

GijimaAst

YOUR COMPLETE ICT PARTNER



2005 ANNUAL REPORT



Contents

Who is GijimaAst?	1
Financial highlights	2
Value added statement	3
Board of directors	4
Chairman's report	10
CEO report	12
Financial review	16
Performance report	21
Evidence of capability (Case studies)	25
Client value statements	28
National capability	31
Human capital	33
Corporate governance	37
Financial definitions	43
Financial content	45
Statement of responsibility	
by the board of directors	46
Report of the independent auditors	47
Group Secretary's certification	47
Directors' report	48
Accounting policies	52
Income statements	58
Balance sheets	59
Cash flow statements	60
Statements of changes in equity	61
Notes to the annual financial statements	62
Details of principal subsidiary companies	90
Shareholders' information	92
History – share trading on the JSE Limited	94
Shareholders' diary	94
Administration	95
Notice of annual general meeting to members	96
Contact information	IBC
Form of proxy	Loose
Instructions	Loose



Who is GijimaAst?

The merger of Gijima Technologies and the AST Group brings together an entrepreneurial organisation with a solid track record of growth with strong client relationships in the public sector, and a large, established Company with well established service offerings and specialist industry knowledge as well as referencability in the private sector.

The merged entity, GijimaAst is a company with great credentials:

- We have a **large, competent and extensive delivery capacity and capability** which is engaged by an **extensive and loyal customer base** – all our key clients have been with us for more than three years.
- We have gained a reputation as a company with an **enviable service track record** with 98% of SLAs met during 2005.
- The merger has enabled us to increase our **geographic footprint** to more than 70 service centres across South Africa, which is now unparalleled in the market.
- Our combined workforce of more than 3 000 people consists of the most **sought-after staff and skills** in the industry.
- We are **32% directly black-owned** and our transformation is supported by initiatives across the organisation.

We are a proudly empowered South African company and the complete ICT partner for all our clients.

Our competencies and capabilities are supported by our credible and bankable balance sheet which will enable us to participate in new opportunities and deliver value for all stakeholders.

We have developed a Vision, Mission and Values which reflect the strengths of the new organisation.

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

Our **mission** is to continually improve our clients' efficiency and competitiveness through our:

- world-class, innovative and affordable services;
- premier client care;
- commercial acumen; and
- proven technological leadership.

We will achieve this through the development of staff, intellectual property, our communities and the investment in our technology- and service-based partnerships and resources.

Our **values** are

to be **COMMITTED**

to be **KNOWLEDGEABLE**

to be **PASSIONATE**

to be **RESPONSIVE**

to be **ENTHUSIASTIC**

to be **ETHICAL**

... we are
YOUR COMPLETE ICT PARTNER

Financial highlights

for the 12 months ended 30 June 2005

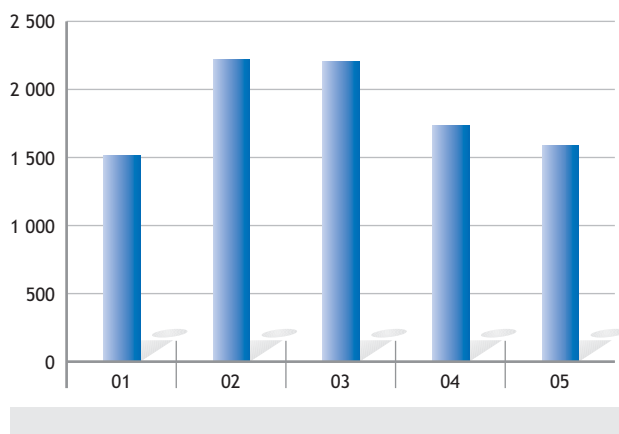
The financial highlights have been calculated in accordance with the financial definitions set out on page 43.

	30 June 2005 (12 months) R'000/000	30 June 2004 (12 months) R'000/000	30 June 2003 (12 months) R'000/000	30 June 2002 (12 months) R'000/000	30 June 2001 (12 months) R'000/000
Income statement					
Revenue	1 587 302	1 734 652	2 205 612	2 219 650	1 513 542
Normalised operating profit/(loss)	74 005	49 059	(53 549)	160 743	183 811
Normalised operating profit/(loss) (%)	4,66	2,83	(2,43)	7,24	12,14
Headline earnings/(loss)	49 433	(14 018)	(62 239)	112 557	137 877
Headline earnings/(loss) (%)	3,11	(0,81)	(2,82)	5,07	9,11
Balance sheet					
Cash and cash equivalents	56 841	38 294	36 133	111 731	160 958
Total assets	890 718	784 515	1 044 146	1 153 472	1 054 920
Ordinary shareholders' funds	243 258	23 001	124 231	336 264	370 162
Number of shares in issue	964 667	184 291	67 311*	57 505*	55 412*
Weighted average number of shares	315 638	153 124	61 323*	56 056*	55 027*
Fully diluted number of shares	315 638	164 848	192 657*	60 555*	58 000*
Financial statistics					
Headline earnings/(loss) per ordinary share (cents)	15,66	(9,15)	(101,49)*	200,80*	250,56*
Earnings/(loss) per ordinary share (cents)	(20,54)	(92,51)	(370,95)*	(97,90)*	28,90*
Cash from/(utilised in) operating activities per weighted average ordinary share (cents)	0,84	23,78	(85,29)*	367,70*	294,80*
Net asset value per ordinary share (cents)	25,22	12,48	184,56*	584,76*	668,00*
Selected returns and ratios					
Effective tax rate (%)	4,39	172,78	32,99	25,18	22,39
Current ratio	1,11	0,89	0,74	0,87	0,97
Return on equity (headline earnings) (%)	20,32	(60,94)	(50,10)	33,47	37,25
Average debtor collection days	61,58**	57,05	55,33	48,10	55,75
Cash conversion ratio (%)	53,71	82,47	39,38	120,52	77,12
Number of employees	3 247	3 058	3 498	3 961	2 882
Revenue per employee	570**	567	631	560	525
Normalised operating profit/(loss) per employee	31**	16	(15)	41	64

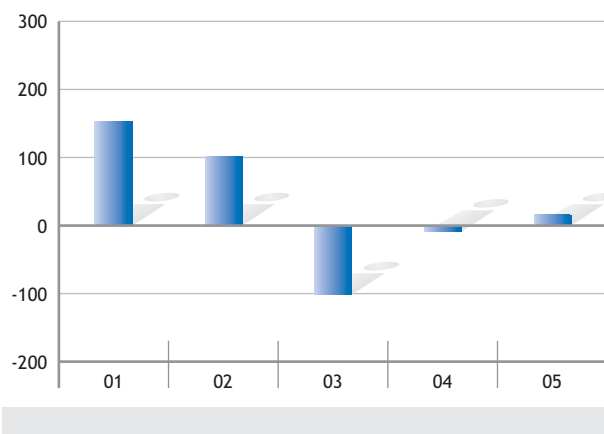
* Adjusted for the 10:1 consolidation of shares in October 2003.

