fax: +27 11 688 7717

Auditors and Reporting Accountants

Deloitte & Touche Registered Auditors
 Riverwalk Office Park, Block B, 41 Matroosberg Road
 Ashlea Gardens x6, Pretoria, 0081, South Africa
 PO Box 11007, Hatfield, 0028
 Tel: +27 12 482 0000
 Fax: +27 12 460 3633

Commercial Bankers

Absa Bank Limited
 Corporate and Business Bank
 2nd Floor, Loerie Place, Hillcrest Office Park
 177 Dyer Road, Hillcrest, Pretoria, 0083
 PO Box 4210, Pretoria, 0001
 Tel: +27 12 366 6000
 Fax: +27 12 362 3997

www.datacentrix.co.za

