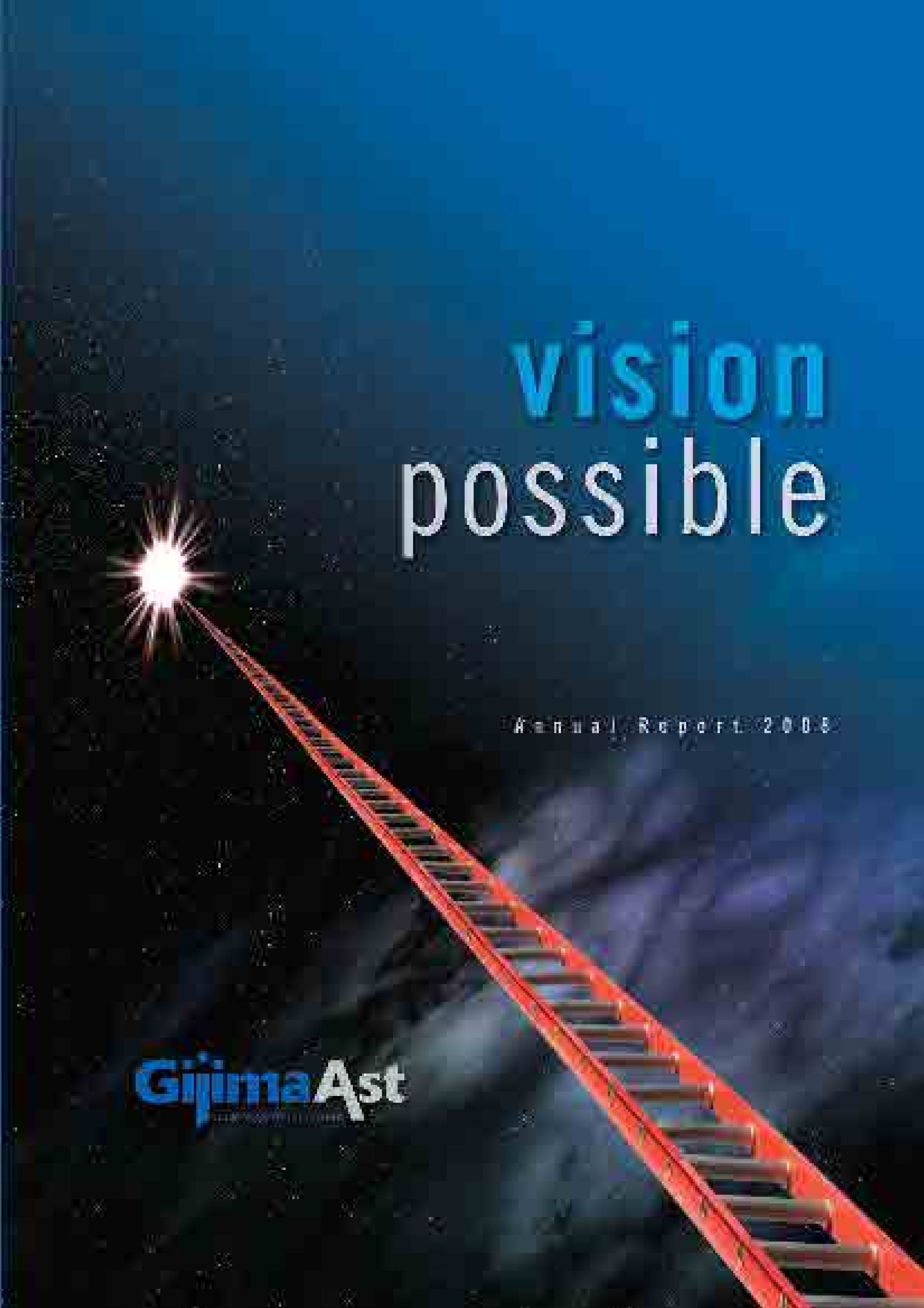


vision
possible
Annual Report 2005
GijimaAst

vision possible

www.gijima.com

Contents

Vision

Our vision is to be the most respected company in the ICT industry in our target markets by driving unparalleled value for our clients, staff, shareholders and our communities.

Mission

Our mission is to continually improve our client centricity by focusing on improving their efficiency and competitiveness through our:

- World-class, innovative and affordable services
- Premier client care
- Commercial acumen
- Proven technological leadership

We will achieve this through:

- Development of staff, intellectual property, our communities
- Investment in our technology and service-based partnerships and respect, dignity and fairness at all times

Values

- To be guided in all our decisions and actions by our corporate values of **integrity, respect, transparency, trust, fairness** and **care**.
- To live our values in the framework of:
  - Our clients as the key of our business
  - Building esteem through growth
  - Being passionate about what we do
  - Dedication to delivery

Who is GijimaAst?

GijimaAst is proud to be a leading South African Information and Communications Technology (ICT) company that is listed on the JSE Limited (JSE). It has gained recognition as a preferred, integrated ICT partner to a considerable client base of large information technology users in both the private and public sectors. Its intellectual capacity, business model and encompassing geographic footprint is unrivalled in the South African market and provides clients with sophisticated and diverse service delivery options in the business solutions, systems integration, infrastructure and communications services.

GijimaAst's competencies and the niche industries focus include broad experience and market penetration in the financial services, retail, manufacturing and mining markets, as well as the public sector. As one of the leading technology companies in southern Africa in terms of physical infrastructure and geographic footprint, it has the capability and capacity to provide services to large organisations as well as to medium sized entities.

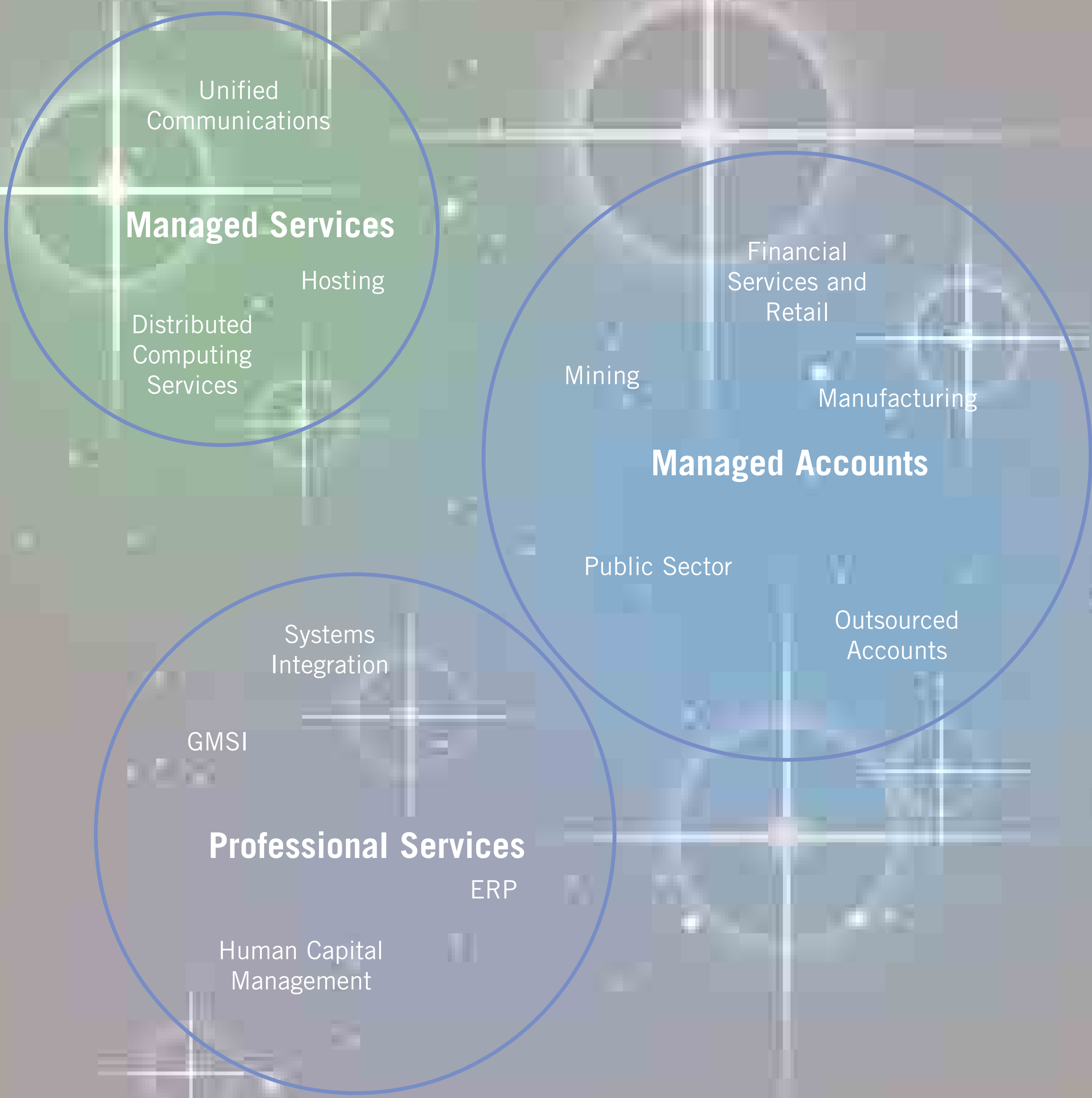
With more than 70 offices and points of service throughout southern Africa, it is well positioned to provide extensive client-facing services. GijimaAst has an enviable, loyal and supportive client base, long-term institutional shareholding, proven service track record and the strongest empowerment credentials in the listed ICT industry. Ninety percent of the top 100 JSE-listed companies, including nine of South Africa's leading corporations, are clients of GijimaAst. The Group also focuses on the long-term relationships which it enjoys with its key clients.

GijimaAst has a diversified and comprehensive range of ICT consulting and delivery capabilities. Together with an in-depth knowledge of systems integration, the Group has a solid foundation from which to develop vertically integrated, industry focused solutions for its clients across a broad spectrum of industries. Employing more than 3 600 ICT professionals, GijimaAst's specialised business knowledge in the financial services, retail, manufacturing and mining industries, as well as public sector enables it to provide comprehensive and integrated solutions to clients in those markets. The Group's proven operating model incorporates client care into the plan build run leverage cycle of technology solutions, which has found favour internationally.

With its 36,6% unencumbered direct black shareholding and a combined 45% black shareholding, GijimaAst is ranked as the leading listed BEE ICT services and solutions company in South Africa as reflected by its Level 3 Broad Based Black Economic Empowerment rating.

The GijimaAst Board and Executive Committee is comprised of 55% and 50% Black executives respectively. More than 43% of its staff is from the HDI groups.

GijimaAst Group structure



Region – Gauteng
Region – Western Cape
Region – East Coast
Region – Namibia
Region – Canada
Region – Australia

Managed Services Strategic Business Unit (SBU)

1. Distributed Computing Services (DCS)

The DCS business unit provides a comprehensive distributed computing solution to the large and medium enterprise market. Services are fully integrated to ensure an end-to-end managed desk side service through the complete lifecycle – from asset purchase through ongoing support to the termination of the asset. DCS is fully certified with the leading technology vendors and is able to provide a seamless warranty and break-fix solution for hardware problems or a remotely managed solution for other management functions.

It is a centre of excellence specialising in the provision of seamless, integrated infrastructure Support Services according to specific client needs which may include desktop, server and network support services through to Infrastructure Project deployment.

2. Hosting Services

The Hosting Services business unit provides a managed hosting service across our own, as well as our clients' owned servers, data centres and related infrastructure. The core service includes storage and processing capability incorporating world class technologies such as virtualisation, optimisation and disaster recovery management. Value added services including Application Hosting, IT Optimisation (including Server Consolidation), Co-location, Business Continuity/Disaster Recovery Management, Managed Security and Remote Server Support Services are also provided.

3. Unified Communications

GijimaAst provides a fully unified solution that allows any form of electronic data to be securely and accurately conveyed from one individual or group to the intended recipient. This unit brings together leading data and voice management competencies to create one of the largest unified communications competency centres in South Africa. The solutions incorporate voice, data, video, instant messaging etc. into a unified communication service and product set. We can provide components of the design, supply, configure, install, support and maintain value chain, or a fully integrated and managed converged solution.

The unit is the exclusive distributor for NEC Philips products and services in southern Africa. NEC Philips is a market leader in PABX, call centre and converged communication solutions. As a solutions oriented company, GijimaAst has strong relationships and certifications with the world's leading network technology vendors (e.g. Cisco and 3Com gold partnerships).

Professional Services SBU

4. ERP (Enterprise Resource Planning)

The ERP business unit is a leading centre of excellence in southern Africa for the SAP ERP business solution. Our ERP solution provides a complete offering that encompasses ERP consulting services, planning, implementation, operation and the ongoing physical support of the system. The business unit boasts a world class support hub that provides services to many organisations in southern Africa and Australia.

5. GMSI (GijimaAst Mining Solutions International)

GMSI designs, builds and integrates niche information and process management technologies and business solutions to the global mining industry. The company employs industry professionals including mining engineers and geologists to leverage IT solutions that maximise our clients' mineral deposits. GMSI is recognised as a global leader in the provision of core mining technology solutions and has a strong presence in South Africa, Canada and Australia.

6. Systems Integration (SI)

GijimaAst provides best practice solutions tailored for the markets that we serve. These include niche solutions from best-in-class global technology vendors such as Wincor Nixdorf, Blue Cube Software and Metavante to the financial services, retail, manufacturing and public sector markets. This business unit also provides specialised IT consulting services including IT strategy, business analysis, database administration and application management, Microsoft services, outsourcing of client applications and services, enterprise content management and business intelligence.

7. Human Capital Management (HCM)

HCM provides end-to-end business solutions with a comprehensive range of Human Resources management services. This business unit specialises in customised services to corporate clients in their pursuit of cost-effective HR service delivery, which includes staff resourcing, skills development, HR administration as well as occupational risk management. HCM offers value to clients through its:

- Shared service centres for economical, quality driven delivery;
- Large scale project delivery capability; and
- Customised outsourcing and managed service solutions.

Managed Accounts SBU

In the client centric model, selected strategic accounts are managed from a business perspective as opposed to a service or sales only paradigm.

The Managed Accounts SBU provides a dedicated structure to GijimaAst's key group of outsource accounts. The account executives that manage these accounts are fully responsible for all aspects of business including service delivery, relationship management, driving innovation (in the account) and the development of new business opportunities for clients' needs.

Regions

Apart from GijimaAst's primary base in Gauteng its operations are represented in the East Coast (includes KwaZulu-Natal and Eastern Cape), the Western Cape, Namibia, Canada and Australia. The southern African regions provide the full complement of services offered by GijimaAst Group and the Regional Executives are empowered representatives of the company in managing the operations in these regions. The Canadian and Australian operations are primarily mining solutions oriented and managed through the GMSI structure. GijimaAst is however able to provide turn-key projects related to its full solution suite in these territories, should clients require this. The Group provides services and undertakes projects in a number of other countries, but these are managed through the business unit structure.

Support Services

- Group Sales – Sales Management, Bid Centre
- Human Resources – Payroll, Administration, Remuneration and Benefits, Organisational Development and Learning
- Finance – Account-to-Report, Procure-to-Pay, Tax, Treasury, Legal, Order-to-Cash
- Marketing, Communications and Transformation – Marketing, Communication, Investor Relations, Hospitality, Events, Transformation
- Strategy and Governance – Strategy and Research, Group Information Management (IM) and IT, Continuous Improvement (CI), Group Architecture, Project Management Office (PMO), Safety Health Environment and Quality (SHEQ) campus operations

Board of Directors

1. **Robert Gumede**
   Executive Chairman
   Date of appointment: May 2005
   Qualifications: BJuris

2. **Jonas Bogoshi**
   Chief Executive Officer
   Date of appointment: July 2007
   Qualifications: BSc Computer Science

3. **Carlos Ferreira**
   Chief Financial Officer
   Date of appointment: May 2005
   Qualifications: BCom (Hons), MBA

4. **John Edward Miller**
   Non-executive Director
   Date of appointment: October 2000
   Qualifications: AEP (UNISA)

5. **Malcolm Macdonald**
   Independent Non-executive Director
   Date of appointment: April 1999
   Qualifications: BCom, CA (SA), ACIMA

6. **Jacobus van der Walt**
   Independent Non-executive Director
   Date of appointment: April 1999
   Qualifications: BSc Engineering (Industrial)

7. **Londiwe Mthembu**
   Independent Non-executive Director
   Date of appointment: August 2008
   Qualifications: BCompt (Hons)

8. **Andrew Mthembu**
   Independent Non-executive Director
   Date of appointment: June 2005
   Qualifications: BSc (Chemistry, Biology), BSc (Civil Engineering), MSc (Construction Management), Advanced Management Programme (AMP) and the Executive Management Programme (EMP)

9. **Dr Judith Dlamini**
   Independent Non-executive Director
   Date of appointment: June 2005
   Qualifications: MBChB (Ntl), DOH (UFS), MBA (Wits)

Executive Committee

1. **Robert Gumede**
   Executive Chairman
   Date of appointment: May 2005
   Qualifications: BJuris

2. **Jonas Bogoshi**
   Chief Executive Officer
   Date of appointment: July 2007
   Qualifications: BSc Computer Science

3. **Carlos Ferreira**
   Chief Financial Officer
   Date of appointment: May 2005
   Qualifications: BCom (Hons), MBA

4. **Stephen Bosman**
   Managing Executive, Strategy & Governance
   Date of appointment: May 2008
   Qualifications: BEng (Industrial), MEng, PhD (Engineering)

5. **Christopher Mahlakwane**
   Managing Executive, Managed Services
   Date of appointment: April 2006
   Qualifications: Professional Dip in Management, MBA

6. **Pieter Boshoff**
   Managing Executive, Professional Services
   Date of appointment: September 1998
   Qualifications: Senior Dip Datametrics (UNISA), BCom Information Systems (UNISA)

7. **Livingstone Chilwane**
   Managing Executive, Managed Accounts
   Date of appointment: September 2006
   Qualifications: BSc (Hons) Computer Science, MCom Information Systems

8. **Thoko Mnyango**
   Managing Executive, Marketing, Communications and Transformation
   Date of appointment: October 1998
   Qualifications: BJuris, Dip Marketing Management

9. **Michael Ferreira**
   Managing Executive, Human Resources
   Date of appointment: May 1999
   Qualifications: BCom (Hons) Industrial Psychology, Dip Labour Relations

10. **Carlos De Figueiredo**
    Managing Executive, Group Sales
    Date of appointment: January 2008
    Qualifications: Dip Electronics, EPP, MBA

Strategy and client centricity

Keeping our eye on the cosmos and our feet on the ground is of major importance for the stakeholders that invest in our business.

Executive Chairman's report

As reflected in the excellent financial results posted by GijimaAst for the year ended 30 June 2008, the Group sustained the benefits of the operational improvements implemented during the past three years. With its energised executive management team led by Chief Executive Officer Jonas Bogoshi, GijimaAst has made solid progress in refining its long-term strategy, realigning and simplifying the business and delivering a strong win rate on new contracts, all of which are important in assuring the long-term sustainability of the Group. It is particularly gratifying to see the Group's successes in gaining market share from competitors.

Business environment

Technology is increasingly becoming viewed as a strategic enabler rather than a procurement function, and as such, the market remained buoyant despite lower economic growth in South Africa. While the public sector accelerated the rate of new contract awards during the year, ICT spend in the private sector was also strong, particularly in the mining and manufacturing segments, underpinned by the resources boom. According to BMI-Techknowledge, the South African IT services market is growing at between 6,0% and 7,0% per year.

Executive Chairman's report

The Group is firmly in position to deliver profitable growth and the performance for the year clearly demonstrates the success of the merger of Gijima and AST in 2005. GijimaAst has transformed from a company with declining revenue of R1,6 billion in 2005, to one delivering strong organic growth to a total revenue of R2,5 billion in 2008. This reflects an average growth rate of about 15% per year, well ahead of the industry growth rate. Over the same period, our operating profit has increased more than fourfold.

Commoditisation pressures and clients' needs to reduce costs had knock on effects, driving our focus on efficiencies throughout our delivery models. The liberalisation of the telecommunications landscape in South Africa brings with it challenges as well as opportunities. Service providers are gearing up to ensure their ability to compete in the changing landscape.

While the underlying ICT market, and more specifically, the services segment, continued to show solid growth in the past year, the scarcity of qualified and experienced technologists continued to plague every segment of the industry.

New leadership

In my view, the 2008 financial year saw GijimaAst coming of age as a unified company. We had certainly come a long way since the merger in 2005, but the final union was crystallised with the appointment of Jonas Bogoshi, our Chief Executive Officer. He came on board without any of the legacies of the past and has, in a short space of time, been instrumental in inspiring a unified culture across the Company. Under his supervision, the Group has made solid progress towards delivering sustainable performance improvements and cementing our competitive advantage. The role played by Carlos Ferreira, who brought prudence and a culture of financial discipline in the Company, has been key, hence we closed the year with net cash balances of R171,2 million.

Strategic review

GijimaAst has a well defined strategy which has been developed around the key imperative of sustainable and profitable long-term growth and entrenching our competitive advantage. We continued to make progress in achieving our strategic imperative during the year.

We won a number of ground breaking deals during 2008 and focused on building capacity to ensure our ability to deliver. Meanwhile, the appointment of a seasoned sales executive into the role of Managing Executive, Group Sales has gone a long way to transforming GijimaAst into a sales organisation. A number of initiatives are in progress to support our sales function and the pipeline of opportunities remains strong.

Our clients are demanding a greater level of innovation, as technology increasingly becomes a strategic asset which is core to each organisation's success. GijimaAst continued to evaluate its offerings, seeking ways to close any gaps. It is our aim to offer clients wall to wall solutions. We continually introduce new lines of business across our existing operations to ensure leadership and relevance of our offerings.