** Revenue and operating profit figures have been normalised to include Gijima figures for the full 12 months in order to provide meaningful ratios in respect of debtors days and operating profit per employee. Details of this normalisation is described in the financial review.

Revenue (Rm)



Headline earnings per ordinary share (cents)



Value added statement

for the 12 months ended 30 June 2005

	Group	
	2005 R'000	2004 R'000
Wealth creation:		
Group turnover	1 587 302	1 734 652
Cost of materials and services	(660 146)	(784 977)
Value added	927 156	949 675
Net finance costs	(4 500)	(40 668)
Total wealth created	922 656	909 007
Wealth distribution:		
Workforce		
Salaries, wages, bonuses, pension, medical aid, other benefits and contractor fees	799 575	835 416
Attributable to minority shareholders and associates	15 656	8 005
Central and Local Governments	13 577	21 211
Tax	3 120	8 714
Rates and taxes	4 483	5 737
Skills development levy	1 591	1 811
Regional services levies	4 383	4 949
Reinvested in the Group	93 848	44 375
Depreciation, amortisation and impairment	158 682	186 032
Net loss for the year	(64 834)	(141 657)
Total wealth distributed	922 656	909 007
Taxes paid and collected		
VAT	133 329	124 910
PAYE	157 265	165 823

Board of directors



Hans J Smith
Non-executive Chairman



Robert M Gumede
Executive Deputy Chairman



John E Miller
CEO



Marthinus G Erasmus
Executive Director



Carlos JH Ferreira
Financial Director



Nhlanhla I Mhlongo
Non-executive Director



Malcolm Macdonald
Non-executive Director





Cornelius J Potgieter
Non-executive Director



Jacobus CL van der Walt
Non-executive Director



Cheslyn ME Mostert
Non-executive Director



Kalaa Mpinga
Non-executive Director



Andrew FB Mthembu
Non-executive Director



Dr Nobuhle J Dlamini
Non-executive Director



Warren Drue
Non-executive Director

Board of directors continued

Name: Hans Jurie Smith

Age: 64

Position: Independent Non-executive Chairman

Date of appointment: March 2003

Qualifications: BSc (Eng Metallurgy – University of Pretoria), BSc (Eng Mining – University of the Witwatersrand), a post-graduate diploma in Market Research and Advertising (University of South Africa).

Background:

Hans graduated with a BSc degree from the University of Pretoria, a BSc (Eng Mining) from the University of the Witwatersrand (1965) and a post-graduate diploma in Market Research and Advertising from the University of South Africa (1968). Hans started his career in the mining industry and held various senior positions before joining Iscor Limited in 1993 as Chief Executive and Managing Director.

In 1995 he became the Executive Chairman of Iscor Limited. In the relatively short period since then he was well on his way to transforming Iscor into a global competitor. This was achieved by initiating and implementing a comprehensive corporate restructuring programme. This resulted in reducing headcount by some 60%, entering into new markets, modernising existing steel plants and developing new low-cost steel and mining technologies. This massive and unprecedented corporate restructuring programme culminated in the successful listing of the mining assets of Iscor in 2001.

Hans served as Non-executive Chairman of the newly listed Kumba Resources Limited until November 2002. He was appointed Chairman of AST in March 2003 and is still the Chairman of the merged GijimaAst.

Name: Robert Wellington Gumede

Age: 42

Position: Executive Deputy Chairman

Date of appointment: May 2005

Qualification: BJuris

Background:

Robert started his career as a clerk in the civil and criminal court in Nelspruit. Four years later he

progressed to State Prosecutor in the Nelspruit Courts where he served for a further five years. Robert has more than 13 years experience as a Director and owner of various private companies, including Gijima Technologies, a group which merged with AST Group. After the merger of AST Group and Gijima Technologies on 3 May 2005, Robert was appointed as Executive Director to the board of GijimaAst on 3 May 2005 and as Deputy Chairman in June.

Name: John Edward Miller

Age: 65

Position: CEO

Date of appointment: October 2000

Qualification: AEP (Unisa)

Background:

John joined what became the IT industry in 1961. He has extensive sales, marketing and general management experience in the ICT Industry, also as Managing Director of Unisys Africa, a position he held for six years. Prior to this, John was an Executive Director of Unidata, Managing Director of Compusons (then the Computer Associates distributor for southern Africa) and National Sales Director of ICL. John was appointed to AST as the Sales Director in October 2000. In December 2002 John was appointed CEO of AST Group and took the lead for implementing a vigorous Business Improvement Programme. John was also instrumental in finalising the black economic empowerment deal that resulted in the merger with Gijima in May 2005. John is currently the CEO of GijimaAst.

Name: Marthinus Gerhardus Erasmus

Age: 38

Position: Executive Director – Managed Services

Date of appointment: August 1998

Qualifications: BAcc (Hons) CTA, CA(SA), ELP

Background:

Marthinus has been active in the IT industry for more than 15 years with experience in large corporates and entrepreneurial businesses. He has an extensive background in Financial Management, corporate finance, operational management and international business. He joined the AST Group in 1998 as



Financial Director. From 1999 Marthinus held various executive positions related to the Group's inorganic and organic growth strategies. In October 2002 he again assumed the role of Group Financial Director. Marthinus played a key role in the turn around programme of the AST Group from 2002 to 2004. In July 2005, after the merger with Gijima Technologies he was appointed as Executive Director responsible for the Managed Services business of GijimaAst.

Name: Carlos Jorge Henriques Ferreira

Age: 34

Position: Financial Director

Date of appointment: May 2005

Qualification: BComm (Hons) PG Dip BA

Background:

Carlos worked in the corporate and merchant banking arena from 1989 – 1999 with institutions such as Absa, Standard Bank and TA Bank. His initial activities in banking included Account Management for companies of varying size from medium to large corporates. Carlos spent some time working in the Group Finance environment at Standard Bank. In 2000 he headed up investment activities at a privately held Investment House focussing on the Technology and Financial Services fields. Carlos was appointed at Gijima in 2002 to head up group finance including the assessment of potential merger and acquisition opportunities. His experience also includes corporate banking, corporate finance and private equity investment. Carlos' blend of financial and operational experience has been key to the growth of the Gijima Group over the last three years. Carlos was appointed to the board of GijimaAst after the merger in May 2005. After managing the integration process for the two companies he was appointed in June 2005 as the new Financial Director.

Name: Nhlanhla Innocent Mhlongo

Age: 40

Position: Independent Non-executive Director

Date of appointment: May 2005

Qualification: Dip Electrical Engineer

Background:

Nhlanhla has more than 11 years experience as an information technology specialist/technician/engineer

in the information technology industry. He is one of the co-founders of Gijima Technologies. Nhlanhla served as the Chief Operating Officer of the Gijima Technologies Group, and still manages operations of Gijima's non-ICT interests.

Name: Malcolm Macdonald

Age: 63

Position: Independent Non-executive Director

Date of appointment: April 1999

Qualifications: BCom, CA(SA), ACIMA

Background:

Malcolm has held various positions in Financial Management, including General Manager Finance at the Industrial Development Corporation of South Africa (1981 – 1996) and Executive Director Finance at Iscor Limited (1997 – 2004). He is also a Non-executive Director of the listed company Astral Foods Ltd.

Name: Dr Nobuhle Judith Dlamini

Age: 46

Position: Independent Non-executive Director

Date of appointment: June 2005

Qualifications: MBChB (Natal), DOH (UFS), MBA (Wits)

Background:

Dr Judy worked as a medical doctor for ten years and as an occupational health practitioner for four years before changing careers. She graduated with an MBA from the University of Witwatersrand. Dr Judy worked for global banking group HSBC before founding her own company, Mbekani Health and Wellbeing. She recently led successful negotiations on behalf of Imithi Investments to acquire 10% of Aspen Pharmacare, a listed pharmaceutical manufacturing company. Some of her other board positions include Discovery Health Holdings Ltd and Northam Platinum Ltd.

Name: Cornelius Johannes Potgieter

Age: 43

Position: Non-executive Director

Date of appointment: June 2003

Qualification: BCom Accounting (Hons)

Background:

Johan built up vast experience in the investment and employee benefit industries during his career with the

Board of directors continued

Iscor Pension Fund. He has held the position of CEO of Coris Capital Ltd since 2001. Coris Capital Ltd is a financial services company with a core focus of pension fund member administration and Multi Asset Management.

Name: Kalaa Mpinga

Age: 45

Position: Independent Non-executive Director

Date of appointment: June 2005

Qualifications: BSc (Agricultural Economics) McGill University, Canada; MSc (International Agricultural Development) The university of California at Davis (UCD)

Nationality: Democratic Republic of Congo

Background:

Kalaa, a native of the Democratic Republic of Congo, worked for Bechtel Corporation in San Francisco. He then joined LTA Ltd, owned by the Anglo American Corporation in 1991. Kalaa was accredited with achieving the expansion of LTA outside South Africa into the rest of Africa. He joined the New Mining Division of Anglo American Corporation of South Africa in 1997 as an Executive Director. In 2001, Kalaa started Mwana African Holding, a consortium of African investors from Kenya, Zambia, Zimbabwe, Angola and South Africa. He also serves on the board of Group Five Ltd, one of the largest construction companies listed on the JSE, and its Audit, Corporate and Social Investment Committees. Over the past 20 years, Kalaa built a considerable network in Africa in the areas of Finance, Mining, Engineering and Construction.

Name: Jacobus Carolus Lodewiekus van der Walt

Age: 63

Position: Independent Non-executive Director

Date of appointment: April 1999

Qualification: BSc Eng Industrial

Background:

Jac has spent his career at Iscor, initially in Industrial Engineering and other productivity services, but adding further responsibilities later, in the fields of management and logistic services. In April 1990 Jac was appointed as the Group General Manager for

Information Management and Information Technology at Iscor. Before outsourcing the IT environment to the AST Group, Jac also served on the Executive Committee of Iscor Ltd for four years. Since retirement from Iscor in January 2000, Jac focused his attention on the AST Group, several private companies, mainly in property development, and ad hoc consulting.

Name: Cheslyn Michael Edward Mostert

Age: 36

Position: Independent Non-executive Director

Date of appointment: June 2005

Qualification: Matric

Background:

Cheslyn is one of two founding members of Mohlaleng Strategy and Investment Consultants (Pty) Ltd. Mohlaleng was established five years ago to focus on providing advice to the public and private sector on the implementation of black economic empowerment strategies. Cheslyn's track record includes assisting in the drafting of the BEE Commission Report, developing the ANC policy statement on BEE as well as the government's broad-based BEE strategy. He also co-drafted the Financial, Property, Construction and Health Transformation Charters and provided BEE advice to corporates which include local and multi-national Telecommunications and Industrial companies. He resigned in June 2004 as Economic Policy Coordinator of the ANC but still engages on behalf of the ANC with officials in the public sector in examining the role of the state and efforts to transform existing government structures.

Name: Andrew Fana Bambaphansi Mthembu

Age: 49

Position: Independent Non-executive Director

Date of appointment: June 2005

Qualifications: BSc (Chemistry, Biology) from University of Botswana and Swaziland, BSc (Civil Engineering) from University of Calgary, Canada, MSc (Construction Management) from University of Reading, UK

Background:

Andrew has established himself as a household name in the Telecommunications Industry in Africa. He was Group Deputy CEO of one of South Africa's leading



mobile companies, Vodacom and was responsible for initially paving the way for Vodacom's entry into the Nigerian market. Andrew was also instrumental in developing and executing Vodacom's African Expansion strategy which led to Vodacom becoming successful in Mozambique, Tanzania, the DRC and other African countries. He has since, developed many such strategies for other global players. Since leaving Vodacom Andrew has taken on the role of Special ICT Advisor to South Africa's Minister of Public Enterprises (Mr Alec Erwin). Other current activities include the pursuit of various investment opportunities in information and communication technology on the African continent through Imphandze Investment Holdings of which he is Chairman and CEO.

Name: Warren Drue

Age: 42

Position: Non-executive Director

Date of appointment: January 2005

Qualification: BA, LLB

Background:

Warren, who is admitted to practice as an attorney in the High Court of South Africa, has been a practicing attorney for over 17 years. Warren was a senior partner of Moss Morris Attorneys until 2004 when the majority of the partners of Moss Morris Attorneys joined Routledge Modise to form Routledge Modise Moss Morris, where Warren acts as a senior partner. Warren has advised numerous multi-national and major South African corporations and serves as the legal adviser to several large listed and unlisted companies. Warren has considerable experience and the expertise in corporate and commercial law and specialises in empowerment transactions, mergers and acquisitions and JSE-related work.

Chairman's report



Hans J Smith
Chairman

I am pleased to report that the executive team's focus on restructuring the Group during 2005 has paid off. The Group is in fit financial health; the operations have been optimised and turned around; and the conclusion of the merger with Gijima Info Technologies (Gijima), which was effective in May 2005, ensures that we are well positioned to deliver on our strategic initiatives.

The board of directors of GijimaAst has adopted a new identity, with matching strategies for both the short-term and the longer term which includes our new Vision and Mission. Customer centricity remains at the core of our value proposition, with ethics and governance forming the foundation:

- Our board believes in conducting business with integrity and honesty and these principles flow into the entire organisation. We encourage the highest personal ethical standards for all our employees so that they reflect these attitudes in all their dealings.
- The roles of the various board committees including the Nomination; Audit; Remuneration and Transformation Committees are entrenched and their mandates and constitutions are in line with the requirements of King II.
- All our new board members attend training to ensure their understanding of our Company, equipping them to add value to our strategy.