Employer of Choice

One of our key strategic goals is to be the Employer of Choice in the ICT industry by 2010, given that the quality of our services is predicated on our people. We have made good progress on this front despite the mobility of skills in the current environment. We are now able to attract the best skills that the country can offer – senior ICT specialists are approaching the Group to join our team.

We continue to invest heavily in training at all levels. More than 50 young professionals have participated in our Emerging Talent Programme in the past two years. We also develop young executives through our management development programme at the Gordon Institute of Business Science (GIBS). We are partnered in a learnership programme with Tshwane University of Technology, the ISETT SETA and SAP and are training these students in SAP related business solutions especially for the public sector. The Group also has a number of other interventions to grow our pool of skills.

Transformation

GijimaAst is a truly empowered ICT company with its roots firmly in South Africa. It is particularly pleasing for me to report that during the year, our team of highly experienced and loyal black ICT professionals remained committed to our Company, despite the increased mobility of skills across the economy. I believe that we have the most capable and multi-racial executive team in the ICT industry today,

At the operational level, we continued to make progress in transforming our organisation into a more demographically representative company. The black component of our total workforce increased to 43% during the year, compared to 37% in the previous period. During the year, we also made good progress in gender transformation, appointing a number of women into senior positions and we shall continue to do so. Our investments in training and development will support these transformation imperatives including the appointment and advancement of disabled South Africans.

Board of Directors

On 27 August 2008, I announced my decision to step down as an executive chairman of GijimaAst from 1 November 2008. I have fulfilled this executive role for the past three years since the successful merger of Gijima, which I founded ten years ago, and AST. During this time, I have focused my energy on cementing the merger and in driving our new business initiatives. I firmly believe that the Company is now on a sound platform to deliver future value under the able leadership of Jonas Bogoshi and his executive team. I have decided to relinquish my executive duties, whilst remaining a non-executive chairman, in order to focus on my entrepreneurial company, Guma Group from 1 November 2008. I will remain invested in GijimaAst through Guma Group's 36,6% shareholding and I will continue to offer my services to the Company to assist management and staff.

Ms LBR Mthembu was appointed to the Board on 12 August 2008 as a new non-executive director, replacing Mr K Mpinga, who resigned on 7 August 2008 because of his business interests. Ms LBR Mthembu has been a member of our Audit Committee since 2006.

Messrs NI Mhlongo and CP Potgieter resigned as directors on 19 November 2007 and 27 March 2008 respectively.

We would like to thank those directors who left us and welcome our new director who recently joined the Board.

Outlook

The year ahead promises to be another very successful year for the Group, as revenue on the life changing deals which we won in 2008 gains momentum. The investments which we have made in our capacity and capability during 2008 will ensure our ability to deliver on these significant opportunities. At the same time, our business is built around our clients and is efficiently structured to leverage increased profitability from revenue growth.

GijimaAst has an innovative value proposition and the ability to offer our clients end-to-end solutions which add value to their businesses. We embarked on the new financial year with our strategically positioned sales function, which has already brought new engagements to the table, with a strong pipeline of business which we will leverage to create value for our shareholders.

Underpinned by continued demand in all our markets, GijimaAst is well positioned to continue on its growth trajectory during the 2009 financial year.

Robert Gumede
Executive Chairman

Market impact and innovation

Striving to be different in what we do, innovation will be the star we navigate by.

Chief Executive Officer's report

GijimaAst delivered a strong performance with organic revenue growth of 24,7% to R2,5 billion and operating profit growth of 80,9% to R171,2 million. As such, we continued to make progress towards our strategic imperative of profitable revenue growth, and we believe that this has further potential. We are pleased to report that during the year, we increased market share in our target markets as reflected by the good deal flow in both the public and private sector.

Profile and group structure

GijimaAst is a leading South African company which operates in the information and communications technology (ICT) services industry. Organised into two operating divisions, our 3 657 strong workforce has extensive capacity, offering end-to-end infrastructure management and professional services:

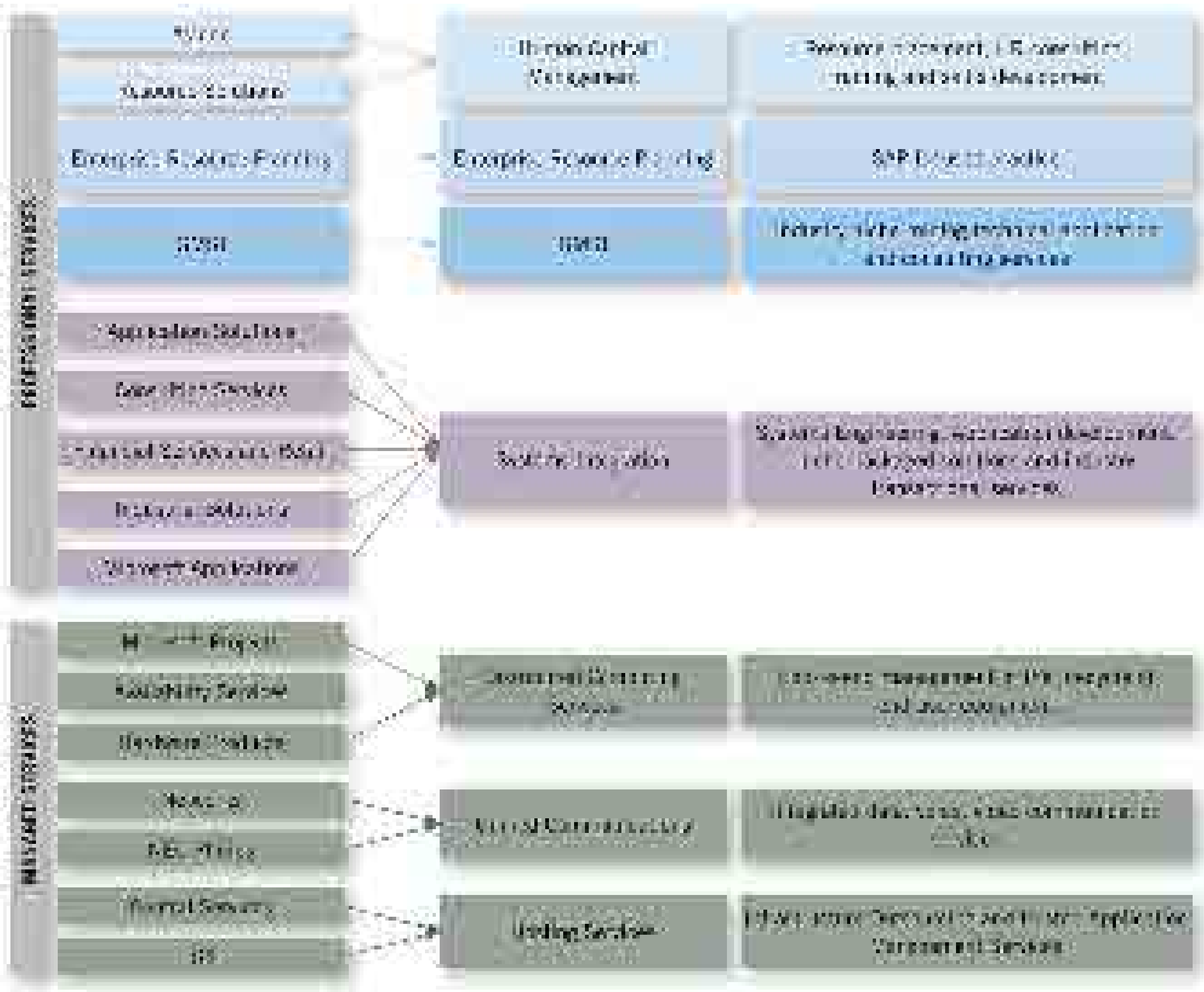
- Professional Services, focusing on software solutions and system integration, leveraged by a pool of skilled consultants, our proprietary industry solutions and effective methodologies and practices;
- Managed Services, providing outsource services leveraged by our technology infrastructure.

Our long-standing investment in our specialist industry focus areas – the public sector, mining, manufacturing, financial services and retail – give us an in-depth understanding of operating environments in these sectors, enabling us to add value to our clients.

Chief Executive Officer's report

Our strategy to maximise shareholder value is underpinned by four pillars – profitable growth, market leadership, service excellence and being Employer of Choice in the ICT sector. During the year, this strategy gained traction as reflected in our profitable growth rate which saw earnings more than double.

Based on the need to offer our clients a comprehensive value proposition, while taking cognisance of their buying behaviour and emerging trends, we realigned our operations during 2008 to unlock further efficiencies and economies of scale in our business. We now have a simpler operating structure as business units have been consolidated to seven as illustrated in the diagram below.



Financial commentary

Our 24,7% increase in revenue to R2,5 billion (2007: R2,017 billion) was driven by the 26,4% growth reported by Managed Services and 22,4% by Professional Services. The Application Products business unit more than doubled its revenue for the year, whilst the Networks and Enterprise Resource Planning (ERP) business units also delivered excellent performance and GMSI continued to grow strongly in the international market.

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved by 69,7% and operating profit by 80,9%. The strong increase in revenue enabled us to benefit from economies of scale, as reflected by staff and operating cost increases being contained to 21,7%. Application Products, Networks, ERP and GMSI performed at an outstanding level, all with operating profit increases in the order of 100% and above. Performance of the Availability Services and Microsoft business units was disappointing and steps have been taken to reverse this trend. The further weakening of the Rand during the year resulted in a significant foreign exchange translation gain of R47,8 million (2007: R12,6 million), mainly from our foreign operations.

Reflecting the higher levels of activity, cash generated from operations before working capital changes increased by 92,8% to R167,3 million (2007: R86,8 million). However, free cash was tempered by an increase of R196,3 million in debtors, reflecting the sharp increase in turnover and the tougher debt collection environment. Nevertheless, liquidity remains healthy and the financial structure sound.

Withdrawal of cautionary announcement

During the year, the Board contemplated a potential corporate transaction. However, negotiations were terminated and the cautionary announcement withdrawn when it was clear that the key stakeholders from both sides were unable to reach consensus on the business model which would have ensued going forward.

Dividend

In view of the good earnings performance and our sound liquidity position the Board has declared a dividend of 3,5 cents per share, up 133% on last year's maiden dividend of 1,5 cents per share and more in line with market dividend cover norms.

Prospects

The ICT industry remains buoyant despite the generally subdued domestic economy. Opportunities in the sector include the Government's infrastructure investment programme, driven by the demand for improved service delivery as well as the pursuit of increased efficiencies across the private sector.

Our brand has gained recognition in all our chosen areas of focus, as demonstrated by the strong deal flow during 2008. This has created a solid base for profitable growth, positioning us to meet our revenue growth targets which will enable us to further diversify our revenue profile, in terms of both industry and client profile.

Given this deal flow, we continue to focus on strengthening our project delivery capability. Our strategic partnership models and learnership programmes with leading educational institutions continue to provide us with the required technical skills to deliver on these projects.

We remain committed to delivering tangible progress on our strategic themes of profitable growth, service excellence, market leadership and becoming the employer of choice in the ICT industry during 2009.

Jonas Bogoshi
Chief Executive Officer

Profitability and the triple bottom line

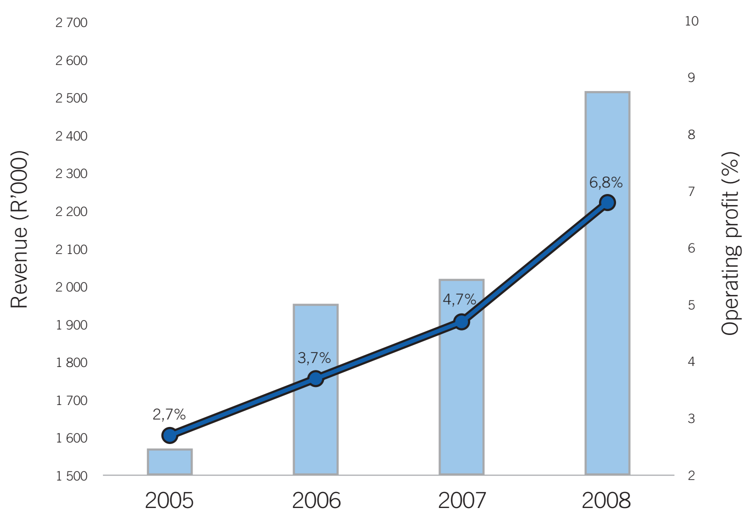
Dedicated to making our company profitable, not to expect the unexpected but to make the unexpected happen.

Financial review

Revenue

GijimaAst delivered organic revenue growth of 24,7% to R2,5 billion in the year ended 30 June 2008 as a result of the Group increasing its market share and accelerating new business activity. The overall ICT market remains reasonably strong with good deal flow in the public sector and continued demand from the mining and industrial segments contributing to growth.

Revenue



Financial review continued

Highlights for the financial year

- **Revenue up by 24,7% to R2,5 billion**
- **EBITDA up by 69,7% to R203,8 million**
- **Operating profit up by 80,9% to R171,2 million**
- **Headline earnings per share up by 111,2% to 11,7 cents**
- **Dividend per share up by 133% to 3,5 cents**

Operating profit

Our business has been geared for growth, and the strong increase in revenue was leveraged into a 80,9% rise in operating profit of R171,2 million (2007: R94,7 million). The Group has consistently improved its operating margin each year from 2,7% in 2005 to 6,8% in 2008 as our cost containment and margin improvement initiatives in recent years have yielded sustainable margin improvements. The significant increase is despite ongoing pressures on wage related costs due to skills shortages, with staff and operating costs increasing by 21,7% compared to the 24,7% revenue growth.

Operating profit included a once off foreign currency translation gain amounting to R47,8 million which relates to the Group's international corporate structure. A further R11,4 million investment to upgrade internal systems was also included in operating profit.

Attributable profit

GijimaAst maintained its strong growth in reported profit attributable to equity holders of the Company, which rose to R112,2 million (2007: R53,7 million), reflecting an increase of 108,8%. Headline earnings improved by 111,1% to R112,9 million (2007: R53,5 million) with headline earnings per share of 11,70 cents compared to 5,54 cents in the previous year.

Depreciation and amortisation

The depreciation and amortisation charge increased to R32,5 million (2007: R25,5 million) due to a higher software amortisation charge, coupled with a trade name amortisation expense.

Finance costs

Net finance costs of R12,6 million are down on the previous year's reported R18,7 million due to the combination of the interest rates on the bulk of the Group's debt having been fixed two years ago when market rates were far lower, and improved cash management.

Taxation

An effective tax rate of 29,3% was reported compared to 28,6% in the previous year.

Dividend

The Board declared a dividend of 3,5 cents per share, up 133% on last year's maiden dividend of 1,5 cents per share and more in line with market dividend cover norms.

Cash flow

Cash generated from operations before working capital changes increased by 92,8% to R167,3 million (2007: R86,8 million), reflecting the improvement in operating performance. Increased operating activity was associated with higher working capital changes of R92,3 million (2007: R30,6 million).

Closing net cash balances increased marginally to R171,2 million (2007: R170,4 million).

The asset turnover ratio improved to 2,1 times from 2,0 times a year ago, demonstrating the Group's improved ability to leverage its asset base for profitable revenue growth.

Capital expenditure

The Group incurred capital expenditure of R40,0 million (2007: R34,9 million) during the period under review, the majority of which relates to the procurement of income generating computer equipment and software.

Contingent liabilities

At 30 June 2008 the Group had contingent liabilities in respect of registered performance bonds, bank lease and other guarantees to the value of R3,2 million (June 2007: R2,5 million).

Future priorities

GijimaAst will continue its focus on margin enhancement by not only ensuring the sustainability of efficiency gains attained in previous reporting periods, but also driving further efficiencies on the strength of envisaged future growth.

Carlos Ferreira
Chief Financial Officer

Group salient features

for the year ended 30 June 2008

The financial highlights have been calculated in accordance with the financial definitions set out on page 94.

	IFRS 30 June 2008 R'000	IFRS 30 June 2007 R'000	IFRS 30 June 2006 R'000	IFRS 30 June 2005 R'000	SA GAAP 30 June 2004 R'000
Income statement					
Revenue	2 514 741	2 017 426	1 951 041	1 568 783	1 734 652
EBITDA	203 818	120 138	106 675	86 171	74 284
EBITDA (%)	8,10	5,96	5,47	5,49	4,28
Operating profit/(loss)	171 270	94 666	71 721	41 734	(84 922)
Operating profit/(loss) (%)	6,81	4,69	3,68	2,66	(4,90)
Headline earnings/(loss)	112 857	53 452	28 252	49 440	(14 018)
Headline earnings/(loss) (%)	4,49	2,65	1,45	3,15	(0,81)
Balance sheet					
Cash and cash equivalents	171 182	170 446	174 011	56 841	38 294
Total assets	1 178 160	1 011 512	952 682	888 439	784 515
Ordinary shareholders' funds	319 533	264 154	264 271	246 775	23 001
Number of shares in issue (thousands)	964 667	964 667	964 667	964 667	184 291*
Weighted average number of shares (thousands)	964 667	964 667	964 667	315 638	153 124*
Financial statistics					
Headline earnings/(loss) per ordinary share (cents)	11,70	5,54	2,93	15,66	(9,15)*
Basic earnings/(loss) per ordinary share (cents) from continuing operations	11,63	5,57	2,51	(20,42)	(92,51)*
Loss per ordinary share (cents) from discontinuing operations	–	–	(0,14)	(0,12)	–
Cash generated from/(used in) operating activities per weighted average ordinary share (cents)	4,49	(1,02)	9,76	0,84	23,78*
Net asset value per ordinary share (cents)	33,12	27,38	27,40	25,58	12,48*
Selected returns and ratios					
Effective tax rate (%)	29,30	28,57	43,67	5,02	172,78
Current ratio (times)	1,59	1,57	1,35	1,09	0,89
Return on equity (headline earnings) (%)	35,32	20,24	10,69	20,03	(60,94)
Average trade receivables collection days	70,84	64,27	61,04	63,75**	55,61
Number of employees	3 657	3 290	3 373	3 247	3 058
Revenue per employee	688	613	578	564**	567
Operating profit/(loss) per employee	47	29	21	31**	(28)

** Adjusted for the 10:1 consolidation of shares in October 2003.*

*** Revenue and operating profit figures have been annualised to include Gijima figures for the full twelve months in order to provide meaningful ratios in respect of debtors days and operating profit per employee.*

Value added statement

for the year ended 30 June 2008

	Group 2008 R'000	Group 2007 R'000
Wealth creation		
Group revenue	2 514 741	2 017 426
Cost of materials and services	(1 250 537)	(916 131)
Value added	1 264 204	1 101 295
Net financing cost	(12 555)	(18 701)
Total wealth created	1 251 649	1 082 594
Wealth distribution		
Workforce		
Salaries, wages, bonuses, pension, medical aid, other benefits and contractor fees	1 051 129	966 596
Attributable to minority shareholders and associates	–	5 217
Central and Local Governments	55 767	28 700
Tax	46 510	21 706
Rates and taxes	4 148	5 012
Skills development levy (net of refunds)	5 109	1 982
Reinvested in the Group	144 753	82 081
Depreciation, amortisation and impairment	32 548	25 472
Profit for the period from continuing operations	112 205	56 609
Total wealth distributed	1 251 649	1 082 594
Taxes paid and collected		
VAT	163 796	155 414
PAYE	200 348	196 443

Outlook and business capacity

Our universe is one where we don't operate from the outside looking in but rather from the inside looking out. Our clients expect nothing less.

Strategy and Governance

With effect from 1 July 2008, the realigned group structure was launched, after careful analysis and planning throughout the financial year. The result is a simplified operating structure with seven focused business units. This ensures that we can drive simplified value propositions for our clients and benefit from our dominant positioning as a top player in each competency area. This will contribute significantly to our strategic imperative of market leadership.

The realignment has also yielded benefits relating to our pursuit of service excellence, as the inherent capability in our support environment was strengthened through consolidation. In support of this imperative, we furthered the implementation of our ITIL unified framework for service management. We are currently rolling out the latest version of this framework across the entire business to ensure standardisation of service delivery. The reimplementation of SAP in the back office environment includes the migration of certain legacy back office systems onto a common platform.

Innovation and continuous improvement

Innovation and continuous improvement is imperative given the high levels of competition in the market. Our clients expect unit cost for services to decrease over contract periods while also expecting us, as their ICT partner, to innovate with new and improved ICT solutions.

During the year, GijimaAst renewed its focus on innovation and continuous improvement throughout the business units as well as the Architecture and Continuous Improvement departments. All ideas for ongoing improvements are captured, evaluated and institutionalised across the Company.

Stephen Bosman
Managing Executive, Strategy and Governance

Operational review

Business units are committed to market leadership in their core competencies, working closely with our international business partners. New technologies are developed and packaged as business offerings. The Architecture department works closely with tertiary institutions researching industry trends and provides clients with technology roadmaps and architecture solutions to maximise the benefits to their businesses. Continuous Improvement established an idea capturing system to exploit the creativity of all our personnel. A culture of creativity is being inculcated by recognising employees who generate creative ideas that are implemented.

All the innovation and improvement ideas are evaluated and captured in the GijimaAst improvement plan. This improvement plan forms a funnel of improvements and a scorecard of the innovation and improvements effected throughout the Company.

An important building block of GijimaAst's innovation initiative is the delivery of our services through an "on demand" service platform. We established a standard framework which enables our operations to pull together technologies, services and resources from all business units, enabling our clients to benefit from innovative ICT delivery on an "IT as a service" basis. Our "on demand" initiative has the potential to dramatically change how technology is procured, delivered, supported, managed and licensed.

Partner collaboration

GijimaAst's strong alignment with vendors including Intel, IBM, HP, SAP, Cisco, NEC Philips and Microsoft regularly exposes our teams to international cutting edge developments in technology architecture. We have developed processes to ensure that the knowledge is transmitted to our operations, through discussions at specialist forums, and ultimately, communicating new concepts to specific clients where we have identified potential benefits.