Our commitment to the code of corporate practice and conduct as recommended by King II is steadfast; and during the year we delivered on our internal aims to introduce a balanced and strategically strong board of directors. Please refer to page 37 for a full report on corporate governance. We now have 14 board members, of whom only four are Executive Directors. We welcome Robert Gumede as Executive Deputy Chairman and Carlos Ferreira as Financial Director. They were both instrumental in concluding the merger. The diverse experience and leadership offered by our Non-executive Directors has been bolstered with the appointment of:

- Nhlanhla Mhlongo who brings more than eleven years of experience in the technology services;
- Dr Judy Dlamini who has extensive business and corporate financing experience;
- Andrew Mthembu whose speciality is his knowledge of the Telecommunications industry, particularly in Africa;
- Cheslyn Mostert who provides advice to both public and private sectors on implementation of BEE;
- Kalaa Mpinga who has far-reaching business experience and understanding of Africa in a number of industry sectors; and
- Warren Drue who adds value from a legal, corporate and compliance perspective.

It was with regret that we accepted the resignation of Charles Meintjes from our board of directors due to his responsibilities at Kumba Resources. His commitment to AST and GijimaAst during his term was invaluable including his role in ensuring the success of the Business Improvement Programme. He was also instrumental in facilitating the transaction with Gijima Technologies which resulted in GijimaAst. On behalf of GijimaAst I wish to thank him for the positive impact which he had on our organisation.

Our board of directors is committed to supporting GijimaAst to deliver on its new growth strategy. We will continue to give guidance and direction to the Executive Management team as well as making the strategic decisions which impact the Group. The skills and capabilities of each member of the board will

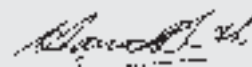
support the organisation in growing the business in line with its strategic imperatives. We have confidence in the ability of our Chief Executive Officer, John Miller to continue making strong day-to-day decisions.

I wish to thank all our stakeholders for the value which they added during the turnaround project and merger with Gijima. In particular, I wish to thank:

- Our shareholders whose confidence in the future of organisation was reflected in the support of the Rights Offer;
- Our advisors and funders without whose support we would not have been able to achieve our successful restructuring;
- My fellow Directors, for their time, contribution and commitment;
- Our clients who continued to support AST throughout the turnaround phase; and
- Our employees who put in the extra effort to ensure that we are now well-positioned to deliver on our vision for the future.

We have created a solid foundation and I look forward to being involved in the exciting future of GijimaAst.

For and on behalf of the board



Hans J Smith
Chairman

CEO report



John E Miller
CEO

Introduction

We planned to stabilise the Company during the financial year ending 30 June 2005 and to prepare it for the future. To this end we succeeded in resolving the dispute with the South African Revenue Service (SARS) over the trademarks and raised R160 million by means of a rights offer, which was 52% oversubscribed. The rights offer strengthened our balance sheet and working capital, enabling us to conclude our empowerment transaction with Gijima Info Technologies (Gijima). GijimaAst, the result of the merger between the listed AST Group and Gijima in May 2005, is a company with excellent credentials:

- A large, competent and extensive delivery capacity and capability which is engaged by an extensive and loyal customer base – all our key clients have been with us for longer than three years.
- A reputation as a company with an enviable service track record.
- A leading set of industry solutions that support our key clients in financial services, retail, mining, manufacturing, government and telecommunications.
- An increased geographic footprint now with more than 70 service centres across South Africa, which, we believe, is unparalleled in the market.
- A workforce of more than 3 000 people consisting of many of the most sought-after staff and skills in the industry.





- A 32% directly black-owned company, with a board of directors that is 43% black, supported by company-wide transformation initiatives, which are already aligned with the proposed Information and Communication Technology (ICT) Charter.

GijimaAst is structured – financially, technologically and strategically – to deliver value to our clients, staff, shareholders and our communities.

Market conditions

Market conditions have not changed significantly in the last six months and trading conditions continue to be challenging. Whilst the anticipated improvement in demand is materialising in some sectors, others continue to lag. The demand for resourcing skills has again increased and this is an early indicator of better markets ahead. Large companies are also starting to replace the hardware infrastructure acquired in anticipation of Y2K (Year 2000) at the end of 1999 which provides further evidence of increasing demand in the sector.

The client environment is still characterised by the need for cost reduction in increasingly competitive markets. Clients are seeking differentiators – and technology often provides the vehicle. As a result, service providers are required to propose more cost-effective innovative solutions than ever before.

Operational update

We completed the Business Improvement Programme in December 2004, and the benefits and cost savings exceeded our initial targets. The merger with Gijima has introduced further opportunities for internal consolidation and efficiency enhancement.

In the current services marketplace, which is becoming increasingly commoditised, we have maintained our competitive advantages with high quality service delivery, cost effective solutions and specialist industry knowledge:

- We have identified opportunities to extend economies of scale in our infrastructure businesses by integrating the activities of the merged companies. We are also in the process of evaluating enhancements that will accrue from the introduction of new tools for remote management, problem solving, logistics and inventory as well as training our human resources to be multi-skilled.
- Our focus on understanding our clients' industry segments through our Industry Solutions continues to be a tangible differentiator. We are seeing the strongest demand in the financial services and retail environments, with rapid technological convergence between the sectors. Demand for large implementations in mining and manufacturing is still dampened by rand strength and economic activity. Our positioning in the public sector continues to

CEO report continued

be a high priority and as a black economic empowerment (BEE) company we are now making better inroads into the sector. As an approved and accredited service provider for State Information Technology Agency (SITA) on the Seat Management Services, Tender 285, and an accredited services provider on SITA Tender 348, we are well positioned to participate in government spend.

Our Networks business performed satisfactorily and its product and service offerings continue to be suited to the current environment. Although revenues were lower than anticipated, profitability was in line with expectations as the division placed a higher focus on services. Networks made inroads into the market with its data products. During the year, both Mittal SA and Kumba Resources renewed their managed services agreements and Voice Over IP (VOIP) solutions were sold to large corporates and the public sector. Our Virtual Private Network offering, which was launched in February 2005, is showing real potential for growth.

The results of AST Distributed Technology Services (DTS) were also in line with our expectations despite revenue pressure resulting from lower product sales. The division's focus on quality service delivery paid off. This is demonstrated by the achievement of an average of 97,5% of the more than 1 300 Service Level Agreements we manage. This focus on service excellence has resulted in stronger client relationships.

Our Solutions business underperformed significantly despite stringent cost containment. Strategies and new management have been put in place to address the problems encountered. Resource Solutions was the star performer of the division as a result of the increased demand for resources. Our mining software unit GMSI's results were also in line with expectations, despite the impact of the strong rand. This demonstrates the quality of our mining product and services offering. During the year, large opportunities were eroded by clients who were under pressure to contain their own costs and risk which resulted in us being awarded smaller contracts.

We successfully protected our client base during the year under review although pressure to reduce spend is ongoing from key clients. Notable deals have been rare, but we have been awarded a number of smaller engagements. We see opportunities to grow these into significant engagements.

Broad-based transformation

We have made significant progress with all the elements of transformation, which positions us to meet the requirements of the ICT Charter when it is finalised.

The BEE transaction which led to the formation of GijimaAst resulted in a 32% direct black ownership. The transaction was based on the independently assessed underlying value of Gijima's ICT subsidiaries and AST Group. It was a unique BEE transaction in the ICT sector in that it entailed no funding structures, preferential shares or special voting rights. Gijima's direct holding in GijimaAst is unencumbered.

Our stated intent had been to transform our board of directors to a 40% black representation by the end of this calendar year. We exceeded this target with the recent appointments, and 43%, (6 out of 14) of our board members as at the end of June 2005 are from previously disadvantaged backgrounds.

Our employment equity statistics have improved and are in line with our plan submitted to the Department of Labour. In addition, the demographics of our top management are now more representative, having achieved our target of 25% by year-end.

Our firm commitment to transformation ensures that we will continue to make changes internally and in partnership with our clients, suppliers and the communities that we serve.

Dividend policy

There will be no dividend payments for the 2005 financial year. This will be reviewed in future in the light of operating performance and the capital requirements of the business.





Prospects

Our restructuring has given us the flexibility to reposition ourselves as the market evolves. We believe that we are very well positioned in our chosen markets – we have strong partnerships with suppliers, our human capital is powerful and well trained, our services and products are well priced and our client relationships robust.

Our growth will be driven through our sales initiatives. We have the cost effective solutions to continue delivering effective solutions to our infrastructure clients. We will focus heavily on increasing market share in the solutions environment supported by our specialised industry knowledge.

During the 2006 financial year, we will focus on leveraging the benefits of the recent merger. We will continue integrating the operations of Gijima and AST and further strengthen our sales capability. By maintaining the efficiency gains and increasing market share, we will deliver value to stakeholders.

We have created a well positioned company based on a solid foundation and have every reason to look forward to the exciting future of GijimaAst.

John E Miller
CEO

Financial review

Year ended 30 June 2005

The reported results include the results of the businesses acquired from Gijima for the two months of May and June 2005.

In order to provide a comparable base against which to measure performance, the income statement for the past year presented below contains an unaudited

normalised view of the results had the Gijima businesses been included for the full twelve month period, eliminating the impact of non-recurring and unusual items from the results and assuming the increased number of shares in issue at 30 June 2005 had been in issue for the full financial year.

Normalised income statement

R'000	Reported 30 June 2005 (12 months)	Adjustments 30 June 2005 (12 months) Notes	Normalised 30 June 2005 (12 months)	Reported* 30 June 2004 (12 months)	
Revenue	1 587 302	1	264 051	1 851 353	1 734 652
EBITDA	116 851	1	34 123	150 974	101 110
EBITDA margin (%)	7,4			8,1	5,8
Depreciation	(42 846)	1	(6 296)	(49 142)	(53 121)
EBITA	74 005	1	27 827	101 832	47 989
Impairment of assets and investments	(3 340)	2	3 340	–	(27 422)
Profit/(loss) on sale of businesses and properties	4 891	3	(4 891)	–	(3 584)
Operating profit from operations before amortisation	75 556		26 276	101 832	16 983
Amortisation of intangible assets	(1 568)		–	(1 568)	(5 272)
Impairment/amortisation of goodwill	(32 742)	4	32 742	–	(98 633)
Operating profit/(loss)	41 246		59 018	100 264	(84 922)
Net finance cost	(4 500)	5	(1 608)	(6 108)	(40 668)
Share of results of associates	136		–	136	326
Profit/(loss) before tax	36 882		57 410	94 292	(125 264)
Income tax expense	(86 196)	2	72 790	(13 406)	(8 714)
Profit/(loss) from ordinary activities	(49 314)		130 200	80 886	(133 978)
Minority interest	(15 520)		–	(15 520)	(7 679)
Net profit/(loss) for the year	(64 834)		130 200	65 366	(141 657)
Calculation of headline earnings (R'000)					
Net profit/(loss) for the year	(64 834)		130 200	65 366	(141 657)
Impairment/amortisation of goodwill	32 742		(32 472)	–	96 633
Loss on impairment of assets and investments	86 416	2	(86 416)	–	27 422
(Profit)/loss on sale of businesses and properties	(4 891)	3	4 891	–	3 584
Headline earnings/(loss)	49 433		15 933	65 366	(14 018)
Headline earnings/(loss) per ordinary share (cents)	15,66			6,78	(9,15)
Fully diluted headline earnings per ordinary share (cents)	15,66			6,78	(9,15)
Basic profit/(loss) per ordinary share (cents)	(20,54)			6,78	(92,51)
Fully diluted basic profit/(loss) per ordinary share (cents)	(20,54)			6,78	(92,51)
Weighted average number of shares (000's)	315 638				153 124
Fully diluted number of shares (000's)	315 638				164 849
Number of shares in issue (000's)	964 667			964 667	184 291
Notes explaining adjustments					
1 Results of Gijima for the ten months ended 30 April 2005 that are not included in the reported numbers.					
2 Early settlement of deferred tax asset of R83,1 million following agreement with SARS have been reflected as a tax expense. Impairment of finance asset of R2,6 million linked to property disposed of, and impairment of mainframe equipment decommissioned of R0,8 million.					
3 Accounting profit on sale of properties and businesses.					
4 Impairment of historic goodwill.					
5 Net finance cost	(4 500)		(1 608)	(6 108)	(40 668)
Interest received	16 805		–	16 805	18 054
Reversal of excess provision	17 698		(17 698)	–	–
Fair value adjustment	(2 090)		2 090	–	2 899
Finance costs	(36 913)		14 000	(22 913)	(61 621)

* Restated to reflect the changes in basis of preparation.



Revenue

Market conditions remained challenging during the year which resulted in a 6,2% reduction in reported revenue, excluding the R42,7 million revenue contribution of non-core businesses disposed of during 2004, but including the contribution of the acquired Gijima businesses for May and June 2005.