We also participate in future technology, update sessions and training on topics such as communications, storage, platforms, software and international technology trends with our partners. These relationships enable us to align ourselves with partners' technology roadmaps, creating a holistic view of leading technologies and industry trends which are then revealed to current and prospective clients.

The Innovation Hub and strong alliances with academia also afford us the opportunity of building solutions for clients with specific requirements to incorporate into their technology roadmap.

Strategic Business Units review

Having invested in capacity to deliver our strategic imperatives service excellence and market leadership, our clients are positioned to achieve their strategic goals and to reach for the stars.

Managed Services

Managed Services reported revenue growth of 26,4% to R1,4 billion (2007: R1,1 billion). Profitability continued to improve, with a 19,6% growth in operating profit to R83,8 million. The operating margin declined from 6,2% a year ago to 5,8% for 2008.

In the Unified Communications business unit, the Data Networks portfolio doubled its revenue base with good deal flow from public sector. Its reputation in the networks environment continues to grow. Due to a sluggish sales performance NEC Philips recorded a disappointing result, but is well positioned to benefit from its integration with the networks division in the realigned structure.

The Availability Services' portfolio, which is housed in the Distributed Computing Services business unit, continued to encounter commoditisation pressures but it experienced good deal flow in the latter part of the year. This will lead to improved utilisation of its infrastructure in 2009. The unit merged with Integrated Services Management Centre (ISMC) to enable seamless service delivery and increased efficiencies. We continue to make investments in systems management and remote management tools to optimise efficiencies and support profitability. Microsoft Projects delivered a pedestrian performance.

The Hosting business unit's Central Services experienced revenue pressure, but shows good potential to benefit from economies of scale with a good pipeline of opportunities.

Integrated Software Solutions (ISS) delivered a stable performance while traction in Software as a Service (SaaS) take up was slow. We continue to make investments to deliver the inherent potential of these business units and the realignment presents opportunities to extract further efficiencies.

Professional Services

Professional Services reported revenue growth of 22,4% to R1,1 billion (2007: R883,0 million). It ramped up operating profit, which increased by 81,5% to R58,5 million from R32,2 million a year ago. The Professional Services operating margin improved to 5,4%.

The ERP Solutions, which has one of the largest SAP skills pools in South Africa, experienced substantial volume growth. It further entrenched its SAP support business with the award of several international support contracts.

In the Systems Integration environment, Application Solutions delivered in excess of a twofold revenue increase as the "Who am I Online" project gained momentum. The Financial Services and Retail portfolio exceeded its expectation and has a sustainable pipeline of opportunities going forward. Industrial Solutions, which was streamlined during the year, showed good growth. It continues to deliver a strategic advantage to the Group. GMSI delivered an excellent performance with its good base of term contracts. High activity levels were supported by ongoing demand for its products in the international market. GMSI is now seeking to extend its software products into other specialised segments of the industry.

Human Capital Management showed a good performance from human resource-related activities. The consolidation of all our people related offerings under a single umbrella presents synergistic opportunities to extend client engagements.

Managed Accounts

Managed Accounts, as custodians of our Group named outsource clients, has as its key focus the responsibility of ensuring that we deliver superior service, innovation and continuous improvement to this blue chip client base while engaging at a strategic level to bring increased opportunities to the Group from these relationships. It is focused on driving standardisation of service delivery across the operations to guarantee consistent services across its named accounts. The SBU has welcomed the realignment and simplification of the Group's structure as it ensures an end-to-end integrated value proposition for clients in line with the market trend of consolidated solutions.

During 2008, Managed Accounts was integral to the Group's success in increasing its share of wallet in these key named accounts and achieved more than 30% growth within the division. For example, a number of new subsidiaries in the Anglo Group stable turned to GijimaAst for their ICT requirements as well as further deal flow from Columbus, ArcelorMittal and Exxaro. As a result, Managed Accounts exceeded its budget for the year.

Going forward, the SBU will continue to focus on service excellence but more emphasis will be put on driving innovation within the named client environments, as they pursue ways to do more with less, putting service providers like us under constant scrutiny. The division will also focus on strengthening relationships to ensure the long-term sustainability of revenue streams.

Livingstone Chilwane
Managing Executive, Managed Accounts

Pieter Boshoff
Managing Executive, Professional Services

Christopher Mahlakwane
Managing Executive, Managed Services

Brand development and business transformation

An image that is projected is perceived. Our passion is to be unique in the universe we operate in. We are driven to become a South African company with global ideals.

Brand evolution

One of the key responsibilities of Marketing, Communications and Transformation is the development of the GijimaAst brand.

Through a focused brand strategy and awareness campaign, GijimaAst has firmly established itself as one of the leading black empowered brands in the ICT sector by not only positioning itself as a technology leader and a partner to the ICT industry, but also ensuring our employees are aligned with the corporate brand and its values. Even though our employees are our most important asset, we do not reflect their value on our balance sheet. We therefore see it as paramount that a measurement methodology be adopted to gauge performance delivery in line with the overall company strategy deliverables and to build a baseline upon which annual performance is measured.

There is some old wisdom that says *"You cannot translate what you do not understand"* and it has been our aim to verify our internal and external clients' satisfaction with our **interpretation** of their needs and whether we have successfully **translated** these into solutions.

Our key strategic goal now is to position the leaders and engage employees to be GijimaAst brand ambassadors. This engagement is done through "values driven" communication and "Living the Brand" initiatives.

Vision Possible

Marketing, Communications and Transformation has been instrumental in positioning the CEO as the leader of the Company and the sponsor of the Vision Possible initiative. The Vision Possible theme has been successfully launched to clients in Johannesburg, Cape Town and Durban, enhancing awareness of the GijimaAst brand. Vision Possible was launched to employees and this was warmly welcomed.

Marketing, Communications and Transformation has also driven the CEO roadshows to ensure alignment with the strategic goals of the organisation and face-to-face interaction with the CEO.

Thoko Mnyango
Managing Executive, Marketing, Communications and Transformation

Brand development and transformation

Transformation imperatives

GijimaAst views transformation as an opportunity to grow and develop our business in line with the Broad Based Black Economic Empowerment (BBBEE) Act, Employment Equity Act and the Skills Development Act. To this end, GijimaAst focuses on entrenching empowerment on a more sustainable platform in the business to ensure effective participation of black people in terms of ownership, control, and skilled occupations. Our transformation strategy is broad-based and we focus on all seven pillars of empowerment. GijimaAst believes that Black Economic Empowerment (BEE) not only provides a wonderful opportunity to participate in the transformation of the nation, but it also affords the chance to implement a carefully designed BEE strategy, which will enable our organisation to flourish and become a leader in the ICT industry. This is why BEE is supported and practised in everything that we do, further showing our commitment to fostering sustainable empowerment to our clients, suppliers and employees.

To ensure meaningful Black Economic Empowerment, GijimaAst has:

- Set out concrete, measurable and achievable targets throughout all areas of the business;
- Established a sustainable programme that will ensure continuous development and implementation of BEE across all seven pillars of Broad Based Black Economic Empowerment; and
- Linked BEE targets to the performance management contracts of management at all levels.

A summary of our transformation achievements in the seven pillars of Broad Based Black Economic Empowerment is listed below:

Equity ownership

We have black equity ownership of 45%. The major black shareholder is the Guma Group, with a direct shareholding of 36,6%. Other institutional shareholders and individual shareholders constitute the remaining 8,4% of black ownership in the Company.

Management control

We are committed to the transformation of the management structure in the Company. The black representation at Board level is 55% and 50% in the Executive Management team.

Employment equity

We continue to make progress in transforming our workforce profile to better reflect the demographics of the country. 31% of our employees are women, with overall black representation of 43% (up from 37% in the previous financial year). Although we have shown a significant improvement in our employment equity figures, we still have work to do to realise our vision of having a 50% representation within the next five years. The Company also has an active employment equity forum consisting of 24 members which serves as a consultative and monitoring body for all employment equity requirements.

Preferential procurement

We have implemented a formal procurement policy to promote procurement from BEE suppliers and maintain a database of empowered suppliers based on the generic BBBEE scorecard. Our black empowered procurement was measured at 56% for the financial year.

Skills development

Our employees benefit from sponsored occupation-related training/learning to equip them with skills and knowledge required for improved performance in their jobs. The programmes include short learning programmes, skills programmes, learnerships and formal qualifications offered by higher educational institutions.

We run formal internships/learnerships (in line with the requirements of the ISETT SETA) with learners coming predominantly from tertiary institutions and then being mentored into skilled staff over a period of time to become fully-fledged employees with the relevant hands-on experience.

Corporate social investment

As a responsible corporate citizen, we acknowledge our responsibility to contribute to the development of the communities we serve. The bulk of our corporate social investment (CSI) initiatives are focused on education. We sponsor the Annual Most Improved School awards in conjunction with the Department of Education and support the University of Pretoria's Informatics Department. Other initiatives include sponsorship of a technology solution for the KZN Society for the Blind and the Dream Centre in the KwaZulu-Natal region.

Enterprise development

We continue to support the development of qualifying small enterprises (QSEs). In addition to certification and training given to our QSE partners, we assist them in managing their contracts where necessary. Our QSE regional network increases our already substantial footprint, while allowing regional QSE to participate in local business.

People management

Our Vision is Possible!

The shift towards excellence for GijimaAst to be a high performance organisation starts with the way that we engage our people. As an ICT Services provider, every one of our more than 3 600 employees interacts with one or more clients on any given day. The leadership acknowledged this potential and embarked on a process during 2007 to define the future of our business through the eyes and minds of our employees.

The main emphasis of the process is our company strategic themes – one of which is to become the Employer of Choice in the ICT industry by 2010. This will be achieved through a committed and competent leadership drive supported by the four pillars of the Human Capital Strategy, namely, Resource Management, People Development, Work Life Balance and Internal Transformation.

Resource Management

The new structure implemented at the end of the financial year will, apart from being sensible for the client focus, also assist the establishment of defined career planning and role definitions throughout the Company. Recruitment and selection is channelled through the in-house service provider who has knowledge and experience in the ICT sector. In the past 12 months we have attracted seasoned professionals from all our major competitors in senior roles (both managerial and technical). The increase in headcount to more than 3 600 employees was mainly due to acquired new business and as a result we were involved in a number of major staff transitions. We have embarked on a revised industry benchmarking process to determine our competitiveness in a tight market. In our drive to change the employee demographics the results showed a dramatic progress against our employment equity targets.

People Development

Our employees are our intellectual assets and thus we consider their training and development as an integral and important component of the overall human resources strategy that needs to be managed in accordance with legislation and international best practices.

The Company is fully aware that the successful attainment of its business objectives is entirely dependent on employees who are capable of functioning in the knowledge economy.

Our initiative with the ISETT SETA, SAP and The Tshwane University of Technology resulted in the employment of five ICT professionals after an 18 month training programme. The next group of students will complete the training at the end of December 2008. Six students successfully completed our first NEC Philips internship programme. Our Human Capital Training division also launched an FSE learnership accredited with the ISETT SETA.

For employees, our Emerging Talent Programme produced more than 50 junior leaders who completed a gruelling intervention where self awareness and supervisory skills were acquired. The second intake graduated in June 2008 and will be monitored and developed going forward. On the middle management level, GijimaAst invested in 30 managers to complete a Management Development Programme with the Gordon Institute of Business Science and they graduated in October 2007. To enhance our service experience to the clients, customer facing employees were exposed to a professionalism and client interaction programme that was developed internally.

Work Life Balance

The company provides flexible personal benefit options, wellness days, and crèche facilities during the December holidays, massage services and a 24 hour employee helpline. An Executive Wellness Programme is pro-active in terms of the health and lifestyle of executives and senior management. One of the underlying values of the business is to have fun and to love what we do.

Internal Transformation

The leadership development process was a catalyst for general employee participation and ideas. Areas of the business have established operational teams who take care of the goals and initiatives for that unit. Colleagues are part of consultative discussion groups and dialogue started spontaneously across all the units and accounts.

Michael Ferreira
Managing Executive, Human Resources

People management continued

GijimaAst Emerging Talent Programme 2006/2007 – Graduation ceremony

Gordon Institute of Business Science, GijimaAst Management Development Programme 2007/2008 incumbents

GijimaAst, Tshwane University of Technology Learnership Programme 2007/2008 incumbents



GijimaAst, ISETT SETA,
SAP and Tshwane
University of Technology
Training Group 2008




GijimaAst Emerging Talent Programme 2007/2008
Graduation ceremony

Group sales and new product development

With our sales impetus we thrive on giving our clients the world on a silver platter.

Carlos De Figueiredo
Managing Executive, Group Sales

Sales report

In the second half of the financial year, the focus in the sales environment was to bring the current sales organisation in line with the realigned structure of GijimaAst. We focused on creating greater balance between the industry, our portfolio of products and services, and our delivery capability. In addition, the alignment of the clients' needs and competencies formed the basis of our coverage model.

Under the new structure, we also have a heightened industry focus – including financial services, retail, manufacturing, mining and public sector. Our efforts in each sector are led by senior industry executives who are in turn supported by sales specialists who understand the specific subject matter competencies. This alignment enables us to understand the industry dynamics and have the conversations but also to propose relevant solutions.

An important focus of our organisational alignment is our imperative of carving alliances and partnerships to enable GijimaAst to deliver integrated solutions that meet our clients' needs.

The results are beginning to reflect a transformation in the way we concentrate our efforts on our clients. Client centricity remains at the core, but, in isolation, it is merely an approach and not a differentiator. Our focus on our ability to create unique solutions with alliance partners brings differentiation to our clients and therefore to ourselves.

The sales focus will allow our organisation to become more innovative, responsive, client centric, with better coverage and more relevance.

Corporate governance

Corporate practice and conduct

We affirm our commitment to the principles of openness, integrity and accountability and to providing timeous, relevant and meaningful reporting to all stakeholders, ensuring that our business is conducted in accordance with the Code of Corporate Practice and Conduct as set out in the King II Report on Corporate Governance. The Board is satisfied that the Group has complied with the Code during the year under review.

The majority of the Board members are non-executive and independent directors and all committees are constituted in terms of the principles and guidelines set out by the King II Report.

Ethics

A Code of Ethics approved by the Board has been signed by all employees, requiring them to maintain the highest personal ethical standards in conducting our business. The Group Human Resources Executive is charged with actively promoting and monitoring the implementation of the Code of Ethics.

Board of Directors

The Board is responsible for directing and controlling strategy and activities and for providing leadership and guidance to executive management in terms of an approved charter which delegates authority to the Chief Executive Officer and executive directors.

At 30 June 2008, the Board comprised three executive directors (Messrs Gumede, Ferreira and Bogoshi) and six non-executive directors (Messrs Macdonald, Miller, Mpinga, Mthembu, Van der Walt and Dr Dlamini).

On 27 August 2008 the Chairman, Mr RW Gumede, announced his intention to retire as an executive director as from 1 November 2008, but will continue to chair the Board as a non-executive director.

Ms LBR Mthembu was appointed to the Board on 12 August 2008 as a new non-executive director, replacing Mr K Mpinga, who resigned on 7 August 2008.

Messrs NI Mhlongo (on 19 November 2007) and CP Potgieter (on 27 March 2008) resigned as directors during the financial year.

The non-executive and independent non-executive directors contribute an objective and independent viewpoint on all major decision processes and standards of conduct. The Company provides a formal induction course for newly appointed directors. The offices of Chairman and Chief Executive Officer are separated. The Nomination Committee assesses the performance of the Chairman, Chief Executive Officer and executive directors. The term of office of executive directors is 36 months.

The Board meets quarterly when practically possible, with additional meetings when necessary, and although specific authority has been delegated to Board committees and management as appropriate, the Board retains full and effective control of the Company and monitors management's implementation of the Board's approved plans and strategy.

The following Board meetings were held during the year:

Member	28 Aug	22 Nov	22 Feb	21 Apr	5 June
Bogoshi, PJ	P	P	P	P	P
Dlamini, NJ	P	A	P	A	P
Ferreira, CJH	P	P	P	P	P
Gumede, RW	P	P	P	P	P
Macdonald, M	P	P	P	P	P
Mhlongo, NI*	A	–	–	–	–
Miller, JE	P	P	P	P	P
Mpinga, K	A	A	A	A	A
Mthembu, AFB	A	P	A	A	P
Potgieter, CP**	P	P	A	–	–
Van der Walt, JCL	P	P	P	P	P

P – Present/A – Apology
**Resigned 19 November 2007*
***Resigned 27 March 2008*

All directors have access to the services and advice of the Group Secretary and are entitled to seek independent professional advice at the Company's expense. The Board has unrestricted access to all information, documents and property. All directors are provided with appropriate and timely information, including detailed Board packs, prior to all Board and Board committee meetings.

In terms of the articles of association one third of directors retire every year, but if eligible they may be re-elected. At the last annual general meeting (November 2007), Messrs Bogoshi, Miller, Mpinga and Mthembu retired and were re-elected.

Board committees

Various Board committees have been established and operate within charters approved by the Board.

Nomination Committee

The Nomination Committee makes nominations to the Board on the appointment of new executive and non-executive directors, including recommendations on the composition of the Board generally and the balance between executive and non-executive directors. The Committee is also responsible for identifying and nominating candidates to fill Board vacancies and to put succession plans in place. The members at 30 June 2008 were:

- Dr NJ Dlamini – Chairperson and Independent Non-executive Director
- Mr M Macdonald – Independent Non-executive Director
- Mr AFB Mthembu – Independent Non-executive Director

There was no need for the Nomination Committee to meet during the financial year under review.

Audit Committee

The Audit Committee is responsible for monitoring the adequacy of financial controls and reporting. It is charged with, i*nter alia*, reviewing the audit plans of the external and internal auditors, ascertaining the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls and ensuring that interim and year-end financial reports meet accepted accounting standards. Regular meetings are scheduled and attended by the Chief Executive Officer, Chief Financial Officer and representatives of the external and internal auditors. External and internal auditors have direct access to the Chairman of the Audit Committee. The following persons were members as at 30 June 2008:

- Mr M Macdonald – Chairman and Independent Non-executive Director
- Mr K Mpinga – Independent Non-executive Director
- Mr JCL van der Walt – Independent Non-executive Director
- Ms LBR Mthembu – Outside independent consultant
- Mr PJ Bogoshi – Chief Executive Officer

During the past financial year, meetings of the Audit Committee were held and attended as follows:

Member	24 Aug	13 Nov	20 Feb	2 June
Bogoshi, PJ	P	P	P	P
Macdonald, M	P	P	P	P
Mpinga, K	A	A	P	A
Mthembu, LBR	P	P	A	P
Van der Walt, JCL	P	P	P	P

P – Present/A – Apology

Remuneration Committee

The Remuneration Committee is primarily responsible for formulating remuneration strategy and policies and the terms and conditions of employment of executive directors and senior executives. The following directors were members as at 30 June 2008:

- Mr AFB Mthembu – Chairman and Independent Non-executive Director
- Mr JCL van der Walt – Independent Non-executive Director

Meetings of the Remuneration Committee took place on the following dates:

Member	6 Aug	7 Feb
Mthembu, AFB	P	P
Van der Walt, JCL	P	P

P – Present/A – Apology

Transformation and Social Responsibility Committee

The role of the Transformation and Social Responsibility Committee is to assist the Board in implementing and monitoring the black economic empowerment and employment equity programmes and policies, directing affirmative procurement initiatives, monitoring the skills development policy and the development of a social responsibility programme. The Transformation and Social Responsibility Committee also mandated the Employment Equity Forum. The Forum, under the governance of the Transformation and Social Responsibility Committee, focuses on all employment equity issues in compliance with the Employment Equity Act (Act 55 of 1998).

Corporate governance continued

The following directors were members as at 30 June 2008:
- Dr NJ Dlamini – Chairman and Independent Non-executive Director
- Mr RW Gumede – Executive Chairman
- Mr PJ Bogoshi – Executive Director and Chief Executive Officer

Divisional executives of the strategic business divisions, as well as the Chairperson of the Employment Equity Forum, also attend the meetings of the Committee.

No formal meetings were held during the financial year under review.

Executive Committee
The day-to-day running of the Company is conducted by the Executive Committee, which meets on a monthly basis and consists of executive directors and senior managing executives of divisions. It is responsible for recommending policies and strategies to the Board and for monitoring their implementation according to the Board's directives.

Group Secretary
The Group Secretary attends all Board meetings, subcommittee meetings and executive committee meetings and has full access to employees, information and resources.

The Group Secretary plays an important role in supporting the Chairman and the executive directors. He is also responsible for ensuring that the procedures for the appointment and induction of new directors are properly followed.

The Group Secretary provides a central source of guidance and advice on business ethics and good governance and is also the point of contact for institutional and other shareholders. In addition, guidance is provided to all directors, both individually and collectively, on an ongoing basis. Relevant information on new regulations and legislation that may impact on directors is provided on an ongoing basis.

Risk management

Risk philosophy and strategy
The King II report describes risk management as "the identification and evaluation of actual and potential risk areas as they pertain to the company as a total entity, followed by a process of either termination, transfer, acceptance or mitigation of each risk". Our philosophy is to follow an integrated, enterprise-wide approach to risk management that comprises:
- Annual strategic risk assessments;
- Risk assessments on all tenders, bids and proposals exceeding a specified value;
- Registration, tracking and management of risk-related incidents;
- Ongoing monitoring and updating of risks;
- Defining, establishing and maintaining risk management policies, procedures and templates;
- Embedding of risk management principles in the day-to-day business activities;
- Board acceptance of overall accountability and responsibility for risk management;
- Establishment of a risk management department at corporate level to assist the Audit Committee and Board in reviewing the risk management process;
- Maintaining a comprehensive system of internal controls to ensure that risks are mitigated and that the Company's strategic objectives are attained;
- Identification and monitoring of key risk areas and key risk indicators on an ongoing basis to ensure effectiveness and efficiency of the internal control system; and
- Separate disclosure to the Chief Executive Officer and the Audit Committee of any significant control failings or weaknesses and their impact or expected impact.