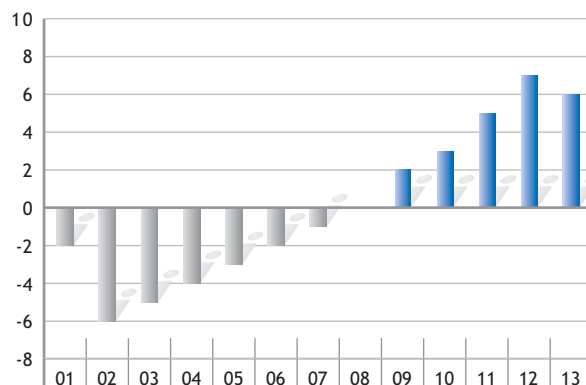
Change of accounting treatment for leases

The South African Institute of Chartered Accountants released circular number 7/2005 in August 2005 which advised South African companies on the accounting treatment of operating leases in terms of the provisions of Accounting Standard AC 105, Leases. In the past, as was generally the practice in South Africa, operating lease expenses were charged

to the income statement when incurred. AC 105 requires accounting for operating lease payments, which include fixed rental increases, on a straight-line basis over the period of the lease agreements.

This negatively impacted the Group's operating profit by R3,2 million in the current year, R4,2 million in the previous year and R12,4 million in prior years. The graph below depicts the negative impact on the Group's profitability into the 2007 financial year where after it has a positive profit impact. The net impact over the duration of the lease periods is nil. Comparative figures have been adjusted and it has been recognised as a fundamental error in accordance with AC 103.

Impact of change in operating lease treatment (R million)



EBITDA (earnings before interest, tax, depreciation and amortisation) margin

The reported EBITDA margin improved from 5,8% in 2004 to 7,4% in 2005. We successfully contained our cost base and increased margins despite continued pressure from clients to reduce their costs.

Impairment of assets and investments

Early settlement and reversal of a deferred tax asset of R83,1 million following a Deed of Settlement concluded with the South African Revenue Service (SARS) in September 2004 to resolve historic uncertainties

regarding trade mark deductions has been included in the income tax expense. This amount was included in operating expenses in the interim financial results.

The impairment charge against assets and investments comprises the following non-recurring items:

- impairment of a R2,6 million derivative financial instrument resulting from the sale of properties and the consequential collapse of the related finance structure, and
- an impairment charge of R0,8 million relating to the decommissioning of mainframe equipment.

Financial review continued

Profit on sale of properties

A surplus of R4,6 million was realised on properties sold during the Group's restructuring programme.

Intangible assets acquired

In terms of International Financial Reporting Standard IFRS 3 (AC 140), the difference between the fair value

of the ordinary shares issued for the acquisition of the Gijima businesses and the tangible asset value was allocated to specifically fair valued intangible assets, with the balance classified as goodwill as summarised below:

	Value	Discount on acquisition	Deferred tax impact	Fair value	Subject to amortisation	Amortisation charge June 2005	Impairment required at 30 June 2005
Client contracts	7,4	–	–	7,4	Yes	1,6	No
Goodwill (trade name)	46,7	–	–	46,7	No	–	No
Goodwill	16,3	30,9	2,1	49,3	No	–	No
Total	70,4	30,9	2,1	103,4		1,6	

The value of the shares issued in consideration for the fair value of the Gijima businesses' net assets have been adjusted to the closing market price on the transaction date of 45 cents. The merger and the rights issue were concluded at a share price of 35 cents.

The deferred tax liability that arose as a result of the fair value calculated for client contracts has, in accordance with IAS 12 (AC 102), Income Taxes, been reflected against the goodwill balance.

Client contracts comprise contractually secured agreements as at the merger date and ignore the likelihood of renewals. Amortisation is spread over the contract periods at the date of the merger. Client contracts were valued using a discounted cash flow valuation of the revenue and costs associated with each contract.

The indicative trade name valuation was calculated based on the relief-from-royalty methodology. In accordance with the provisional application requirements of IFRS 3 the finalisation of the value and useful life of the trade name and purchase price allocation will be completed within the specified 12 month period.

Impairment of goodwill

In accordance with IFRS 3 (AC 140) the Group ceased amortisation of historical goodwill from 1 July 2004. The impairment charge of R32,8 million relates to historic goodwill of which R4,0 million remains on the balance sheet.

Finance costs

Finance costs continued to decrease in line with the significantly lower interest-bearing debt and lower market interest rates. An excess provision for interest of R17,3 million was reversed following the resolution of historic uncertainties with SARS. Fair value adjustments to financing agreements in support of Group properties disposed of, coupled with the valuation of a financial derivative instrument resulting from a forward purchase of shares, resulted in a net charge of R2,1 million. The latter valuation impacted the Group's finance cost positively by R1,4 million in the current year, R2,9 million in the previous year and R4,7 million in prior years. In accordance with the provisions of AC 103 this positive impact has been recognised as a fundamental error.

Headline earnings

Reported headline earnings of R49,4 million (15,66 cents per share) represent a substantial





improvement from the previous year's headline loss of R14,0 million ((9,15) cents per share).

The normalised adjusted headline earnings of R65,4 million include:

- the Gijima businesses for the full year,
- the full year benefit of the interest saving resulting from the funds raised from the rights issue, but
- excludes abnormal items.

This results in a more meaningful comparison, as does the normalised 6,78 cents headline earnings per share based on the increased issued share capital after the merger and rights issue.

Balance sheet

The balance sheet was satisfactorily restructured during the year following the completion of the rights offer and the Gijima acquisition on 3 May 2005. The rights issue was 51,8% over-subscribed and raised R160,0 million through the issue of 457,1 million shares. The businesses of Gijima were integrated and their combined fair value of R108,1 million was settled through the issue of 308,8 million ordinary shares. 14,5 million shares were issued to settle the remaining vendor claims during the year. The number of shares in issue increased from 184,3 million to 964,7 million following these transactions. The debt-equity ratio has improved from 14,2 times at 30 June 2004 to 0,61 times at 30 June 2005.

Interest-bearing debt decreased by R179,3 million during the financial year under review, of which R116,8 million was a direct result of the rights issue in May 2005.

The Group's current ratio improved from 0,89 in 2004 to 1,11 in 2005.

Net cash on hand improved from R38,3 million at 30 June 2004 to R56,8 million at 30 June 2005. Cash generation would have improved with a further R58,0 million had the net cash receivable at year-end on a single transaction, which was received in July 2005, been received before the year-end. Included in cash and cash equivalents is cash (R84,7 million) of AST Distributed Technology Services (Pty) Ltd of which the Group has a 70% shareholding. The utilisation of this cash is regulated by a shareholders agreement.

Contingent liabilities

At 30 June 2005 the Group had contingent liabilities in respect of registered performance bonds, bank, lease and other guarantees to the value of R2,7 million (June 2004: R2,5 million).

Carlos JH Ferreira
Financial Director

Leading edge Technology...

Khoketa
Hola
Lei
Goetela pele
Ubuchwepheshe
obunamba phambili
Goetella pele
Etelela



Performance report

Levels of competition are higher than ever and differentiation is key to winning and retaining clients. We believe that the building blocks of IT infrastructure and software are accessible to all companies, but what sets us apart is how we execute. Our Industry Solutions ensure that we have specialist knowledge to address the particular challenges of different industries. GijimaAst also recognises the impact of client satisfaction on its long-term performance.