We view risk from a negative perspective, but recognise that the review process may identify areas of opportunity where effective risk management can be turned to competitive advantage.

Accountability
The Board has overall responsibility for the total risk management process and system of internal control, which is reviewed regularly for effectiveness. The Board is also responsible for setting risk and control strategies and policies in consultation with executive management. The Board, together with executive management, is accountable for communicating these risk and control strategies and policies throughout the Company, and this process has been in place for the period under review up to the date of approval of the annual report and financial statements. The Board determines the level of risk it is willing to manage in the pursuit of growth and in maximising opportunities. The Board reviews the system of risk management, the strategic risk register and internal control reports on a quarterly basis.

Management is accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the organisation. Management is also accountable to the Board for providing assurance that it has fulfilled its mandate and the manner in which this has been done.

Strategic risks facing the Company are tabled at meetings of both the Audit Committee and the Board. Key risk indicators and measurements are identified for each strategic risk. A risk owner and assurance provider is also appointed for each strategic risk facing the Company. Risk owners report progress on the mitigation of strategic risks to the corporate risk management function on a monthly basis. The mitigation of tactical risks also serves at the monthly business unit review meetings.

As part of the risk management tools, an independent Ethics Hotline service is in place providing employees with a confidential, yet effective means to voice any concerns.

Health and safety

As a corporate entity, we ensure compliance with the Occupational Health and Safety Act, no. 85 of 1993 (the Act), in our day-to-day activities. An occupational health and safety management system based on the OHSAS 18001:2007 standard is in place. We aim to provide and maintain, as far as is reasonably practicable, a working environment that is safe and without material risk to the health of employees. We strive to achieve zero workplace-related accidents and fatalities.

Share dealings

No director or employee may deal, whether directly or indirectly, in GIJIMA AST GROUP LIMITED shares on the basis of unpublished price-sensitive information. Directors and employees are subject to an embargo on trading in shares during closed periods when the Company is operating under a cautionary announcement and in the period between the close of annual and half-yearly reporting periods and the publishing of results.

GijimaAst
YOUR COMPLETE ICT PARTNER

Annual financial statements 2008

Contents

Statement of responsibility

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and the annual financial statements of GIJIMA AST GROUP LIMITED, comprising the balance sheets at 30 June 2008, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe that the Group and Company will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the Group and Company annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The Group annual financial statements and the annual financial statements of GIJIMA AST GROUP LIMITED, as identified in the first paragraph, were approved by the Board of Directors on 27 August 2008 and are signed on their behalf by:

RW Gumede
Executive Chairman

J Bogoshi
Chief Executive Officer

CJH Ferreira
Chief Financial Officer

Group Secretary's certification

for the year ended 30 June 2008

I certify, in accordance with the Companies Act, Act 61 of 1973, as amended, that for the year ended 30 June 2008 GIJIMA AST GROUP LIMITED has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are true, correct and up to date.

JC Rademan
Group Secretary

Report of the independent auditors

Independent auditor's report to the members of GIJIMA AST GROUP LIMITED

Report on the financial statements

We have audited the Group annual financial statements and the annual financial statements of GIJIMA AST GROUP LIMITED, which comprise the balance sheets at 30 June 2008, the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 42 to 91.

Directors' responsibility for the financial statements

The Company's 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of GIJIMA AST GROUP LIMITED at 30 June 2008, and its consolidated and separate financial performance and 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.

KPMG Inc.
Registered Auditor

Per J Vliegenthart
Chartered Accountant (SA)
Registered Auditor
Director
27 August 2008

1226 Schoeman Street
Hatfield
0083
South Africa

Directors' report

Your directors have pleasure in submitting the annual financial statements of the Company and the GijimaAst Group for the year ended 30 June 2008 and report as follows.

Nature of business

GIJIMA AST GROUP LIMITED is the holding company for the interests of the GijimaAst Group and provides services in the ICT sector.

Group results

A general review of the operations of the major divisions and business units is given in the qualitative commentary and the Chief Executive Officer's Report.

The financial statements on pages 42 to 91 set out the financial position, results from operations and cash flows of the Group in full for the financial year ended 30 June 2008.

Going concern

The Board considers the going concern concept in the context of its deliberations on the annual financial statements. The Board has satisfied itself that the Group has adequate annuity revenue going forward, a budget for the next year reflecting growth on the current year's results and a cash forecast that indicates that the Group will be able to honour its liabilities. The Group's financial statements have accordingly been prepared on a going concern basis.

Dividend

In view of the good earnings performance and our sound liquidity position, the Board has proposed a cash dividend of 3,5 cents per share, up 133% on last year's maiden dividend of 1,5 cents per share and more in line with market dividend cover norms. The dividend is payable to shareholders recorded in the books of the Company at the close of business on Friday, 14 November 2008. The proposed dividends are to be confirmed at the annual general meeting to be held on Thursday, 6 November 2008. An announcement confirming the payment of the proposed dividends will be made on SENS on Thursday, 6 November 2008 and in the press on Friday, 7 November 2008.

The salient dates are as follows:

Last date to trade cum dividend	Friday, 14 November 2008
Securities start trading ex dividend	Monday, 17 November 2008
Record date	Friday, 21 November 2008
Payment date	Monday, 24 November 2008

The dividend is declared in the currency of the Republic of South Africa.

Share certificates may not be dematerialised or rematerialised between Monday, 17 November 2008 and Friday, 21 November 2008, both dates inclusive.

Subsidiary undertakings

The interests in subsidiary companies where considered material in the light of the Group's financial position and results, are set out on pages 90 and 91.

Acquisitions and disposals during the year

There was no acquisition or disposal of any issued share capital in any legal entity during the year under review.

Board of Directors and management

The names of the directors, as at 30 June 2008, and their personal details appear under the section 'Board of Directors' (and 'Directors' details') on pages 4 and 5.

The following changes in the Board have taken place since the last annual report:

Resignations:

Mr NI Mhlongo resigned on 19 November 2007.

Mr CP Potgieter resigned on 27 March 2008.

Mr K Mpinga resigned on 7 August 2008.

Appointments:
Mr PJ Bogoshi was appointed on 1 July 2007.
Ms LBR Mthembu was appointed on 12 August 2008.

Group Secretary and registered office

The Group Secretary is Johan Cornelius Rademan. The address of the Secretary and the registered address of the Company is:
Block C, GijimaAst Offices
47 Landmarks Avenue
Kosmosdal
Samrand
Centurion
0157

Interest of directors in the capital of the Company

At 30 June 2008, the directors of GIJIMA AST GROUP LIMITED held beneficially in aggregate 358 611 849 GIJIMA AST GROUP LIMITED shares. The following directors held shares in the Company:

	As at 30 June 2008			As at 30 June 2007		
Directors	Direct	Indirect	Total	Direct	Indirect	Total
Ferreira, CJH		21 526 352	21 526 352		18 734 343	18 734 343
Gumede, RW		332 610 064	332 610 064		287 439 827	287 439 827
Macdonald, M		995 488	995 488		995 488	995 488
Mhlongo, NI					47 962 246	47 962 246
Miller, JE	1 472 502		1 472 502	1 472 502		1 472 502
Van der Walt, JCL	72 059	1 935 384	2 007 443	72 059	1 935 384	2 007 443

From the end of the financial year to the date of this report, the interest of directors remained unchanged.

Share capital

GIJIMA AST GROUP LIMITED had an issued share capital of 964 666 538 shares on 30 June 2008. During the year no ordinary shares were issued.

Fixed assets

There was no change in the nature of the fixed assets of the Group or in the policy regarding their use.

Capital expenditure

The capital expenditure for GijimaAst during the period under review was R40 million, primarily in respect of purchases of income-generating computer and office equipment to maintain operations. Capital commitments as at 30 June 2008 to incur future expenditure were R15,9 million mainly for furniture, fittings and network infrastructure for the new buildings at the Group's Samrand premises.

Events after balance sheet date

No significant events occurred after the balance sheet date.

Special resolutions

The following special resolutions were passed during the year at the Annual General Meeting of shareholders held on 9 November 2007:

Resolution

"That the directors be and hereby are authorised, by way of general approval and in terms of Article 6.6.10 of the Articles of Association, to acquire, on behalf of the Company or its subsidiaries, ordinary shares issued by the Company ("ordinary shares"), in terms of Sections 85 and 89 of the Companies Act and the JSE Listings Requirements, provided that:

- any such acquisition of ordinary shares ("the acquisition") shall be implemented on the open market of the JSE, through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited) and in accordance with the Company's Articles of Association;

Directors' report continued

- such general authority shall only be valid until the next annual general meeting but not beyond 15 months from the date of passing this special resolution;
- an announcement will be published as soon as the Company has cumulatively acquired 3% of the ordinary shares in issue as from the date of this approval, and for each 3% thereof in aggregate acquired thereafter, containing full details of such acquisition;
- in terms of this general authority, the acquisition may not exceed, in aggregate in any one financial year, 20% of the Company's issued share capital of that class as at the beginning of the financial year;
- in determining the price at which the ordinary shares issued by the Company are repurchased by it in respect of the acquisition in terms of this general authority, the maximum price at which such ordinary shares may be repurchased will not be greater than 10% above the weighted average of the market value of ordinary shares for the five business days immediately preceding the date of the acquisition of such ordinary shares;
- only one agent is appointed at any point in time to effect the acquisition in terms of this resolution;
- the Company may only undertake an acquisition of ordinary shares if after such acquisition it still complies with paragraphs 3.37 to 3.41 of the Listings Requirements of the JSE concerning member spread requirements;
- the Company or its subsidiary may not repurchase ordinary shares pursuant to the acquisition during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE; and
- in the case of an acquisition by a subsidiary of the Company, the authority shall be valid only if:
  – the subsidiary is authorised by its Articles of Association;
  – the shareholders of the subsidiary have passed a special resolution authorising the acquisition; and
  – the number of ordinary shares to be acquired is not greater than 10% of the number of issued shares in the Company."

Reason for and effect of the special resolution

The reason for and effect of the special resolution is to grant the Company or its subsidiaries a general authority in terms of the Companies Act to acquire the ordinary shares of the Company.

The directors of the Company have no specific intention to effect the provisions of this special resolution, but will continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of this special resolution.

The Board has considered the impact of the acquisition and is of the opinion that, taking into consideration the maximum number of ordinary shares that could be repurchased pursuant to the acquisition:

- the Company and the Group would, in the ordinary course of business, be able to repay its debts for a period of 12 months after the date of the notice of the annual general meeting;
- the assets of the Company and the Group, fairly valued in accordance with the accounting policies used in the latest audited annual Group financial statements, would exceed the liabilities of the Company and the Group for a period of 12 months after the date of the notice of the annual general meeting;
- the ordinary capital and reserves of the Company and the Group would be adequate for a period of 12 months after the date of the notice of the annual general meeting;
- the working capital of the Company and the Group would be adequate for a period of 12 months after the date of the notice of the annual general meeting; and
- the Company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listing Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved the documentation.

Resolutions

"That a new article, article 21.1A, be inserted and added to the Articles of Association of the Company:

'The directors of the Company may from time to time declare and pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.' "

Resolutions continued

"That article 22.3 of the Articles of Association of the Company be deleted in its entirety and replaced with the following new article 22.3:

'The Company may transmit any dividend or other payment payable in respect of a share by ordinary post to the address of the holder thereof recorded in the register or such other address as the holder thereof may previously have given to the Company in writing or by electronic funds transfer directly into a bank account nominated in writing to the Company by the holder.' "

Reason for and effect of the special resolution

The reason for and effect of the special resolution is to grant the directors of the Company a general authority in terms of its Articles of Association to declare and pay interim dividends to its shareholders if justified by the profits and cash reserves of the Company.

Amendments to Articles of Association

The Company's Articles of Association were amended during the course of the financial year to make provision for the declaration and payment of interim dividends. Please refer to the above special resolution that had been passed.

Directors' interests in contracts

During the year no contracts were entered into in which directors of the Company had an interest and which significantly affected the business of the Group. The directors had no material interest in any third party or company responsible for managing any of the business activities of the Group.

Management by third parties

No third person or any company in which a director had an interest managed any of the businesses of the Company or its subsidiaries during the reporting period.

Auditors

KPMG Inc. will continue in office as external auditors of the GijimaAst Group in accordance with section 270 (2) of the Companies Act.

Insurance

The directors are of the opinion that the GijimaAst Group is sufficiently covered by means of its insurance policies for all of the Group's liabilities. Willis, the Group's insurance brokers, assists the Group annually in determining its liabilities and exposure for which insurance coverage is needed. The Board annually evaluates and approves the appropriateness of the coverage per class of insurance.

Accounting policies

GIJIMA AST GROUP LIMITED (the "Company") is a company domiciled in South Africa. The consolidated and separate financial statements of the Company for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities. The Group is primarily involved in the provision of Information and Communications Technology ("ICT") services in various sectors of the economy.

1. Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 27 August 2008.

2. Basis of preparation

The consolidated and separate financial statements are presented in South African Rand, which is the Company's functional currency and the Group's presentation currency, rounded to the nearest thousand. They are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value; and
- Liabilities for equity-settled share-based payment arrangements are measured at fair value.

The methods used to measure fair values are discussed further in accounting policy note 22.

Non-current assets and disposal groups held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following accounting policy notes:

- Note 6 – measurement of the recoverable amounts of cash-generating units containing goodwill
- Note 16 – utilisation of tax losses
- Note 11.2 – measurement of share-based payments
- Note 12 – provisions
- Note 7 – valuation of financial instruments
- Note 5.2 – lease classification

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

3. Basis of consolidation

3.1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries in the Company's separate annual financial statements are stated at cost less impairment losses.

3. Basis of consolidation continued

3.2 Special purpose entity

The Group has established a special purpose entity (SPE) for the trade receivables securitisation. The Group does not have any direct or indirect shareholdings in the entity. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. The SPE controlled by the Group was established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Group receiving all of the benefits related to the SPE's operations and net assets, being exposed to risks incidental to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

3.3 Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

3.4 Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreements. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenue and expenses with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

3.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.6 Acquisition of minorities

The recognition of an increase and decrease in ownership interests in subsidiaries without a change in control is accounted for as an equity transaction in the consolidated financial statements. Accordingly, any premium or discount on subsequent purchases of an equity instrument from a minority interest is recognised directly in the parent shareholders' equity.

4. Foreign currency

4.1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to South African Rand at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to South African Rand at foreign exchange rates ruling at the dates the fair value was determined.

4.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to South African Rand at foreign exchange rates ruling at the reporting date.
The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to South African Rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on the translation are recognised directly in a separate component of equity.

Accounting policies continued

4. Foreign currency continued

4.3 Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to the non-distributable reserve. They are released into profit or loss upon disposal. In respect of all foreign operations, any differences that have arisen before 1 July 2004, the date of transition to IFRS, are presented as a separate component of equity.

5. Property, plant and equipment

5.1 Owned assets

Items of property, plant and equipment, except for land and buildings, are measured at cost less accumulated depreciation and accumulated impairment losses (refer accounting policy 9).

The revaluation model is applied to land and buildings. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value, and the entire class is revalued.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other expenses' in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

5.2 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in the same manner as owned items of property, plant and equipment.

Other leases are operating leases and the leased assets are not recognised in the Group's balance sheet.

5.3 Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the part will flow to the Group and its cost can be measured reliably, the carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

5.4 Depreciation

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership at the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

• Buildings	50 years
• Furniture, fittings and office equipment	6 – 7 years
• Electronic and computer equipment	3 – 5 years
• Leasehold improvements	5 – 11 years
• Mainframe equipment	5 – 6 years
• Vehicles	4 – 5 years

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

6. Intangible assets

6.1 Goodwill and trade name

All business combinations are accounted for by applying the purchase method. Goodwill arises on acquisition of subsidiaries, associates and joint ventures. The trade name consists of the Gijima trade name which arose from the acquisition of the information technology business of Gijima. The useful life has been assessed as 20 years and amortised as such. In respect of business acquisitions that have occurred since 1 July 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

6. Intangible assets continued

6.1 Goodwill and trade name continued

In respect of acquisitions prior to 1 July 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under South African Statements of Generally Accepted Accounting Practice.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (refer accounting policy 9).

The trade name is stated at cost less any accumulated amortisation. The trade name is allocated to cash-generating units and is amortised over its useful life. The appropriateness of the useful life of the trade name is assessed on an annual basis.

6.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, the Group intends to and has sufficient resources to complete development and to use or sell the asset and the development costs can be measured reliably. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of normal overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

6.3 Client contracts

Client contracts consist of contractually secured agreements arising at the date of acquisition of a business. Amortisation is spread over the remaining contract periods. Client contracts are valued using a discounted cash flow valuation of the revenue and costs associated with each contract.

6.4 Software

Software which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

6.5 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

6.6 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Trade name 20 years
- Software 3 – 5 years

7. Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Accounting for finance income and expense is discussed in accounting policy 15.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Accounting policies continued

7. Financial instruments continued

7.1 Recognition and derecognition

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

7.2 Subsequent measurement

7.2.1 Investments

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

7.2.2 Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses, using the effective interest method.

7.2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are stated at fair value.

7.2.4 Trade and other payables

Trade and other payables are stated at amortised cost, using the effective interest method.

7.2.5 Derivative financial instruments

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value and changes therein are recognised immediately in profit or loss.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

7.2.6 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

7.3 Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a current legally enforceable right to set off the recognised amount and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Group will not offset the transferred asset and the associated liability.

8. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of finished goods and work in progress comprises design costs, materials, direct labour and other direct costs.

9. Impairment

9.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

9. Impairment continued

9.1 Financial assets continued

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

9.2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (refer accounting policy 9.3).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

9.3 Calculation of recoverable amount

Non-financial assets

The recoverable amount of the Group's investments receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets).

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

9.4 Reversals of impairment

Non-financial assets

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Accounting policies continued

10. Share capital

10.1 Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction in equity, net of any tax effects.

10.2 Dividends

Dividends are recognised as a liability in the period in which they are declared.

11. Employee benefits

11.1 Defined contribution plans

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group operates a defined contribution pension plan and a defined contribution provident fund. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

11.2 Share-based payment transactions

The Group operates an equity-settled share-based compensation plan for senior employees and executives. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is recognised as an employee expense on a straight-line basis over the vesting period and a corresponding entry to equity. The expense takes into account the best estimate of the number of shares that are expected to vest, except for when forfeiture is only due to share prices not achieving the threshold for vesting.

Non-market conditions such as time based vesting conditions and non-market performance conditions are included in assumptions about the number of notional shares that are expected to vest. At each reporting date, the entity revises its estimates on the number of notional shares that are expected to vest, except for when forfeiture is only due to share prices not achieving the threshold for vesting. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity. When the notional shares are exercised or share awards vest, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

11.3 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus, commissions or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

12. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation, that can be estimated reliably, as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

12.1 Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

12.2 Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

12.3 Commissions

The Group recognises the liability on all commissions payable to the staff at the reporting date.

12.4 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

13. Revenue

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be measured reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of retentions and allowances, trade discounts and volume rebates. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods. Early settlement discounts paid to customers have been set off against revenue.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

13.1 Sale of goods and software licences

Revenue from the sale of software licences and goods is recognised when significant risks and rewards of ownership of the software and goods are transferred to the buyer in accordance with the relevant agreement.

13.2 Long-term and fixed-price contracts

Revenue from long-term and fixed-price contracts is based on the stage of completion. The stage of completion is determined by reference to the time spent to date in relation to the total estimated time and materials required to complete the contract agreed with customers.

13.3 Time and material contracts

Revenue from time and material contracts is recognised based on the actual time spent and materials used to date.

14. Expenses

14.1 Leased assets

14.1.1 Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

14.1.2 Finance lease payments

Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

14.1.3 Interest paid

The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

15. Finance income and expenses

Finance income comprises interest income of funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

16. Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries, joint ventures and associates to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Accounting policies continued

16. Income tax continued

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

17. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees if settled on an equity basis.

18. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments.

19. Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale. Immediately before classification as held-for-sale, the measurement of the assets (and all assets and liabilities in a disposal group) is remeasured in accordance with the Group's accounting policies. Then, on initial classification as held-for-sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less costs to sell, except where these assets are already measured at fair value or are otherwise excluded from the measurement rule by IFRS 5. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held-for-sale are included in profit or loss, even when there is a revaluation which has previously been recognised in equity with respect to that asset. The same applies to gains and losses on subsequent remeasurement. Gains are not recognised in excess of any cumulative impairment losses.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of, is held for sale or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. A disposal group that is to be abandoned may also qualify.

20. Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in the current year.

21. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2008, and have not been applied in preparing these consolidated financial statements:

IFRS 8 Operating Segments introduces the 'management approach' to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments.

Revised IAS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23, which will become mandatory for the Group's 2009 financial statements, is not expected to have any impact on the consolidated financial statements.

21. New standards and interpretations not yet adopted continued

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group's 2009 financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements.

IFRIC 12 Service Concession Arrangements provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. IFRIC 12, which becomes mandatory for the Group's 2009 financial statements, is not expected to have any impact on the consolidated financial statements.

IFRIC 13 Customer Loyalty Programmes addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for the Group's 2009 financial statements, is not expected to have any impact on the consolidated financial statements.

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when MFR might give rise to a liability. IFRIC 14, which will become mandatory for the Group's 2009 financial statements, with retrospective application, is not expected to have any impact on the consolidated financial statements.

22. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

22.1 Inventories

The fair value of inventories is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

22.2 Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

22.3 Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

22.4 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

22.5 Share-based payment transactions

The fair value of employee share options is measured using a binomial lattice model. The fair value of share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the zero-coupon interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

22.6 Interest rates used for determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate constant credit spread, and were as follows:

	2008	2007
Loans and borrowings	10% to 15,5%	10% to 15%
Leases	13,5% to 15%	11% to 14%

Income statements

for the year ended 30 June 2008

	Note	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Revenue	2.1	2 514 741	2 017 426	–	–
Other income	2.2	12 500	38 797	–	–
Income		2 527 241	2 056 223	–	–
Staff costs and employee benefits	2.14	(1 051 129)	(966 596)	–	–
Operating (costs)/income		(1 306 918)	(971 782)	(6 959)	42 317
Foreign currency gains	2.7	47 811	12 562	–	–
Other expenses		(13 187)	(10 269)	–	–
Earnings before interest, tax, depreciation and amortisation charges (EBITDA)		203 818	120 138	(6 959)	42 317
Depreciation and amortisation charges		(32 548)	(25 472)	–	–
Operating profit/(loss) before financing costs	2	171 270	94 666	(6 959)	42 317
Financial income	3.1	14 354	12 580	14 470	–
Financial expenses	3.2	(26 909)	(31 281)	–	–
Net financial expense	3	(12 555)	(18 701)	14 470	–
Profit before tax		158 715	75 965	7 511	42 317
Income tax expense	4	(46 510)	(21 706)	–	–
Profit after tax		112 205	54 259	7 511	42 317
Share of profit of associates	8	–	2 350	–	–
Profit for the year		112 205	56 609	7 511	42 317
Attributable to:					
Equity holders of the parent		112 205	53 742	7 511	42 317
Minority interest	17	–	2 867	–	–
		112 205	56 609	7 511	42 317
Earnings per ordinary share (cents)					
– Basic	5	11,63	5,57	–	–
– Diluted	5	11,36	5,57	–	–
Refer to note 5 for headline earnings per share.					

Balance sheets

as at 30 June 2008

		Group		Company	
	Note	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Assets					
Non-current assets		284 553	317 846	248 427	255 386
Property, plant and equipment	6	58 829	61 495	–	–
Investment in subsidiaries	7	–	–	248 427	255 386
Intangible assets	11	122 331	112 905	–	–
Derivative financial instrument	9	–	–	–	–
Investment in associates	8	–	–	–	–
Deferred tax assets	12	103 393	143 446	–	–
Current assets		893 607	693 666	–	–
Inventories	13	43 650	41 923	–	–
Trade and other receivables	14	674 633	473 577	–	–
Current tax assets		1 870	7 383	–	–
Cash and cash equivalents	15	173 454	170 783	–	–
Total assets		1 178 160	1 011 512	248 427	255 386
Equity and liabilities					
Total shareholders' equity		319 533	264 154	248 427	255 386
Equity attributable to parent shareholders		319 533	264 154	248 427	255 386
Minority interest	17	–	–	–	–
Non-current liabilities		297 507	305 652	–	–
Interest-bearing borrowings	18	260 467	263 124	–	–
Operating lease liability		22 725	23 080	–	–
Deferred tax liabilities	12	14 315	19 448	–	–
Current liabilities		561 120	441 706	–	–
Trade and other payables	19	502 553	396 502	–	–
Provisions	20	51 378	41 663	–	–
Bank overdrafts	15	2 272	337	–	–
Current tax liabilities		4 917	3 204	–	–
Total equity and liabilities		1 178 160	1 011 512	248 427	255 386

Cash flow statements

for the year ended 30 June 2008

		Group		Company	
	Note	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Cash flows from operating activities					
Cash generated from operations	27.1	75 007	56 159	–	–
Interest received	27.2	14 275	12 228	–	–
Interest paid	27.3	(27 095)	(28 388)	–	–
Dividend paid		(14 470)	–	(14 470)	–
Dividend received		–	–	14 470	–
Tax paid	27.4	(4 364)	(49 873)	–	–
Net cash generated from/(used in) operating activities		43 353	(9 874)	–	–
Cash flows from investing activities					
Acquisition of minorities		–	(82 702)	–	–
Purchase of remaining share in joint venture		–	(2 270)		
Decrease in amounts due to vendor		–	(1 380)	–	–
Proceeds on sale of investments			4 365		
Proceeds on sale of business		–	580	–	–
Purchase of software to maintain operations		(16 734)	(8 881)		
Purchase of property, plant and equipment to maintain operations		(23 233)	(26 437)	–	–
Proceeds from the sale of property, plant and equipment		6	440	–	–
Net cash used in investing activities		(39 961)	(116 285)	–	–
Cash flows from financing activities					
Repayments of long-term borrowings		(2 656)	(133 406)	–	–
Proceeds from long-term borrowings		–	256 000	–	–
Net cash (used in)/generated from financing activities		(2 656)	122 594	–	–
Net increase/(decrease) in cash and cash equivalents		736	(3 565)	–	–
Cash and cash equivalents at the beginning of the year		170 446	174 011	–	–
Cash and cash equivalents at the end of the year	15	171 182	170 446	–	–

Statements of changes in equity

for the year ended 30 June 2008

R'000	Share capital	Share premium	Dis-tributable reserves	Non-dis-tributable reserves	Total	Minority interest	Total equity
Group							
Balance at 1 July 2006	964	646 525	(348 112)	(35 106)	264 271	40 779	305 050
Share-based payment transactions			1 373		1 373		1 373
Currency translation differences				(17 515)	(17 515)		(17 515)
Revaluation of land and buildings (net of tax)				1 339	1 339		1 339
Acquisition of minorities			(39 056)		(39 056)	(43 646)	(82 702)
Total income and expense recognised directly in equity			(37 683)	(16 176)	(53 859)	(43 646)	(97 505)
Profit for the year			53 742		53 742	2 867	56 609
Balance at 30 June 2007	964	646 525	(332 053)	(51 282)	264 154	–	264 154
Share-based payment transactions			1 009		1 009		1 009
Dividend			(14 470)		(14 470)		(14 470)
Currency translation differences				(43 365)	(43 365)		(43 365)
Total income and expense recognised directly in equity			(13 461)	(43 365)	(56 826)	–	(56 826)
Profit for the year			112 205		112 205	–	112 205
Balance at 30 June 2008	964	646 525	(233 309)	(94 647)	319 533	–	319 533
Company							
Balance at 1 July 2006	964	661 158	(449 053)	–	213 069	–	213 069
Profit for the year			42 317		42 317		42 317
Balance at 30 June 2007	964	661 158	(406 736)	–	255 386	–	255 386
Dividend paid			(14 470)		(14 470)		(14 470)
Total income and expense recognised directly in equity			(14 470)	–	(14 470)	–	(14 470)
Profit for the year			7 511		7 511		7 511
Balance at 30 June 2008	964	661 158	(413 695)	–	248 427	–	248 427

Note:The non-distributable reserve consists of currency translation differences and a revaluation of land and buildings. The distributable reserve consists of retained earnings and share-based payment reserves.

Notes to the annual financial statements

for the year ended 30 June 2008

1. Segment information

Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of our offices.

	2008		2007	
	Revenue R'000	Segment results R'000	Revenue R'000	Segment results R'000
Professional Services	1 080 968	58 474	882 993	32 217
Managed Services	1 433 773	83 811	1 134 433	70 064
Corporate and other	–	(23 674)	–	(20 248)
	2 514 741	118 611	2 017 426	82 033
Unallocated items:				
(Loss)/profit on sale of businesses and properties		(652)		290
Profit on sale of derivative instrument		5 500		35 373
DTS restructuring and integration costs		–		(25 638)
Retrenchment costs		–		(9 954)
Exchange rate gains on transactions		47 811		12 562
Operating profit		171 270		94 666
Financial income		14 354		12 580
Financial expenses		(26 909)		(31 281)
Tax expense		(46 510)		(21 706)
Share of profit in associate		–		2 350
Profit for the period		112 205		56 609
The parent company is registered in South Africa where the main activities of the Group are located at segment level.				
Mining	460 436		324 208	
Manufacturing	335 090		317 187	
Telecommunications	62 112		82 986	
Financial services	418 592		489 082	
Retail and hospitality	182 804		114 728	
Public sector	943 201		537 886	
Other	112 506		151 349	
	2 514 741		2 017 426	
Geographical segments				
South Africa	2 377 247	158 182	1 927 196	87 389
Foreign	137 494	13 088	90 230	7 277
	2 514 741	171 270	2 017 426	94 666

		Group 2008 R'000	Group 2007 R'000
2.	**Operating profit/(loss) before financing costs**		
	Operating profit/(loss) before financing costs is arrived at after taking into account:		
2.1	Revenue from		
	– Sale of goods	692 186	484 182
	– Rendering of services	1 822 555	1 533 244
		2 514 741	2 017 426
	Revenue from (%)		
	– Sale of goods	28	24
	– Rendering of services	72	76
		100	100
2.2	Other income		
	– Profit on sale of derivative (refer note 9)	5 500	34 224
	– Profit on sale of investments (refer note 8)	–	1 149
	– Other	7 000	3 424
		12 500	38 797
2.3	Auditors' remuneration		
	– Audit fees	3 910	3 457
	– Other services	1 047	1 041
		4 957	4 498
2.4	Depreciation: Property, plant and equipment (refer note 6)		
	– Land and buildings – owned	155	116
	– Computer equipment – owned	22 919	20 606
	– Computer equipment – leased	753	371
	– Furniture and fittings – owned	453	1 380
	– Office equipment – owned	740	886
	– Motor vehicles – owned	43	21
	– Motor vehicles – leased	178	–
		25 241	23 380
2.5	Amortisation: intangible assets (refer note 11)		
	– Amortisation of trade name	2 336	–
	– Amortisation of software	4 971	2 092
		7 307	2 092
2.6	Loss on disposal of property, plant and equipment	652	290
2.7	Foreign exchange gains		
	(Gain)/loss on foreign exchange contracts	(970)	2 342
	Gain on foreign exchange transactions	(46 841)	(14 904)
	Total foreign exchange gains	(47 811)	(12 562)

The foreign exchange gain resulted mainly from the revaluation of foreign trade receivable and payable balances and intra group loan accounts and loan balances denominated in Australian dollars at the spot rate of R7,514 on 30 June 2008 (30 June 2007: R5,9852).

Notes to the annual financial statements continued

for the year ended 30 June 2008

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
2. Operating profit/(loss) before financing costs continued				
2.8 Profit on sale of business	–	(580)		
	–	(580)		
The profit on sale of business relates to the sale of GijimaAst's 50% interest in GalaxyNet (Pty) Limited on 1 July 2006				
2.9 Impairment of non-current assets and interest in subsidiary company				
Charges for the year				
– Charge for/(reversal of) impairment of loans receivable (note 7)	–	–	6 959	(42 317)
	–	–	6 959	(42 317)
2.10 Impairment of current assets				
Charges/(reversals) for the year				
– Impairment of sundry debtors	1 611	–		
– Reversal of impairment of trade receivables (refer note 14)	(915)	(1 194)		
– Charge for/(reversal of) impairment of inventory (refer note 13)	634	(944)		
	1 330	(2 138)		
2.11 Fees for services				
– Secretarial	422	568		
– Professional	7 156	5 955		
	7 578	6 523		
2.12 Rentals in respect of operating leases				
– Land and buildings	36 769	33 584		
– Equipment	19 777	15 980		
– Office equipment	1 405	1 950		
– Computer equipment and software	4 530	197		
– Vehicles	4 436	4 640		
	66 917	56 351		

2. Operating profit/(loss) before financing costs continued

2.13 Directors' and key management's remuneration

	Appointments	Resignations	Directors' fees R'000	Basic salary R'000	Incentives R'000	Share-based payments R'000	Total R'000
2008							
Directors' emoluments							
Executive directors (as other services)							
RW Gumede			–	3 119	1 663	2 395	7 177
PJ Bogoshi	1 July 2007		–	2 404	1 292	–	3 696
CJH Ferreira			–	2 199	1 231	1 412	4 842
CP Potgieter		27 March 2008	–	1 934	–	–	1 934
Non-executive directors (as directors' fees)							
JE Miller *			160	–	–	2 088	2 248
Dr NJ Dlamini (Nxasana)			226	–	–	–	226
M Macdonald			362	–	–	–	362
NI Mhlongo		19 Nov 2007	53	–	–	–	53
K Mpinga		7 Aug 2008	154	–	–	–	154
AFB Mthembu			242	–	–	–	242
JCL van der Walt			289	–	–	–	289
			1 486	9 656	4 186	5 895	21 223
2007							
Executive directors (as other services)							
RW Gumede			–	2 978	–	–	2 978
JE Miller *			–	2 449	500	–	2 949
CJH Ferreira			–	1 800	1 200	–	3 000
CP Potgieter			–	1 800	–	–	1 800
Non-executive directors (as directors' fees)							
Dr NJ Dlamini (Nxasana)			213	–	–	–	213
M Macdonald			224	–	–	–	224
NI Mhlongo			149	–	–	–	149
CME Mostert		7 June 2007	225	–	–	–	225
K Mpinga			145	–	–	–	145
AFB Mthembu			231	–	–	–	231
CJ Potgieter		1 Aug 2006	11	–	–	–	11
HJ Smith		31 Dec 2006	308	–	–	–	308
JCL van der Walt			350	–	–	–	350
			1 856	9 027	1 700	–	12 583

** Following his resignation effective 1 July 2007, JE Miller became a non-executive director.*

All directors' remuneration was paid by subsidiary companies.

Notes to the annual financial statements continued

for the year ended 30 June 2008

2. Operating profit/(loss) before financing costs continued

2.13 Directors' and key management's remuneration continued

	As at 30 June 2008 Indirect '000	Direct '000	Total '000	Share-holding %	As at 30 June 2007 Indirect '000	Direct '000	Total '000	Share-holding %
Directors' interest in ordinary shares								
Executive directors								
CJH Ferreira	21 526	–	21 526	2,23	18 734	–	18 734	1,94
RW Gumede	332 610	–	332 610	34,48	287 440	–	287 440	29,80
Non-executive directors								
M Macdonald	995	–	995	0,10	995	–	995	0,10
JE Miller	–	1 473	1 473	0,15	–	1 473	1 473	0,15
NI Mhlongo	–	–	–	–	47 962	–	47 962	4,97
JCL van der Walt	1 935	72	2 007	0,21	1 935	72	2 007	0,21
	357 066	1 545	358 611	37,17	357 066	1 545	358 611	37,17

	2008 Basic salary R'000	Incentives R'000	Share-based payments R'000	Total R'000	2007 Basic salary R'000	Incentives R'000	Total R'000
Group							
Key management							
Remuneration (excluding directors)	9 047	4 476	2 764	16 287	6 959	2 307	9 266

Directors' service contracts

None of the service contracts of the executive or non-executive directors contains notice periods in excess of one year, or provides for predetermined compensation on termination exceeding one year's salary and benefits in kind.

Directors' and key management's interest in Share Linked Bonus Scheme

Of the 68 050 000 approved notional shares, directors and key management were awarded 23 400 000 notional shares as at 30 June 2008. 14 100 000 of these notional shares have vested at year-end.

	Group 2008 R'000	Group 2007 R'000
2. Operating profit/(loss) before financing costs continued		
2.14 Staff costs		
Salaries and wages	990 244	911 249
– Permanent	770 549	701 209
– Contractors	219 695	210 040
Pension costs (refer note 24)	60 885	55 347
	1 051 129	966 596
Number of employees employed by business segment at 30 June 2008		
Professional Services	1 650	1 609
Managed Services	1 701	1 398
Support Services	306	283
	3 657	3 290

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
3. Net financial expense				
3.1 Financial income				
Interest income on bank deposits	14 019	12 580	–	–
Dividend income from investments	335	–	14 470	–
	14 354	12 580	14 470	–
3.2 Financial expenses				
– Interest expense on overdraft	(77)	(976)	–	–
– Interest expense on debtors securitisation measured at amortised cost	(26 039)	(23 828)	–	–
– Fair value adjustments	–	(1 390)	–	–
– Interest expense on long-term loans measured at amortised cost	(793)	(5 087)	–	–
	(26 909)	(31 281)	–	–

Notes to the annual financial statements continued

for the year ended 30 June 2008

	Group 2008 R'000	Group 2007 R'000
4. Income tax expense		
South African tax	40 897	13 956
Current tax	5 169	3 518
– current year	4 799	3 349
– prior years	370	169
Deferred tax (refer note 12)	35 349	10 438
– current year	34 821	6 358
– prior years	(3 688)	4 080
– change in tax rate	4 216	–
Withholding tax	379	–
– written off	379	–
Foreign tax	5 199	3 253
Current tax	4 367	3 343
– current year	4 367	3 343
Deferred tax (refer note 12)	(429)	(90)
– current year	(429)	(90)
Withholding tax	1 261	–
– written off	1 261	–
Secondary Tax on Companies	414	4 497
	46 510	21 706
Reconciliation of the tax rate		
Profit before tax	158 715	75 965
South African statutory tax rate (%)	28,00	29,00
Capital gains tax (%)	0,49	4,41
Disallowable expenditure (%)	14,80	15,55
Secondary Tax on Companies (%)	0,26	5,92
Income not subject to tax (%)	(15,77)	(32,04)
Deferred tax asset not raised (%)	0,04	0,14
Foreign taxes (%)	0,24	–
Imputation of income of controlled foreign company (%)	0,75	–
Prior year (over)/under provision (%)	(2,15)	5,59
Change in tax rate (%)	2,64	–
Effective tax rate (%)	29,30	28,57

	Group 2008 R'000	Group 2007 R'000
5. Earnings per share		
Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.		
Basic earnings per share		
Profit attributable to equity holders of the parent	112 205	53 742
Weighted average number of ordinary shares in issue (thousands)	964 667	964 667
Basic earnings per share (cents)	11,63	5,57
Diluted earnings per share		
Profit attributable to equity holders of the parent as calculated above.	112 205	53 742
Weighted average number of ordinary shares for diluted earnings per share (thousands)	987 670	964 667
Diluted earnings per share (cents)	11,36	5,57
Headline earnings per share		
Reconciliation between earnings and headline earnings:		
For the year ended 30 June 2008		
Net profit attributable to equity holders of the parent	112 205	
Adjustments		
Loss on sale of property, plant and equipment	652	
Headline earnings	112 857	
Headline earnings per ordinary share (cents)	11,70	
Diluted headline earnings per ordinary share (cents)	11,43	
For the year ended 30 June 2007		
Net profit attributable to equity holders of the parent		51 392
Adjustments		
Share of profit of associates		2 350
Profit on sale of business and property, plant and equipment		(290)
Headline earnings		53 452
Headline earnings per ordinary share (cents)		5,54
Diluted headline earnings per ordinary share (cents)		5,54

Notes to the annual financial statements continued

for the year ended 30 June 2008

	Total R'000	Land and buildings R'000	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Vehicles R'000	Leasehold improve-ments R'000
6. Property, plant and equipment							
Group							
Year ended 30 June 2008							
– Carrying amount at 1 July 2007	61 495	7 192	46 116	1 579	4 321	723	1 564
– Additions	23 233	2	21 463	504	724	297	243
– Disposals and adjustments	(658)	–	(656)	–	(2)	–	–
– Reclassification of asset	–	–	(801)	658	(299)	240	202
– Depreciation charge	(25 241)	(155)	(23 672)	(453)	(740)	(221)	–
– Carrying amount at 30 June 2008	58 829	7 039	42 450	2 288	4 004	1 039	2 009
At 30 June 2008							
– Cost	261 256	3 457	200 507	18 881	18 057	2 372	17 982
– Revaluation	3 489	3 489	–	–	–	–	–
– Accumulated depreciation	(205 916)	93	(158 057)	(16 593)	(14 053)	(1 333)	(15 973)
– Closing carrying amount	58 829	7 039	42 450	2 288	4 004	1 039	2 009
Leased assets included above comprise:							
Cost	4 480	–	3 765	–	–	715	–
Accumulated depreciation	(1 124)	–	(879)	–	–	(245)	–
Carrying amount	3 356	–	2 886	–	–	470	–

Land and buildings consist of:

Office Block situated on stand 7565, 2 Bismarck Street, Windhoek, Namibia. The land and buildings, acquired in January 2003, at a purchase price of R3,8 million (including improvements) were revalued by Standard Bank of Namibia Limited on 13 October 2006 to an amount of R7,8 million. No revaluation was carried out for the year ended 30 June 2008 as the current revalued value is deemed to be its fair value. The 'Income Capitalisation' valuation method used was based on the rentals of office space in the immediate proximity of the building, taking into account the general condition of the building at valuation date.

The office block was valued based on market related rental per square metre taking into account the area of office space, storage space and parking, resulting in a market related rental after expenses of R1 million. This was capitalised at 12% over six years. The carrying amount that would have been recognised had the assets been measured under the cost model would have been R3,6 million.

Finance lease assets and interest-bearing finance lease liabilities to the value of R11 million (2007: R59 million) were off-set due to the existence of a legal right of set-off and the intention to settle on a net basis.