The quality of service delivery to existing clients is an important influencer of future revenues. GijimaAst is committed to client service and the focused Customer Care Function has developed and implemented consolidated processes and methodologies for world-class service delivery, thereby ensuring corporate growth.

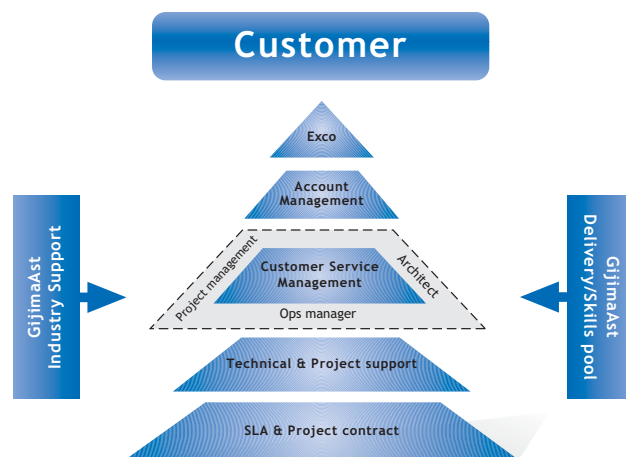
GijimaAst follows a disciplined approach to customers by leveraging and consolidating Group resources to contribute to the success of the customer.

Guidelines for Customer Care are widely accepted throughout the industry and the IT Infrastructure Library (ITIL) has become the de facto world wide standard in Service Management to ensure delivery on Service Level Agreements (SLAs). We believe that harnessing the results of extended analysis of SLA and non-SLA measures, in addition to ITIL principles, sets GijimaAst apart. While GijimaAst has created strong differentiation in the market place through its specialist industry knowledge and its cost leadership, our intellectual property in customer care also sets us apart.

All our Customer Care Managers are ex-IT managers who have solid experience in managing IT environments. The minimum experience is 10 years for a standard size account and 20 years for a large account. They have experience in managing servers, SLAs, integrating different businesses and technologies. Each of these Customer Service Executives is strongly profiled to their clients – in terms of experience and skills as well as personality and culture. They deal at the CIO/COO level, where

the various business units (BUs) interact at the operational level, acting as the dynamic link between all the operational activities to ensure that the Customer Care processes are optimised.

A well defined customer centric Engagement Model guides the interactions with the clients and supports the performance.



Being a Customer Centric Company implies involvement in a number of disparate aspects of the client's key performance which includes compliance and contractual issues; service delivery and client relations.

GijimaAst has seven generic service offerings and the Customer Care environment ensures that the individual SLAs entered into between the customer and the individual business unit are consolidated and analysed as a single SLA. This enables identification of root cause, potential areas of improvement in the client's business, and whether the solution is effectively addressing customer needs. Continuous realignment occurs with the client's business to ensure the ongoing relevance of our services.

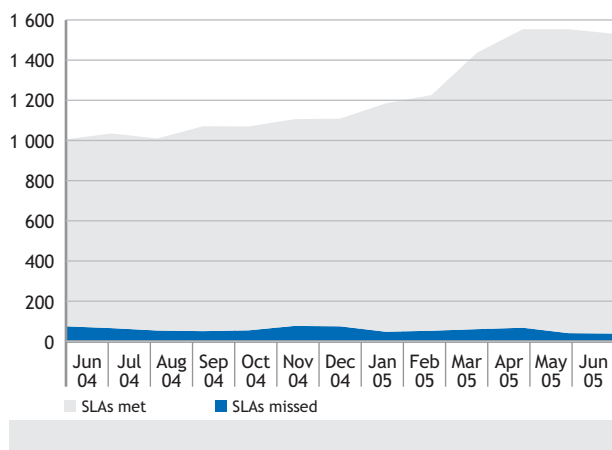
Performance report continued

GijimaAst is acutely aware that customer centricity cannot be addressed in isolation by addressing only Customer Service Management and Monitoring. Research into global trends is vital to adding value in the customer environment. The function has dedicated research resources who engage with a network of leading executives, have access to white papers, publications and information databases to track the relevance of GijimaAst's function in relation to the customer environment. As a member of The Corporate Executive Board's Customer Contact Council, with a membership of 128 international companies, we are able to access international experience, wisdom and thinking.

GijimaAst ensures that its processes are aligned with client imperatives by using a number of measurement and research tools which include customer satisfaction surveys. The results are used to improve the quality of service delivery to the clients or introduce efficiencies into the delivery mechanisms. The combinations of research, customer satisfaction measurement, and quality assurance activities translate into an active effort to improve customer confidence.

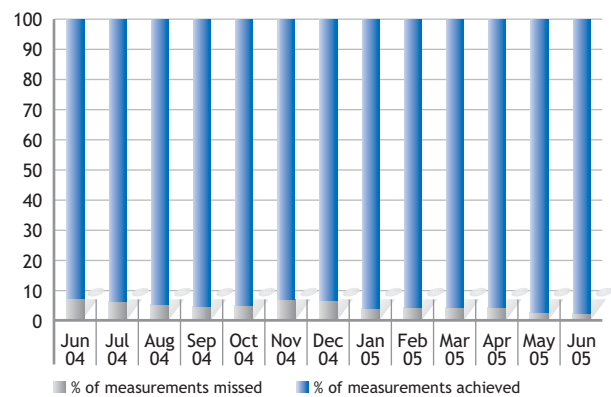
During the year under review, GijimaAst has been engaged by clients to measure a larger number of SLAs.

SLAs measured



Over the same period, the number of SLAs met has increased from 92,5% to 97,5% demonstrating the success of our engagement model

Percentage of measurements



Performance in the business

Our focus on understanding our clients' industry segments through our Industry Solutions continues to be a tangible differentiator for GijimaAst. Our expertise in financial services as well as mining and manufacturing has been extended into retail. In addition, the merger with Gijima has given us a real advantage in the public sector space.

Our **Mining** focused BU, GMSI, performed well in 2005, despite the industry's ongoing pressure as a result of the strength of the rand. We have seen evidence of a recovery as clients are realigning and restructuring their operations to reduce cost. The focus remains to assist and add value and in the areas where Return on Investment is clear spending continues. GMSI's offering was extended with additional solutions to enhance the planning and feasibility study process. Net technology has also been integrated into the offering. This unit successfully renewed the AngloGold Ashanti outsource agreement.

The **Manufacturing** environment experienced the same pressures as Mining, as clients also focused on cutting costs or Total Cost of Ownership of their ICT infrastructures. As a result, the focus was on enhancing existing systems rather than on new



implementations. The size of deals in the market has become smaller but, it is expected that there will be a return to companies re-looking investments into integrated ICT solutions that will impact on their business results. For the Manufacturing sector in general, various indices drive the dynamics of the sector, and this is largely expected to maintain positive for growth. Large deals secured by the unit were either in the domain of renegotiating existing term agreements (ie Mittal Steel) or brown field plants projects in a field where GijimaAst had specific manufacturing expertise (ie ALBA).