	Total R'000	Land and buildings R'000	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Vehicles R'000	Leasehold improve-ments R'000
6. Property, plant and equipment continued							
Year ended 30 June 2007							
– Carrying amount at 1 July 2006	57 075	5 688	43 730	3 011	3 406	170	1 070
– New subsidiaries and businesses (refer note 10)	33	–	16	4	13	–	–
– Additions	26 437	–	22 904	483	1 972	681	397
– Revaluation of asset	2 060	2 060	–	–	–	–	–
– Disposals and adjustments	(730)	–	(215)	(539)	(73)	–	97
– Impairment of assets	–	(440)	658	–	(111)	(107)	–
– Depreciation charge	(23 380)	(116)	(20 977)	(1 380)	(886)	(21)	–
– Carrying amount at 30 June 2007	61 495	7 192	46 116	1 579	4 321	723	1 564
At 30 June 2007							
– Cost	312 545	3 455	247 609	19 725	18 177	1 984	21 595
– Revaluation	3 489	3 489	–	–	–	–	–
– Accumulated depreciation	(254 539)	248	(201 493)	(18 146)	(13 856)	(1 261)	(20 031)
– Closing carrying amount	61 495	7 192	46 116	1 579	4 321	723	1 564
Leased assets included above comprise:							
Cost	18 607	–	17 814	–	–	793	–
Accumulated depreciation	(9 737)	–	(9 697)	–	–	(40)	–
Carrying amount	8 870	–	8 117	–	–	753	–

	Company 2008 R'000	Company 2007 R'000
7. Investment in subsidiary company		
Unlisted		
Shares at cost less impairment losses	–	–
Loans owing by GijimaAst Holdings (Pty) Limited	663 944	663 944
	663 944	663 944
Impairment of loans receivable	(415 517)	(408 558)
Net interest in subsidiary company	248 427	255 386

GIJIMA AST GROUP LIMITED has subordinated all its rights, title and interest in claims due to it by GijimaAst Holdings (Pty) Limited, until such time as the subsidiary's assets, fairly valued exceed its liabilities. As a result of these agreements the recoverability of the loan reflected has been impaired until such time as it is reasonably certain that the outstanding balance can be recovered. The loan to GijimaAst Holdings (Pty) Limited is interest free, unsecured and with no repayment terms.

A detailed list of subsidiary companies is available for inspection at the registered office of the Company.

Notes to the annual financial statements continued

for the year ended 30 June 2008

	Group 2008 R'000	Group 2007 R'000
8. Investment in associates		
Balance at 1 July	–	196
Share of results after tax	–	2 350
Foreign currency translation difference	–	11
Sale of associates	–	(2 557)
Balance at 30 June	–	–

The associates, which are unlisted, are:	Country of incorporation	% Interest held
– Naledi Computers (Pty) Limited (sold 1 April 2007)	South Africa	25%
– GEM Consulting Group Trust (sold 31 January 2007)	Australia	30%

Naledi provides computer related services, products and technologies.
GEM Consulting Group Trust provides business consulting services.

	Group 2008 R'000	Group 2007 R'000
Directors valuation of shares	–	–
9. Derivative financial instrument		
Entitlement to purchase a 50% share in property-owning entity	–	–

During the 2007 financial year the Group disposed of its entitlement to purchase a 50% share in the property development entity owning the Samrand Campus for an amount of R33 million in cash and R14,5 million receivable at 30 June 2008 (refer note 21), realising a profit of R34,2 million. A further R5,5 million profit was recognised in the 2008 financial year.

	Group 2008 R'000	Group 2007 R'000
10. Acquisitions of subsidiaries and businesses		
Details of net assets acquired and goodwill are as follows:		
Purchase consideration		
– directly attributable acquisition costs paid	–	70
– directly attributable acquisition payable in cash	–	3 800
Total purchase consideration	–	3 870
Fair value of net liabilities acquired	–	531
Goodwill (refer note 11)	–	4 401
The fair value of assets and liabilities arising from the acquisition are as follows:		
Cash	–	1 600
Accounts receivable	–	2 378
Shareholders' loan	–	500
Property, plant and equipment (refer note 6)	–	33
Deferred tax asset	–	27
Accounts payable	–	(5 069)
Fair value of net liabilities	–	(531)
Goodwill (refer note 11)	–	4 401
Total purchase consideration	–	3 870

Year ended 30 June 2007

On 3 July 2006 the Group acquired the remaining 50% interest in Thuso Information Technologies (Pty) Limited and its subsidiary for R3,9 million. The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business' work force and the synergies expected to be achieved from integrating the company into the Group.

	Total R'000	Goodwill R'000	Trade name R'000	Client contracts R'000	Software R'000
11. Intangible assets					
Group					
Year ended 30 June 2008					
Balance at 1 July 2007	112 905	56 022	46 727	–	10 156
Additions	12 308	–	–	–	12 308
Capital work in progress	4 425	–	–	–	4 425
Amortisation charge	(7 307)	–	(2 336)	–	(4 971)
Balance at 30 June 2008	122 331	56 022	44 391	–	21 918
At 30 June 2008					
Cost	183 389	92 764	46 727	–	43 898
Accumulated amortisation and impairment	(61 058)	(36 742)	(2 336)	–	(21 980)
Carrying amount	122 331	56 022	44 391	–	21 918
Year ended 30 June 2007					
Balance at 1 July 2006	101 715	51 621	46 727	–	3 367
Additions	13 282	4 401	–	–	8 881
Amortisation charge	(2 092)	–	–	–	(2 092)
Balance at 30 June 2007	112 905	56 022	46 727	–	10 156
At 30 June 2007					
Cost	174 042	92 764	46 727	7 386	27 165
Accumulated amortisation and impairment	(61 137)	(36 742)	–	(7 386)	(17 009)
Carrying amount	112 905	56 022	46 727	–	10 156

The goodwill and trade name that arose from the merger with the information technology businesses of Gijima in May 2005 was subject to an impairment test at year-end based on the cash generating capability of GijimaAst Holdings (Pty) Limited, the principal acquirer. The recoverable amount of the unit was determined to be higher than its carrying amount and therefore no impairment charge eminated. The cash generating capability of GijimaAst Holdings (Pty) Limited was determined by discounting the future cash flows generated from continuing operations. The cash flow projections were based on the budgeted 2008/2009 results and the four year business plan thereafter. A weighted-average-cost-of-capital rate of 15,18% per annum was used in discounting the projected cash flows.

Included in software is leased software with a carrying amount of R2 million.

Goodwill and trade name

Goodwill consists of R56 million which arose from the acquisition of the information technology businesses of Gijima. The R56 million represents the cost of the acquisition over the fair value of the net assets acquired, after deducting the value of client contracts, adjusted for the impact of the deferred tax implications of IAS 12 and the value of the trade name.

The value of the trade name has been separately disclosed and was valued using the relief-from-royalty methodology. This approach recognises that intangible assets have value insofar as the use of these intangible assets gives rise to an income stream. The value of these future income streams are based on the income producing capability of the intangible asset, with the after tax net present value of these income streams aggregated to determine the current economic worth of the intangible asset. Factors specific to the Gijima trade name were considered in determining a reasonable royalty rate in the indicative trade name valuation. A royalty rate of 20% was deemed appropriate for the indicative Gijima trade name valuation. The useful life of the trade name is estimated to be 20 years and is amortised over this period. The useful life of the trade name is assessed on an annual basis based on the most current information available.

Notes to the annual financial statements continued

for the year ended 30 June 2008

11. Intangible assets continued

Goodwill and trade name continued

Goodwill acquired during the prior year of R4,4 million arose from the acquisition of the remaining 50% interest in Thuso Information Technologies (Pty) Limited. The goodwill is attributable mainly to the skills and technical talent of the acquired business' workforce and the synergies expected to be achieved from integrating the company into the Group. The recoverable amount of the unit was assessed for impairment based on the future cash flows of competency centres of the smallest cash generating unit in which it was incorporated. The cash generating capability of the unit was determined by discounting the future cash flows generated from continuing operations. The cash flow projections were based on the budgeted 2008/2009 results and the four year business plan thereafter. A weighted-average-cost-of-capital rate of 15,18% per annum was used in discounting the projected cash flows.

12. Deferred tax

	Group 2008 R'000	Group 2007 R'000
Balance at 1 July	123 998	135 067
Current year	(34 392)	(6 268)
Over/(under) provision prior years	3 688	(4 080)
Change in tax rate	(4 216)	–
Revaluation of land and buildings (recognised directly in equity)	–	(721)
Balance at 30 June	89 078	123 998

	2008 Assets R'000	2008 Liabilities R'000	2008 Total R'000	2007 Assets R'000	2007 Liabilities R'000	2007 Total R'000
The deferred tax balances, all calculated at 28%, comprise the following:						
Capital allowances	–	(4 529)	(4 529)	21	(6 608)	(6 587)
Provisions and other allowances	33 359	(1 489)	31 870	29 596	–	29 596
Unrealised foreign exchange item	124	–	124	6 575	(6 183)	392
Income received in advance	10 772	–	10 772	8 914	–	8 914
Liability arising from the straight lining of operating leases	6 363	–	6 363	6 693	–	6 693
Deferred tax in international structure	2 105	(30)	2 075	1 670	(24)	1 646
Calculated tax loss	47 068	–	47 068	87 469	–	87 469
Prepayments	–	(1 669)	(1 669)	–	(222)	(222)
Section 24C allowances	–	(786)	(786)	–	(747)	(747)
Share-based payment	3 602	–	3 602	2 459	–	2 459
Work in progress	–	(5 812)	(5 812)	–	(5 664)	(5 664)
Other	–	–	–	49	–	49
	103 393	(14 315)	89 078	143 446	(19 448)	123 998

13. Inventories

	Group 2008 R'000	Group 2007 R'000
Finished goods	25 051	23 915
Impairment of finished goods	(2 157)	(1 523)
	22 894	22 392
Work in progress	20 756	19 531
	43 650	41 923
Inventory carried at net realisable value	20 057	18 821

In 2008 the write down of inventories to net realisable value amounted to R3,8 million (2007: R5,0 million). The reversal of the write downs amounted to R55 thousand (2007: R1,3 million). The write down and reversal of inventory are included in operating costs.

	Group 2008 R'000	Group 2007 R'000
14. Trade and other receivables		
Trade receivables	654 928	457 966
Impairment of trade receivables	(12 019)	(12 934)
	642 909	445 032
Prepayments	22 731	12 256
Other receivables	8 993	16 289
	674 633	473 577

Trade receivables securitisation

On 31 July 2006 GijimaAst Holdings (Pty) Limited and its subsidiaries collectively entered into a five year trade receivables securitisation funding programme ("Programme"), which has the following funding and earnings enhancement objectives:

– To create a flexible environment whereby the Group can raise external funding using its trade receivables as security;
– To raise funding at an efficient cost;
– To facilitate the recurring funding of the Group's growing operations; and
– To enhance profitability and earnings per share by reducing the Group's funding rate.

Mechanics of the structure

An independently owned special purpose entity, GijimaAst Finance (Pty) Limited ("SPE") was incorporated and the Group entered into the sale of existing and future trade receivables, and other agreements with the SPE. The Group maintains the right to manage and administer the collections process.

In terms of the Programme, the Group raised R256 million from various investors in the Capital Markets at a fixed rate for a period of five years. The SPE funded the purchase price paid to the Group by issuing 256 million Class A, secured non-amortising zaAA rated debentures; and 64 million Class B, subordinated, unsecured, non-amortising and unrated debentures. The zaAA Class A debentures were rated by CA Ratings (now Moody's) (refer note 18).

The Group and the external funders invested in the debentures issued by the SPE. As security to the Class A debenture holders, a cession *in securitatem debiti* was entered into between the SPE and a newly established security trust, whereby all rights are ceded to the security trust. The trustees of the security trust subsequently issued a guarantee to the Class A debenture holders. Furthermore, the Group has entered into an option agreement with the trustees of the ownership trust to acquire all the option equity in the SPE, within 90 days after the termination date of the Programme.

The SPE is consolidated in terms of SIC12 Consolidation – special purpose entities.

The Group's trade receivables include R588 million (2007: R408 million) of the SPE South African trade receivables. The borrowings of the Group include the R256 million (2007: R256 million) of external borrowings by the SPE (refer note 18).

The financial assets (debenture investments) and the financial liabilities (subordinated loans of the SPE) are eliminated on consolidation.

Since the balance sheet items are eliminated, it is appropriate to eliminate the corresponding income and expense items, being the interest received from the Class B debentures and the interest paid on the subordinated loans.

The aggregate value at 30 June 2008 of the South African trade receivables which were sold to the SPE consist of the following amounts:

– GijimaAst Holdings (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R553 million;
– Graphic Mining Solutions International (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R34 million;
– AST Distributed Technology Services (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R0,5 million; and
– Gijima Electronic and Security Systems (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R0,2 million.

Notes to the annual financial statements continued

for the year ended 30 June 2008

14. Trade and other receivables continued

The aggregate value at 30 June 2007 of the South African trade receivables which were sold to the SPE consist of the following amounts:

– GijimaAst Holdings (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R404 million;
– Graphic Mining Solutions International (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R20 million and
– AST Distributed Technology Services (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R4 million.

14.1 Exposure to credit risk

The carrying amount of trade and other receivables represents the maximum credit exposure.

	Group 2008 R'000	Group 2007 R'000
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:		
Domestic	620 390	435 753
Namibia	15 927	8 177
Australasian countries	8 852	6 661
Canada	9 759	5 699
Mauritius	–	1 676
	654 928	457 966
The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:		
Public sector	278 276	132 575
Mining	127 338	79 835
Financial services	90 310	103 818
Manufacturing	39 567	34 683
Retail and hospitality	62 850	37 280
Telecoms	23 055	18 457
Other	31 038	44 286
Corporate and sundry	2 494	7 032
	654 928	457 966

The Group's most significant customer accounts for 11,81% of the trade receivables carrying amount at 30 June 2008 (2007: 13,50%).

	Gross 2008 R'000	Impairment 2008 R'000	Gross 2007 R'000	Impairment 2007 R'000
14.1.1 Analysis of aging of trade receivables				
Not past due	483 487	119	311 486	334
Past due 0 – 30 days	1 935	8	47 674	609
Past due 31 – 90 days	78 625	1 118	41 327	6
Past due 90 – 120 days	21 934	49	13 718	310
More than 120 days	68 947	10 725	43 761	11 675
Total	654 928	12 019	457 966	12 934

	2008 R'000	2007 R'000
14. Trade and other receivables continued		
14.1.2 Analysis of allowance for impairment		
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:		
Balance at 1 July	12 934	14 128
Impairment loss reversed	(915)	(1 194)
Balance at 30 June	12 019	12 934

The allowance for impairment is based on past experience and the prevailing trading conditions relating to specific business segments and individual debtors, where risk of non-payment is perceived to be high and where outstanding balances are dated.

The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

	Group 2008 R'000	Group 2007 R'000
15. Cash and cash equivalents		
Cash at bank and in hand	173 454	170 783
Less: Overdrafts	(2 272)	(337)
	171 182	170 446

The weighted average effective interest rate on short-term bank deposits was 10,28% (2007: 9,00%).

The carrying amount of cash and cash equivalents represents the maximum credit exposure.

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
16. Ordinary share capital				
Authorised				
1 300 000 000 ordinary shares of 0,10 cent each	1 300	1 300	1 300	1 300
Issued				
964 666 538 ordinary shares of 0,10 cent each	964	964	964	964
Balance at 1 July	964	964	964	964
Shares issued during the year	–	–	–	–
Balance at 30 June	964	964	964	964

The directors are authorised, by resolution of the shareholders and until the next annual general meeting, to dispose of unissued shares for any purpose and upon such terms and conditions as they see fit.

In the prior year a number of share options were still retained by certain employees. The AST Share Trust has been inactive in the past five years as the exercise price of the share options exceeded the market value.

Notes to the annual financial statements continued

for the year ended 30 June 2008

16. Ordinary share capital continued

The Trustees have, after negotiations with the remaining employees, cancelled the remaining share options and dissolved the Trust. Movements in the number of share options outstanding are as follows:

	Group 2008 '000	Group 2007 '000
Balance at 1 July	56	192
Granted	–	–
Exercised	–	–
Cancelled	(56)	(136)
Balance at 30 June	–	56

Share options outstanding at the end of the year have the following terms:

	Total 2008 '000	Total 2007 '000
Exercise price		
R5,01 – R6,00	–	51
R8,01 – R9,00	–	5
	–	56

Treasury shares:

The following GIJIMA AST GROUP LIMITED shares are held by wholly owned subsidiaries of the Group:

	2008 Number of shares '000	2007 Number of shares '000
AST Health (Pty) Limited	–	–
AST Share Trust	–	12
	–	12

Share Linked Bonus Scheme

The Group has a bonus award scheme with its employees. The bonus award scheme is an incentive scheme based on a conditional right to receive an amount equal to the increase in value of a certain number of notional shares. The fair value of the instruments granted is measured using the Black-Scholes valuation methodology, taking into account the terms and conditions upon which instruments are granted.

The Company will settle the amount in cash and this cash amount shall be applied wholly and exclusively towards the obligatory subscription and/or purchase of shares in the Company. The Company's Remuneration Committee will determine if the payment is to be applied towards the subscription of new shares or the purchase of existing (issued) shares or any combination of such subscription or purchase.

	Group 2008	Group 2007
16. Ordinary share capital continued		
First notional share issue		
The first notional shares under the GijimaAst Share Linked Bonus Scheme were granted on 20 December 2005 and the adoption of IFRS 2 had no impact on previous financial periods.		
The details of the grants are as follows:		
Share price at grant date (cents)	50	50
Exercise price (cents)	46	46
Expected volatility (%)	30	30
Expected dividend yield (%)	1,71	1,67
Risk-free interest rate (%)	7,26	7,26
The expected volatility of 30 percent is based on the three year volatility of the J097 (Software and Computer) and J090 (Information Technology) index (which matches the life of the option).		
Second notional share issue		
The second notional shares under the GijimaAst Share Linked Bonus Scheme were granted on 19 November 2006.		
The details of the grants are as follows:		
Share price at grant date (cents)	69	69
Exercise price (cents)	53	53
Expected volatility (%)	46	35
Expected dividend yield (%)	3,21	2,47
Risk-free interest rate (%)	8,72	8,20

The expected volatility of 46 percent is based on the Zero Rated Government coupon at grant date, until the maturity date.

The fair value of the notional shares at grant date is determined based on the Black-Scholes formula, using the above inputs.

	2008 R'000	2007 R'000
Employee expenses		
Expense arising from notional shares granted during the year	25	615
Effect of changes in the fair value of notional shares	984	758
Total expense recognised as employee costs	1 009	1 373

The number and weighted average exercise prices of notional shares are as follows:

	Weighted average exercise price 2008 (cents)	Number of notional shares 2008 '000	Weighted average exercise price 2007 (cents)	Number of notional shares 2007 '000
Outstanding at 1 July	49	52 525	46	32 100
Granted during the period	53	2 000	53	27 500
Forfeited during the period	50	(12 250)	49	(7 075)
Exercised during the period	–	–	–	–
Outstanding at 30 June	49	42 275	49	52 525
Exercisable at 30 June	46	22 225	–	–

Notes to the annual financial statements continued

for the year ended 30 June 2008

	Group 2008 R'000	Group 2007 R'000
17. Minority interests		
Balance at 1 July	–	40 779
Share of net profit in subsidiaries	–	2 867
Purchase of remaining interest in AST Distributed Technology Services (Pty) Limited	–	(43 646)
Balance at 30 June	–	–

30 June 2007

During the prior year the purchase of the remaining 30% minority interest of AST Distributed Technology Services (Pty) Limited ('DTS') was concluded. In terms of the acquisition DTS declared a dividend of R36 million to Absa Bank Limited ("Absa") and thereafter GijimaAst Holdings (Pty) Limited purchased the DTS shares held by Absa for R45 million with effect from 1 July 2006. On 23 November 2006 the transaction became unconditional, resulting in DTS becoming a wholly owned subsidiary. The transaction was accounted for in accordance with the Group's accounting policy (refer accounting policy 3.6).

	Group 2008 R'000	Group 2007 R'000
18. Interest-bearing liabilities		
Long-term loans	256 435	257 007
Total liability	257 021	262 516
– Mortgage bond	1 021	1 526
– Securitisation	256 000	256 000
– Other	–	4 990
Less current portion moved to trade and other payables	(586)	(5 509)
– Mortgage bonds	(586)	(519)
– Other	–	(4 990)
Liabilities under capitalised finance lease agreements	4 032	6 117
– Total liability	6 149	8 014
– Less current portion moved to trade and other payables	(2 117)	(1 897)
	260 467	263 124

Mortgage bonds

The Group entered into a loan agreement in Namibia. The initial loan was for an amount of R3,2 million and the loan term is 10 years and bears interest at the Namibian prime overdraft interest rate (15,25% at 30 June 2008 (2007: 14,25%)). The loan is repayable in monthly instalments of R58 172 payable until February 2010. The outstanding loan balance of R1 020 821 (2007: R1 525 999) is secured over land and buildings (refer note 6).

Securitisation

GijimaAst Finance (Pty) Limited has funded the purchase price paid to GijimaAst Holdings (Pty) Limited by issuing 256 of Class A, 60 month secured non-amortising rated debentures of R1 million each, and 64 of Class B, subordinated unsecured 60 month non-amortising unrated debentures of R1 million each. The Class A debentures have been awarded a zaAA credit rating by CA Ratings (now Moody's), and have been issued to investors in the Capital Markets. The Class B debentures have been subscribed for by a subsidiary entity of GijimaAst Holdings (Pty) Limited. The Class A debentures bear interest at a fixed rate of 10,171% NACQ. The Class B debentures bear interest at variable rates.

18. Interest-bearing liabilities continued

Other liabilities

Finance lease agreements

In the prior year outstanding finance lease liabilities amounted to R5 million, net of set off against assets (refer note 6), no interest was calculated or repayable as from April 2007.

Other capitalised finance lease liabilities amount to R6 million (2007: R8 million) have been entered into and are repayable monthly. The loan terms are five years, the maturity dates are between 2009 and 2012. Interest on these finance leases is linked to the prime overdraft rate, at 30 June 2008 the interest rates varied between 11,15% to 15,5%. The leases are secured by cession over the assets to which they relate (refer to note 6).

The present value of other future minimum lease payments under non-cancellable financing leases are as follows:

	2008 R'000	2007 R'000
Not later than 1 year	2 117	6 887
Later than 1 year and not later than 5 years	4 032	6 117
Later than 5 years	–	–
	6 149	13 004
Less current portion	(2 117)	(6 887)
	4 032	6 117

Borrowing powers

The directors may exercise all the powers of the Company to borrow money and to mortgage or encumber its undertaking, property or any part thereof and to issue debentures or debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party but subject to any statutory requirements and the rules and regulations of JSE Limited as amended from time to time. The Articles of Association do not place any limitation on the borrowing powers of the Company.

	Group	
	2008 R'000	2007 R'000
19. Trade and other payables		
Trade payables and accruals	337 039	256 554
Income received in advance	44 797	38 004
Leave pay accrual	53 195	45 553
Current portion of long-term liabilities	2 703	7 406
Short-term loan	–	10 000
Payroll and other payables	64 819	38 985
	502 553	396 502

Trade payables are subject to normal industry settlement terms.

The short-term loan was repaid on 15 August 2007, it was unsecured and bore interest at Jibar plus 150 basis points.

Notes to the annual financial statements continued

for the year ended 30 June 2008

	Total R'000	Commissions R'000	Warranties R'000	Payroll related provisions R'000
20. Provisions				
Balance as at 30 June 2008				
Balance at the beginning of the year	41 663	5 425	1 502	34 736
New provisions created	51 769	12 149	4 736	34 884
Provisions utilised	(42 054)	(11 073)	(4 781)	(26 200)
Balance at the end of the year	51 378	6 501	1 457	43 420
Balance as at 30 June 2007	Total	Commissions	Warranties	Other
Balance at the beginning of the year	53 544	6 468	1 871	45 205
New provisions created	45 867	12 971	2 906	29 990
Provisions utilised	(57 748)	(14 014)	(3 275)	(40 459)
Balance at the end of the year	41 663	5 425	1 502	34 736

Commissions

Commissions are payable to certain staff members in terms of employment contracts.

Warranties

The provisions relate principally to warranty claims on products and services. The estimate is based on claims notified and historical trends.

	2008 R'000	2007 R'000
21. Commitments		
Capital commitments		
Future capital commitments	15 928	–

The future capital commitments relate to the centralisation of the Group's Gauteng operations in Samrand.

	Total R'000	Not later than 1 year R'000	Later than 1 year and not later than 5 years R'000	Later than 5 years R'000
Future operating lease commitments				
Land and buildings	122 324	31 843	90 481	–

These operating lease commitments represent cash flows linked to the lease agreements and do not reflect the accounting treatment of operating lease payments.

Operating lease payments which include fixed rental increases are accounted for on a straight-line basis over the period of the lease agreements.

In order to further reduce costs and improve communication and synergies between divisions, the Group has decided to centralise its Gauteng operations in Samrand. The Group entered into an arrangement with its present landlord in Samrand to erect an additional office block adjacent to its present premises, to house its other Gauteng operations, and entered into a new 10 year lease covering the combined premises effective from the 2009 financial year. At the same time the Group disposed of its entitlement to purchase a 50% share in the property development entity owning the Samrand Campus (refer note 9).

	2008 Foreign currency '000	2008 Rand amount R'000	2008 Fair value R'000	2008 Unrealised (profit)/loss R'000	2007 Unrealised loss R'000
22. Foreign exchange position					
The following forward exchange contracts were entered into.					
Foreign currency					
US Dollars	170	1 400	1 339	61	35
Euro	1 796	22 283	22 635	(352)	642
		23 683	23 974	(291)	677

The forward exchange contracts ("FEC") relate to specific foreign trade payable exposures on the balance sheet and were entered into to cover these foreign commitments not yet due. The forward exchange contracts will be utilised for the purposes of trade during the following year. The foreign exchange contracts have maturity dates ranging from 1 July 2008 to 31 December 2008.

	2008 R'000	2007 R'000
23. Contingent liabilities		
Bank and other guarantees		
At 30 June 2008 the Group had contingent liabilities in respect of registered performance bonds, bank, lease and other guarantees split between currencies as set out below.	3 209	2 523

	2008 Foreign currency and amount '000	2008 Rand amount R'000	2007 Foreign currency and amount '000	2007 Rand amount R'000
South African Rand				
– Standard Bank of South Africa Limited	3 201	3 201	2 257	2 257
Namibian dollar				
– Standard Bank of Namibia Limited	–	–	201	201
– First National Bank of Namibia Limited	8	8	65	65
		3 209		2 523

A detailed list of guarantees and performance bonds can be viewed at the Group's registered office.

24. Retirement benefits

The Group has made provision for pension and provident schemes covering 93% of qualifying permanent employees. The GijimaAst Retirement Scheme was established on 1 September 1999. The fund is a defined contribution fund and is governed by the Pension Fund Act of 1956. The assets of the fund are held independently of the Group's assets in separate trustee administered funds. The total employer contributions are recognised as an expense.

The amounts charged to the income statement are as follows:

	Group 2008 R'000	Group 2007 R'000
Pension costs	60 885	55 347
Total included in staff costs (refer note 2.14)	60 885	55 347

Notes to the annual financial statements continued

for the year ended 30 June 2008

25. Related party transactions

During the year the Group, in the ordinary course of business, entered into various sale and purchase transactions with joint ventures. These transactions occurred under terms that are no less favourable than those agreed with third parties. Goods are procured on the basis of the price list in force with non-related parties.

Two shareholders and members of the Board of Directors had significant influence on the operational and economical decision making of the Group through means of significant shareholding in the Group. (Refer note 2.13)

25.1 Subsidiaries

Details of interests in subsidiaries are disclosed on pages 90 and 91 of the annual report. Transactions between subsidiaries are conducted in the ordinary course of business and at arm's length. All intercompany transactions, balances and unrealised surpluses within the operations are eliminated on consolidation.

During 2008 a dividend of R14,5 million was paid by GijimaAST Holdings (Pty) Limited (a wholly owned subsidiary) to the Company.

25.2 Directors

Details relating to directors' emoluments and shareholdings in the Company are disclosed in note 2.13.

25.3 Share in joint ventures

The Group's investment in significant joint ventures is reflected below:

	Percentage shareholding	
	2008	2007
Bentley West Strategic Consulting (Pty) Limited (discontinued operation)	50%	50%
Sirius Consulting (Pty) Limited	50%	50%

Bentley West's services were discontinued in the 2006 financial year.

Sirius Consulting (Pty) Limited is a joint venture that provides software solutions in the mining industry.

The following amounts represent the Group's share of the assets and liabilities and revenue, expenses and cash flows of the joint ventures and are included in the consolidated balance sheet, income statement and cash flow statement:

	2008 R'000	2007 R'000
Current assets	1 066	547
Total assets	1 066	547
Current liabilities	285	1 876
Total liabilities	285	1 876
Net assets	781	(1 329)
Revenue	978	518
Profit before taxation	731	251
Taxation	(230)	(73)
Profit after taxation	501	178
Proportionate interest in joint ventures' cash flows		
Cash from operating activities	383	768
Cash used in investing activities	–	–
Cash used in financing activities	(26)	–
Net cash inflow	357	768

26. Subsequent events

There were no subsequent events that the Group was aware of at date of approval of the consolidated financial statements.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
27. Cash flow information				
27.1 Reconciliation of profit before tax to cash generated from operations				
Profit before tax	158 715	75 965	7 511	–
Adjustments for:				
Amortisation/impairment	7 307	2 092	–	–
Depreciation	25 241	23 380	–	–
Loss/(profit) on sale of business and property, plant and equipment	652	(290)	–	–
Profit on sale of investment	–	(1 149)	–	–
Increase/(decrease) in provisions	9 715	(14 395)	–	–
Non-cash flow movement as a result of operating lease	(355)	1 013	–	–
Impairment of intergroup loans	–	–	6 959	–
Movement on impairment expense	1 330	(1 194)	–	–
Financial income	(14 354)	(12 580)	(14 470)	–
Financial expense	26 909	31 281	–	–
Profit on sale of derivative financial instrument	(5 500)	(34 224)	–	–
Proceeds on sale of derivative financial instrument	–	33 000	–	–
Share-based payments	1 009	1 373	–	–
Currency translation differences	(43 365)	(17 515)	–	–
Cash generated from operation before working capital changes	167 304	86 757	–	–
Working capital changes				
(Increase)/decrease in inventories	(2 361)	3 918	–	–
Increase in trade and other receivables	(196 252)	(57 266)	–	–
Increase in trade and other payables	106 316	22 750	–	–
Cash generated from operations	75 007	56 159	–	–
27.2 Reconciliation of interest received				
Interest receivable at beginning of the year	378	26		
Financial income for the year	14 354	12 580		
Interest receivable at year end	(457)	(378)		
Interest received for the year	14 275	12 228		
27.3 Reconciliation of interest paid				
Interest payable at beginning of the year	(4 750)	(467)		
Financial expense for the year	(26 909)	(31 281)		
Fair value adjustment	–	(1 390)		
Interest payable at year end	4 564	4 750		
Interest paid for the year	(27 095)	(28 388)		

Notes to the annual financial statements continued

for the year ended 30 June 2008

	Group 2008 R'000	Group 2007 R'000
27. Cash flow information continued		
27.4 Tax paid		
Net tax receivable/(payable) at beginning of the year	4 179	(34 336)
Current tax expense	(9 536)	(6 861)
Withholding tax written off	(1 640)	–
Secondary Tax on Companies	(414)	(4 497)
Net tax payable/(receivable) at year end	3 047	(4 179)
Tax paid for the year	(4 364)	(49 873)

28. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

– Credit risk

– Liquidity risk

– Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's Treasury and Credit functions are responsible for developing and monitoring the Group's risk management policies. Group Treasury and Credit functions report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 15 percent of the Group's revenue is attributable to sales transactions with a single customer. However, geographically there is no concentration of credit risk.

The Group's Credit function has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

28. Financial risk management continued

Credit risk continued

More than 80 percent of the Group's customers have been transacting with the Group since June 2005, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to customers who receive services from the Group. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis with approval of the Group Credit Manager.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group generally does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least F1+ (zaf) from Fitch. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries controlled by the Group. At 30 June 2008 the Group had contingent liabilities in respect of registered performance bonds, bank lease or other guarantees to the value of R3,2 million (June 2007: R2,5 million).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses internally developed costing models to cost its products and services, which assist it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses in the short term, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following secured loans:

South Africa

- R256 million securitisation loan that is secured by the Group's South African trade receivables (refer note 14). The term of the loan is five years ending on 31 July 2011. Interest is fixed and payable at 10,171% NACQ.

The Group maintains the following lines of credit:

Namibia

- NAD3 million overdraft facility, that is secured by GijimaAst Holdings (Pty) Limited. The overdraft facility can be drawn down to meet short-term financing needs. The facility has an annual maturity that is renewed annually. Interest would be payable at the Namibian prime interest rate.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by Group Treasury. The Group marks to market all derivatives.

Notes to the annual financial statements continued

for the year ended 30 June 2008

28. Financial risk management continued

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the euro (EUR) and US Dollars (USD).

The Group hedges at least 50 percent of all trade receivables and trade payables denominated in a foreign currency or amounts in excess of EUR10 000 and USD10 000. The Group hedges specific transactions and has a minimum baseline coverage for continuous foreign operations. The Group generally takes the position of passing the currency risk over to the customer and therefore invoicing the customer using the forward exchange rate per the specific contract. The Group uses forward exchange contracts to hedge its currency risk, all with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily ZAR and NAD. This provides an economic hedge and no derivatives are entered into.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's investments in other subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

Interest rate risk

The Group adopts a policy of ensuring that all of its significant exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into fixed interest rate contracts.

Other market price risk

The Group currently does not hold any debt and equity securities in its investment portfolio. All buy and sell decisions are approved by the Executive Committee.

The Group does not enter into commodity contracts.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding non-redeemable preference shares and minority interests, and the level of dividends to ordinary shareholders.

The Group is authorised to purchase its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the Board of Directors; the Group does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28. Financial risk management continued

	Total R'000	Fair value through profit and loss (held for trading) R'000	Loans and receivables R'000	Other liabilities R'000	Fair value R'000
Financial assets and financial liabilities					
Financial assets					
Derivative financial instrument	–	–	–	–	–
Trade and other receivables	674 633	–	674 633	–	674 633
Cash and cash equivalents	173 454	–	173 454	–	173 454
	848 087	–	848 087	–	848 087
Financial liabilities					
Interest-bearing borrowings	260 467	–	–	260 467	240 786
Trade and other payables	502 553	–	–	502 553	502 553
Bank overdrafts	2 272	–	–	2 272	2 272
	765 292	–	–	765 292	745 611

Credit risk

Exposure to credit risk

Refer to trade and other receivables (note 14) and cash and cash equivalents (note 15).

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Con-tractual cash flows R'000	6 months or less R'000	More than 6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
30 June 2008							
Non-derivative financial liabilities							
Secured securitisation loan	256 000	(336 283)	(13 019)	(13 019)	(26 038)	(284 208)	–
Secured mortgage loan	1 021	(1 157)	(349)	(349)	(459)	–	–
Finance lease liabilities	6 149	(7 409)	(1 408)	(1 408)	(2 805)	(1 788)	–
Trade and other payables	499 850	(499 850)	(499 850)	–	–	–	–
Secured bank overdraft	2 272	(2 272)	(2 272)	–	–	–	–
	765 292	(846 971)	(516 898)	(14 776)	(29 302)	(285 996)	–
30 June 2007							
Non-derivative financial liabilities							
Secured securitisation loan	256 000	(362 321)	(13 019)	(13 019)	(26 038)	(310 245)	–
Secured mortgage loan	1 526	(1 827)	(349)	(349)	(1 129)	–	–
Finance lease liabilities	8 014	(9 935)	(1 386)	(1 361)	(5 432)	(1 756)	–
Trade and other payables	394 086	(394 086)	(394 086)	–	–	–	–
Secured bank overdraft	337	(337)	(337)	–	–	–	–
	659 963	(768 506)	(409 177)	(14 729)	(32 599)	(312 001)	–

Notes to the annual financial statements continued

for the year ended 30 June 2008

28. Financial risk management continued

Currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	30 June 2008				30 June 2007			
	euro	USD	AUD	CAD	euro	USD	AUD	CAD
Trade receivables	34	831	–	–	62	1 973	–	–
Intergroup loan accounts	10 196	(9 562)	19 470	458	10 156	(9 380)	19 648	309
Trade payables	(1 053)	(8 211)	–	–	(1 624)	(8 181)	–	–
Gross balance sheet exposure	9 177	(16 942)	19 470	458	8 594	(15 588)	19 648	309
Forward exchange contracts	–	(61)	352	–	–	(35)	(642)	–
Net exposure	9 177	(17 003)	19 822	458	8 594	(15 623)	19 006	309

The following significant exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2008	2007	2008	2007
USD1	7,298	7,210	7,825	7,053
EUR1	10,860	9,469	12,329	9,528
AUD1	6,602	5,710	7,514	5,985
CAD1	7,254	6,404	7,713	6,636

Sensitivity analysis

A 10 percent strengthening of the ZAR against the following currencies at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	Equity R'000	Profit/(loss) R'000
30 June 2008		
USD	(13 054)	7 482
AUD	12 175	(14 629)
EUR	12 567	(12 571)
CAD	(431)	(353)
30 June 2007		
USD	(11 798)	6 615
AUD	(623)	(9 676)
EUR	9 566	(11 787)
CAD	296	(179)

A 10 percent weakening of the ZAR against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Profile

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

	Carrying amount	
	2008	2007
Fixed rate instruments		
Financial liabilities	(258 930)	(259 521)
	(258 930)	(259 521)
Variable rate instruments		
Financial assets	173 454	170 783
Financial liabilities	(6 512)	(11 346)
	166 942	159 437

28. Financial risk management continued

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

	Profit/(loss)		Equity	
	100 bp increase R'000	100 bp decrease R'000	100 bp increase R'000	100 bp decrease R'000
30 June 2008				
Variable rate instruments	(1 669)	1 669	–	–
Cash flow sensitivity (net)	(1 669)	1 669	–	–
30 June 2007				
Variable rate instruments	(1 594)	1 594	–	–
Cash flow sensitivity (net)	(1 594)	1 594	–	–

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables	674 633	674 633	473 577	473 577
Cash and cash equivalents	173 454	173 454	170 783	170 783
Finance lease liabilities	(6 149)	(6 082)	(8 014)	(7 908)
Secured securitisation loan	(256 000)	(237 923)	(256 000)	(234 355)
Secured mortgage loan	(1 021)	(1 021)	(1 526)	(1 526)
Trade and other payables	(499 850)	(499 850)	(394 086)	(394 086)
Bank overdraft	(2 272)	(2 272)	(337)	(337)
	82 795	100 939	(15 603)	6 148
Unrecognised gain		18 144		21 751

Details of subsidiary companies

for the year ended 30 June 2008

Name of subsidiary company	Place and date of incorporation	Registration number	Date it became a subsidiary or associate	Issued share capital	% held	Nature of business
Directly owned						
Advanced Software Technologies International Holdings	Mauritius 01/04/1999	6/99/4516	01/04/1999	US$7	100	Dormant
AST Distributed Technology Services (Pty) Limited**	Pretoria 28/01/1999	1999/001742/07	01/04/2000	R20	100	Dormant
AST Holdings (Australia) (Pty) Limited	New South Wales Australia 25/06/1998	ACN083125160	08/06/1999	A$47 086	100	Dormant
AST International	Mauritius 07/04/1999	22115/4965	07/04/1999	US$4	100	Dormant
GIJIMAAST Americas Incorporated	Ontario Canada 29/11/2001	394917-6	29/11/2001	C$1	100	Mining software consulting
AST Offshore Holdings	Mauritius 01/04/1999	6/99/4515	01/04/1999	US$1	100	Dormant
AST Property Management (Pty) Limited	Pretoria 15/07/1997	1997/011382/07	28/01/1998	R100	100	Property management
AST Western Australia (Pty) Limited	New South Wales Australia 21/01/2000	ACN 091286305	18/12/2000	A$51 600	100	Dormant
GijimaAst (Pty) Limited	Perth Australia 05/09/2002	ACN 101951017	05/09/2002	A$100	100	Mining software consulting
GijimaAst Holdings (Pty) Limited	Pretoria 04/11/1998	1998/021835/07	01/04/1999	R1	100	Software and IT services
GijimaAst Information Technology Services (Pty) Limited	Namibia 01/11/1998	99/465	03/03/2000	N$1 000	100	Information technology services
GijimaAst Electronic and Security Systems (Pty) Limited	Pretoria 20/10/1998	1998/020871/07	20/10/1998	R1 000	100	Security systems and services
Graphic Mining Solutions International (Pty) Limited	Pretoria 27/05/1996	1996/006527/07	01/05/1999	R1 000	100	Mining management software
Matsema International B.V.	Rotterdam Netherlands 22/06/1999	BV 24294429	22/06/1999	Euro 18 200	100	Holding company

Name of subsidiary company	Place and date of incorporation	Registration number	Date it became a subsidiary or associate	Issued share capital	% held	Nature of business
Joint ventures						
Access Market International (Pty) Limited	Pretoria 24/03/2000	2000/005743/07	04/04/2000	R100	50	Dormant
Bentley West Strategic Consulting (Pty) Limited	Pretoria 12/10/1999	1999/022929/07	02/11/1999	R240	50	Dormant
Sirius Consulting (Pty) Limited	Pretoria 03/01/2006	2006/000954/07	01/05/2006	R500	50	Development and maintenance on custom software
Companies in process of deregistration						
Asindo Human Resources (Pty) Limited	Pretoria 16/07/2001	2001/015127/07	01/10/2002	R100	100	Dormant
AST Health Solutions (Pty) Limited	Pretoria 17/06/1998	1998/011560/07	01/08/1999	R100	100	Dormant
Thuso Information Technology (Pty) Limited*	Pretoria 30/09/1999	1999/021945/07	14/10/1999	R100	100	Dormant
Work Force IT (Pty) Limited	Pretoria 28/11/1995	1995/012788/07	01/07/2000	R100	100	Dormant

Shareholder information

for the year ended 30 June 2008

Analysis of shareholding

Range	Number of shareholders	Number of shares	Number of members as a %	% of total shares issued
1 – 1 000	2 182	704 303	41,82	0,07
1 001 – 5 000	997	2 766 444	19,11	0,29
5 001 – 10 000	533	4 350 303	10,22	0,45
10 001 – 100 000	1 177	42 671 699	22,56	4,42
100 001 – 1 000 000	230	75 499 516	4,41	7,83
1 000 001 and more	98	838 674 273	1,88	86,94
Totals	5 217	964 666 538	100,00	100.00

Analysis of ordinary shareholders

Type	Number of shareholders	Number of shares	Number of members as a %	% of total shares issued
Institutions and bodies corporate	1 119	882 349 206	21,45	91,47
Public and individuals	4 098	82 317 332	78,55	8,53
Totals	5 217	964 666 538	100,00	100,00

Summary of shareholder spread

Shareholder type	Number of shareholders	Number of shares	Number of members as a %	% of total shares issued
Non public	6	358 611 849	0,12	37,17
Directors	6	358 611 849	0,12	37,17
Public	5 211	606 054 689	99,88	62,83
Totals	5 217	964 666 538	100,00	100,00

Shareholding over 1%

Registered/beneficial holder	Number of shares	% of shares held
Guma Tech (Pty) Limited	169 817 449	17,60%
Guma Support (Pty) Limited	123 503 600	12,80%
Guma Investment Holdings (Pty) Limited	44 409 958	4,60%
Guma Tech Group (Pty) Limited	15 437 950	1,60%
Allan Gray Asset Managers	182 754 806	18,94%
Stanlib Asset Managers	57 900 475	6,00%
SL Colla – Standard Financial Markets	33 000 000	3,42%
Sanlam	24 984 361	2,59%
RMB Asset Management	24 501 351	2,54%
Metropolitan Asset Managers	15 678 072	1,63%
Eskom Pension & Provident Fund	15 479 114	1,60%

JSE Limited performance	
Number of shares traded	662 896 092
% of total issued shares	68,72%
Value of shares traded	R686 806 468,00
Priced quoted (cents per share):	
Highest	122
Lowest	83
Closing	103
Market capitalisation at year-end	R993 606 534,14
Price earning ratio	11,7312
Earning yield	8,5242

History – share trading

for the year ended 30 June 2008

Period	Year	Quarter/Month	High (cents)	Low (cents)	Volume traded	Value traded (Rand)
Quarterly	2003	4	140	70	35 933 550	34 423 996
	2004	1	125	74	30 861 517	34 626 451
	2004	2	91	55	10 997 034	7 888 473
	2004	3	87	54	16 163 877	10 543 000
	2004	4	74	48	15 429 899	9 786 000
	2005	1	85	36	20 386 323	11 340 000
	2005	2	80	42	46 829 671	22 111 000
	2005	3	66	50	80 373 812	46 619 836
	2005	4	59	48	60 891 040	32 947 670
	2006	1	85	53	73 908 879	51 183 757
	2006	2	62	44	27 777 113	15 170 212
	2006	3	66	49	47 577 486	27 718 164
	2006	4	75	64	48 612 563	34 685 143
	2007	1	96	75	156 366 919	138 675 391
	2007	2	122	89	108 593 877	112 105 326
	2007	3	116	83	97 317 081	93 202 514
	2007	4	114	87	180 327 787	187 569 817
Monthly	2007	July	116	99	32 468 504	33 733 361
	2007	August	100	91	32 899 878	31 306 757
	2007	September	93	83	31 948 699	28 162 396
	2007	October	110	87	88 064 792	86 660 009
	2007	November	114	106	69 748 686	76 299 486
	2007	December	113	105	22 514 309	24 610 322
	2008	January	107	89	109 336 334	105 607 398
	2008	February	104	97	59 211 536	58 070 323
	2008	March	122	103	80 992 693	90 049 324
	2008	April	120	115	40 071 330	47 162 183
	2008	May	120	114	40 395 098	47 665 005
	2008	June	116	97	55 244 233	57 479 904

Shareholders' diary

Annual general meeting	6 November 2008
Reports and financial statements	
Annual results announcements (published)	27 August 2008
Publication of annual report (mailed to shareholders)	14 October 2008
Financial year-end	30 June 2009

Financial definitions

for the year ended 30 June 2008

Average trade receivables collection days	Average trade receivables, excluding VAT, after impairment of trade receivables, divided by revenue, times the number of days in the year.
Cash and cash equivalents	Cash on hand and current accounts in bank, net of bank overdrafts, together with any liquid investments readily convertible to known amounts of cash and not subject to significant risk of changes in value.
Cash(utilised by)/generated from operating activities per weighted average ordinary share (cents)	Cash (utilised by)/generated from operating activities divided by the weighted average number of ordinary shares in issue.
Current ratio	Current assets divided by current liabilities.
Earnings per ordinary share (cents) from continuing operations	Earnings from continuing operations attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue.
Loss per ordinary share (cents) from discontinuing operations	Loss from discontinued operations attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EBITDA (%)	EBITDA as a percentage of revenue.
Effective tax rate (%)	The income statement tax charge as a percentage of profit before tax (and amortisation of historic goodwill in respect of financial years before the adoption of IFRS). Derecognition of deferred tax assets included in the tax charge is excluded from the calculation of the effective tax rate.
Headline earnings	Earnings attributable to equity holders of the parent before exceptional items and related tax amounts.
Headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of ordinary shares in issue.
Headline earnings (%)	Headline earnings as a percentage of revenue.
Net asset value per ordinary share (cents)	Ordinary shareholders' funds divided by the number of ordinary shares in issue at year-end.
Number of employees	Permanent employees and contractors employed at year-end.
Operating profit/(loss)	Profit/(loss) before net financing costs, share of profit/(loss) in associates, income tax expense and profit/(loss) from discontinued operations.
Operating profit/(loss) (%)	Operating profit/(loss) as a percentage of revenue.
Operating profit/(loss) per employee	Operating profit/(loss) divided by number of employees.
Return on equity (headline earnings) (%)	Headline earnings as a percentage of ordinary shareholders' funds.
Revenue per employee	Revenue divided by the number of employees.
Other expenses	Separately disclosable expense items.

Notice of annual general meeting to members

GIJIMA AST GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1998/021790/06)
(Share code: GIJ) (ISIN: ZAE000064606)
("GijimaAst" or "the Company")

Notice is hereby given that the ninth annual general meeting of members of GijimaAst will be held in the Boardroom (DTSG25) of the Company at Block B, Samrand Offices, 47 Landmarks Avenue, Kosmosdal, Samrand, Centurion on Thursday, 6 November 2008 at 10:00, to conduct the following business:

1. To confirm that the auditors' report was received and adopted as correct.
2. To confirm that the annual financial statements of the Company and the Group for the year ended 30 June 2008 were received and adopted as correct, these being the annual financial statements with respect to the state of affairs, the business and the profit or loss of the Company and its subsidiaries.
3. To elect the directors of the Company ("the directors") in the place of the following persons, who in accordance with the provisions of the Company's Articles of Association retire by rotation and, being eligible, offer themselves for re-election:

   Rotation
   3.1 NJ Dlamini
   3.2 CJH Ferreira
   3.3 JCL van der Walt

   Confirm appointment
   3.4 LBR Mthembu
4. To ratify the directors' emoluments for the year going forward.

As special business, to consider and, if deemed fit, to pass, with or without modification the following ordinary and special resolutions

5. To resolve that the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended ("the Companies Act"), the Articles of Association of the Company and the Listings Requirements of the JSE Limited ("JSE Listings Requirements"), when applicable.
6. To resolve that the directors of the Company be and are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Companies Act, the Articles of Association of the Company, the JSE Listings Requirements, when applicable, and the following limitations, namely that:
   - the equity 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 will only be made to "public shareholders" as defined in the Listings Requirements of the JSE and not related parties;
   - the number of shares issued for cash shall not, in the aggregate in any one financial year, exceed 15% (fifteen per cent) of the Company's issued share capital of ordinary shares, as calculated in terms of Section 5.52 of the JSE Listings Requirements;
   - this authority is valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
   - a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of shares in issue prior to the issue; and

Notice of annual general meeting to members continued

- 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 per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed between the issuer and the party subscribing for the securities.

This ordinary resolution is required, per the JSE Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour of such resolutions by all members present or represented by proxy and entitled to vote, at the annual general meeting.

7. To confirm and approve the payment of a dividend of 3,5 cents per ordinary share for the financial year ended 30 June 2008 as was proposed by the Board of Directors.

8. To reappoint KPMG Inc. as auditors of the Company and Mr J Vliegenthart as the individual designated auditor of the Company for the 2008/2009 financial year until the next annual general meeting.

Special resolution

9. To resolve that the directors be and are hereby authorised, by way of general approval and in terms of Article 6.6.10 of the Company's Articles of Association, to acquire, on behalf of the company or its subsidiaries, ordinary shares issued by the company ("ordinary shares"), in terms of Sections 85 and 89 of the Act and the JSE Listings Requirements, provided that:
   - any such acquisition of ordinary shares ("the acquisition") shall be implemented on the open market of the JSE, through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited) and in accordance with the Company's Articles of Association;
   - such general authority shall only be valid until the Company's next annual general meeting provided that it shall not extend beyond 15 months from the date of passing this special resolution;
   - an announcement will be published as soon as the Company has cumulatively acquired 3% of the ordinary shares in issue as from the date of this approval, and for each 3% thereof in aggregate acquired thereafter, containing full details of such acquisition;
   - in terms of this general authority, the acquisition may not exceed, in aggregate in any one financial year, 20% of the Company's issued share capital of that class as at the beginning of the financial year;
   - in determining the price at which the ordinary shares issued by the Company are repurchased by it in respect of the acquisition in terms of this general authority, the maximum price at which such ordinary shares may be repurchased will not be greater than 10% above the weighted average of the market value of ordinary shares for the five business days immediately preceding the date of the acquisition of such ordinary shares;
   - only one agent is appointed at any point in time to effect the acquisition on the Company's behalf in terms of this resolution;
   - the Company may only undertake an acquisition of ordinary shares if after such acquisition it still complies with paragraphs 3.37 to 3.41 of the Listings Requirements of the JSE concerning member spread requirements;
   - the Company or its subsidiary may not repurchase ordinary shares pursuant to the acquisition during a prohibited period as defined in paragraph 3.67 of the Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and
   - in the case of an acquisition by a subsidiary of the Company, the authority shall be valid only if:
     – the subsidiary is authorised by its Articles of Association;
     – the shareholders of the subsidiary have passed a special resolution authorising the acquisition; and
     – the number of ordinary shares to be acquired is not greater than 10% of the number of issued shares in the Company.

Reason for and effect of the special resolution

The reason for and effect of the special resolution is to grant the Company or its subsidiaries a general authority in terms of the Companies Act to acquire the ordinary shares of the Company.

The directors of the Company have no specific intention to effect the provisions of this special resolution but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of this special resolution.

The Board has considered the impact of the acquisition and is of the opinion that, taking into consideration the maximum number of ordinary shares that could be repurchased pursuant to the acquisition:

- the Company and the Group would, in the ordinary course of business, be able to repay its debts for a period of 12 months after the date of the general repurchase
- the assets of the Company and the Group, fairly valued in accordance with the accounting policies used in the latest audited annual Group financial statements, would exceed the liabilities of the Company and the Group for a period of 12 months after the date of the general repurchase
- the share capital and reserves of the Company and the Group would be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase
- the available working capital of the Company and the Group would be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
- the Company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved the documentation.

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the annual report of which this notice forms part as set out below:

– Directors and management – pages 4 to 7;
– Major shareholders – page 92;
– Directors' interest in securities – page 64; and
– Share capital of the Company – page 75.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements the directors, whose names are given on page 4 and 5 of the annual report of which this notice forms part, are aware of the following legal or arbitration proceedings (pending and threatened) that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position:

Leovas Investments (Pty) Limited and Leon Jordaan vs. AST-A Holdings (Pty) Limited and AST Group Limited

The plaintiffs instituted legal action in respect of a sale of shares transaction concluded between the plaintiffs and the defendants alleging that damages were suffered by the plaintiffs. Plaintiffs are claiming an amount of R8,4 million. Notice of trial date defective, but Company is proceeding on basis that matter may continue. According to the Company's external legal counsel, on the basis of the present summons, the plaintiffs have no prospect of success.

Directors' responsibility statement

The directors, whose names are given on page 40 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution 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 resolution contains all information required by Law and the JSE Listings Requirements.

Material change

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the interim reporting period and the date of this notice.

Notice of annual general meeting to members continued

Voting and proxies

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. A proxy need not be a member of the Company. A proxy form, in which the relevant instructions for its completion are set out, is attached for the use of holders of certificated shares and 'own-name' dematerialised shareholders that wish to be represented at the annual general meeting. Completion of a proxy form will not preclude such a shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting. Proxy forms must be forwarded to reach the Company's registered office or the transfer secretaries, Link Market Services (Pty) Limited, 5th Floor, 11 Diagonal Street, Johannesburg or PO Box 4844, Johannesburg, 2000 by 10:00 on Tuesday, 4 November 2008.

On a show of hands, every member of the Company present in person or represented by proxy shall have one vote only. On a poll, every member of the Company shall have one vote for every share held in the Company by such member.

Holders of dematerialised shares other than 'own-name' dematerialised shareholders who wish to vote at the annual general meeting must instruct their Central Securities Depository Participant ("CSDP") or broker accordingly. Holders of dematerialised shares other than 'own-name' dematerialised shareholders who wish to attend the annual general meeting in person need to arrange the necessary authorisation as soon as possible, through their CSDP or broker, in terms of the agreement existing between them.

By order of the Board

JC Rademan
Group Secretary

Centurion
14 October 2008

Administration

Secretary and registered office

JC Rademan (BCom)
Block C, GijimaAst Offices
47 Landmarks Avenue
Kosmosdal, Samrand
Centurion, 0157
(PO Box 10629, Centurion, 0046)

Merchant bank and sponsor

Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place, Cnr Fredman Drive and
Rivonia Road, Sandton, 2196
(PO Box 786, Sandton, 2146)

Attorneys

Routledge Modise Moss Morris
2 Pybus Street
Sandton, 2196
(PO Box 78333, Sandton City, 2146)

Edward Nathan Sonnenbergs
150 West Street
Sandton 2196
(PO Box 783347, Sandton City, 2146)

Transfer office/Transfer secretaries

Link Market Services SA (Pty) Limited
(Registration number 2000/007239/07)
5th Floor, 11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Commercial bankers

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3 Simmonds Street
Johannesburg, 2001
(PO Box 61344, Marshalltown, 2107)

ABSA Corporate Bank
(Registration number 1986/004794/06)
230 Van der Walt Street
Pretoria, 0002
(PO Box 4210, Pretoria, 0001)

Registered auditor

KPMG Inc.
Chartered Accountants (SA)
(Registration number 1999/021543/21)
KPMG Forum
1226 Schoeman Street
Hatfield
South Africa
(PO Box 11265, Hatfield, 0028)

Contact information

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Centurion
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KPMG Building, Mahogany Court, Redlands Estate
1 George McFarlane Lane, Wembley
Pietermaritzburg

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Fax: +27 41 585 5477
104 Park Drive, Port Elizabeth 6001
Suite 36 Postnet X27964, Green Acres
Port Elizabeth 6057

Richards Bay
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Fax: +27 35 789 0615
20 Lira Link Street, Partridge Place
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Richards Bay 3900
PO Box 2139, Richards Bay 3900

Sunninghill
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Fax: +27 11 209 0022
Block D, Belvedere Place Office Park
5 Eglin Road, Sunninghill 2157
Private Bag x 9, Melville 2109

Vanderbijlpark
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Fax: +27 16 889 7397
Frikkie Meyer Boulevard North
Vanderbijlpark 1911
PO Box 5366, Vanderbijlpark 1900

Walvis Bay
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Fax: 09264 64 209 856
Office Economix Building, 12th Road, Shop 5
Walvis Bay, Namibia
PO Box 4235, Walvis Bay, Namibia 9000

Windhoek
Tel: 09264 61 285 3000
Fax: 09264 61 285 3030
2 Bismarck Street, Windhoek, Namibia
PO Box 80771, Olympia, Windhoek, Namibia

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Form of proxy

GIJIMA AST GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1998/021790/06)
(Share code: GIJ) (ISIN: ZAE000064606)
("GijimaAst" or "the Company")

Only for use by GijimaAst shareholders holding certificated shares, nominee companies of Central Securities Depository Participants ("CSDPs"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected "own-name" registration at the annual general meeting of shareholders of the Company to be held at 10:00 on Thursday, 6 November 2008, in the Boardroom (DTSG25) of the Company, Block B, Samrand Offices, 47 Landmarks Avenue, Kosmosdal, Samrand, Centurion ("the meeting").

GijimaAst shareholders who have already dematerialised their shares through a CSDP or broker other than in "own-name" registration must not complete this proxy form and must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.

I/We

(Please print)

Of (address)

being a member/s of the Company holding ____________ ordinary shares in the Company, appoint (see note 1)

1. or failing him,
2. or failing him,
3. the chairman of the annual general meeting,

as my/our proxy to act for me/us at the meeting of the Company for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the GijimaAst shares registered in my/our name/s in accordance with the following instructions (see note 2 overleaf):

	Number of GijimaAst shares		
Proposed ordinary resolutions	For	Against	Abstain
1. Adoption of the auditor's report			
2. Adoption of the annual financial statements			
3. Election of directors:			
3.1 Re-election of NJ Dlamini			
3.2 Re-election of CJH Ferreira			
3.3 Re-election of JCL van der Walt			
3.4 Confirm appointment of LBR Mthembu			
4. Ratification of the directors' emoluments for the year going forward			
5. Placing the unissued shares under the control of the directors			
6. General authority to issue shares for cash			
7. Approval of payment of a dividend as declared by the directors.			
8. Confirmation of the reappointment of the auditors and individual designated auditor			
Proposed special resolutions			
9. Grant a general authority to directors to buy back shares of the Company			

(Please indicate instructions to proxy in the space provided above by inserting the relevant number of votes exercisable.)

Signed at on 2008

Signature

Assisted by (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of the Company) to attend, speak and vote in place of that shareholder at the meeting.

Notes to proxy form

Instructions

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting". Any such deletion must be initialled by the shareholder. The person present at the meeting whose name appears first on this form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.
2. 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. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the meeting as he/she deems fit, in respect of the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his proxy.
3. Any alteration or correction to this form of proxy must be initialled by the relevant signatory/ies.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity (such as power of attorney or other written authority) must be attached to this form.
5. The completion and lodging of this form of proxy by shareholders holding certificated shares, nominee companies of CSDPs or brokers and shareholders who have dematerialised their shares and who have elected "own-name" registration, will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Shareholders who have dematerialised their shares through a CSDP or broker other than in "own-name" registration and who wish to attend the meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend.
6. Proxy forms must be lodged with or posted to the Company's business address (c/o Mr JC Rademan, Group Secretary, Block C, Samrand Offices, 47 Landmarks Avenue, Kosmosdal, Samrand or PO Box 10629, Centurion, 0046) or the transfer secretaries, Link Market Services (Pty) Limited, 5th Floor, 11 Diagonal Street, Johannesburg or PO Box 4844, Johannesburg, 2000, so as to be received by 10:00 on Tuesday, 4 November 2008.
7. The chairman of the meeting may accept or reject a proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.

GijimaAst

National capacity

GAUTENG
Johannesburg
Midrand
Pretoria
Vanderbijlpark
Vereeniging

FREE STATE
Bethlehem
Bloemfontein
Welkom

EAST COAST
Durban
Newcastle
Pietermaritzburg
Port Shepstone
Richards Bay
Ulundi
Bisho
East London
Port Elizabeth
Umtata

LIMPOPO
Lephalale
Makhado
Polokwane
Thabazimbi
Tshikondeni
Tzaneen

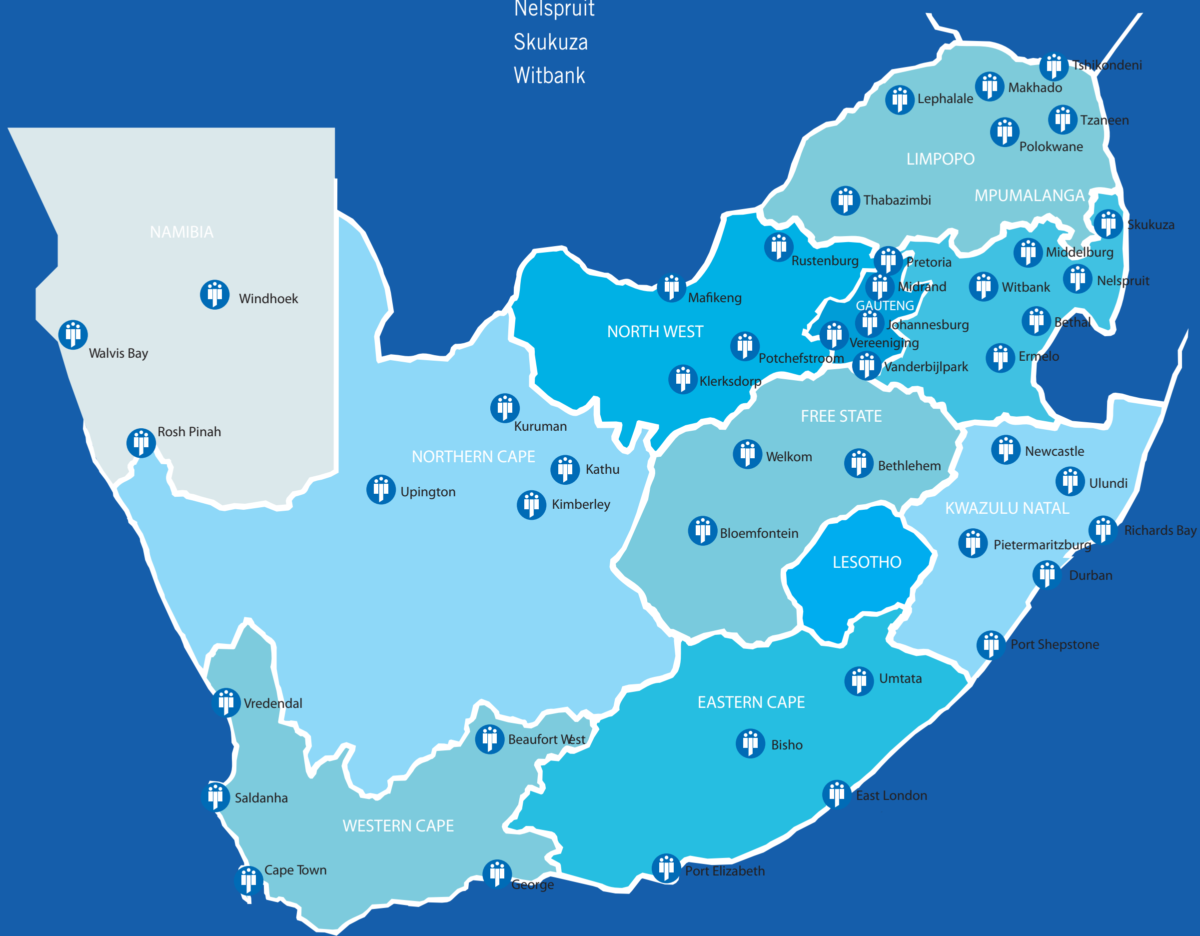
MPUMALANGA
Bethal
Ermelo
Middelburg
Nelspruit
Skukuza
Witbank

NORTHERN CAPE
Kathu
Kimberley
Kuruman
Upington

NORTH WEST
Klerksdorp
Mafikeng
Potchefstroom
Rusternburg

WESTERN CAPE
Beaufort West
Cape Town
George
Saldanha
Vredendal

NAMIBIA
Rosh Pinah
Walvis Bay
Windhoek



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