The **Financial Services** industry continues to be a significant spender on IT solutions and services and during the year we delivered to all the major banking groups in South Africa. We have also been successful in the self-service terminal space outside of South Africa's borders and are well positioned as the local market moves into its replacement cycle. GijimaAst now also manages the Namibian cheque clearing system and positive results have been achieved. The banking industry is very competitive and players are increasingly requiring proactive proposal on value adding solutions from its partners. Money laundering detection, cash management, transactional security – these are some of the areas where we have the capability to add real value to banks following the conclusion of a partner agreement with Metavante who has developed solutions to deliver these functions. Combining Metavante with our other partnerships in the financial industry, Wincor Nixdorf, BlueCube and AFS, we are well positioned for the future.

The timing of our new foray into the **Retail** industry was excellent given the buoyant consumer demand which has been driving the retail sector. As a result, retailers are rethinking their systems strategies. Stores and forecourts are still the main channel to the consumer, the systems and services that underpin the Retailers value offer still remain one of the biggest opportunities. The most significant trends include:

- Customer Experience – Delivering exceptional products and customer service and attracting loyal customers.

- Productivity – Effective staff and processes.
- Efficiency and Effectiveness of systems – Accurate and effective information.
- Information Security, System Stability and Continuous Operations.

The unit has seen increased demand across the retail sector including speciality retailers and the petrochemical sector. Despite strong demand, the sales cycles are still long and decisions are often delayed. Governance is playing a far more strategic role in decisions. More emphasis is been placed on partners – sustainability, commitment, service levels, license agreements and contracts.

During the year under review, the Retail unit engaged with key retailers in order to build credibility and an awareness of their offering in the market.

GijimaAst's strong position in Financial Services, especially its solid partnerships with Wincor Nixdorf and BlueCube Software are paying dividends as convergence between financial services and retail gains momentum. Our continued investments in specialist skills is bolstering our core focus and centre of excellence. We are well positioned for the future.

The **Public Sector** continues to be a high priority and as a BEE company we are now making greater inroads into the sector. Government has been slow in making decisions in the recent past, but decisions are now gaining momentum and we expect this to translate into real spending before the end of the calendar year. We were shortlisted in each of the three categories of the SITA SEAT Management Services Tender 285 and SITA Tender 348, which confirms that our credentials and our presence are well suited to executing in the public sector.

Performance and differentiation in this market is not about what we do, but about how we do it. Our customer centric approach and our focused industry knowledge ensures that we will continue to deliver value, thereby ensuring creation of value for all our stakeholders.

Tekinoloji
Thekhnolodz
Thekenologi
Ubuchwepheshe
Tegnologi
Teknologi

Cutting edge
technology...



Evidence of capability

Client: De Beers

De Beers leads the world in the exploration, mining, recovery, sorting, valuation and marketing of diamonds.

Situation: De Beers found it necessary to upgrade their infrastructure platform. They planned a project to upgrade their outdated NT4 and Exchange 5.5 environment. They had 10 000 email accounts and desktops, 98 domain controllers and 71 Exchange servers.

Solution: Upon the recommendation from Microsoft, GijimaAst was selected as the primary implementation partner for this project based on GijimaAst's experience and professional ethic. As primary partner, GijimaAst was involved in the architectural inception and design stage of the project. They were retained to establish a single mail organisation for De Beers into a single Windows 2000 Active Directory Forest with five Domains.

Result: A project was initiated to migrate 10 000 email accounts and desktop PCs across De Beers' 45 locations world-wide, including the migrating of 98 Domain Controllers and 71 Exchange Servers.

Client: Absa

Absa bank has established itself as the leading Internet Banking Service company listed on the JSE. Quality of service, client-care and the development of their people are the main drivers of the Group.

Situation: In 2002, Absa conducted an exhaustive security audit aimed at highlighting any vulnerability that may have resulted from the highly distributed environment that exists in the organisation. In response to the audit requirements to drastically reduce and consolidate the number of Microsoft domain structures within the Absa infrastructure, Absa strategically took the decision to migrate to a Microsoft Based Infrastructure. Absa decided to embark on a project dubbed "SafeHouse", which would introduce conformity of security measures throughout the bank's non-retail operations.

Solution: GijimaAst assisted Absa with a directory and domain consolidation initiative to design, develop and deploy a stable and secure Active Directory Solution, which easily integrates with line-of-business systems and messaging products, and could be extended to meet changing organisational needs. This initial phase was a resounding success and Absa then gave the approval to perform the consolidation and migration enterprise wide.

Result: The Active Directory service has provided Absa with single sign-on capability as well as a central repository for information for the entire infrastructure. This has vastly simplified user and computer management and provides superior access to network resources. The implementation of the Active Directory has directly met Absa's two key requirements, which were to improve security and reduce total cost of ownership.

Client: Hytec

Established in 1966, Hytec, has grown to be the largest supplier of hydraulic components and systems in southern Africa and is the region's leader in fluid power engineering.

Situation: Hytec's IT infrastructure is based on a centralised model, with applications and service providers from the data centre. Hytec contracted GijimaAst to assist with a migration to Windows 2003 server and Exchange 2003 platform architecture.

Solution: The Hytec migration project required the migration of Hytec's Novell GroupWise version 6.5 environment to Microsoft Exchange 2003. This introduced many challenges to the project team, as no effective Microsoft documentation on a migration of this nature was available. The project team completed this migration successfully through a two step process via Exchange 2000.

Result: Due to the nature of this technology upgrade the whole ICT infrastructure was changed. The unified directory service environment now provides better security, administration and collaboration. GijimaAst ensured that the full set of service delivery objectives of the Project Scope was completed successfully.

Evidence of capability continued

Client: Afagri

Afagri is a leading South African agri-services business, offering a wide range of physical and intellectual inputs to target customers and clients in agriculture.

Situation: The Group is a technology-driven organisation with an integrated approach to market needs and partnering clients through the provision of leading agri business solutions. Working closely with Microsoft, Afagri planned a project to upgrade the Afagri outdated NT4 and Exchange 5.5 environment. Afagri had 1 500 email accounts and desktops, 10 domain controllers and 4 Exchange servers.

Solution: Microsoft was contracted by Afagri to provide an enterprise directory service design based on the Windows Server 2003 platform. Following the completion of the design and pilot phase, GijimaAst was contracted to deploy the server infrastructure and migrate all users, servers and desktops to the new environment.

Result: GijimaAst was well positioned to provide technical design resources for the design which includes: Active directory design, exchange design, SMS design, Mom design and sharepoint design. For the deployment phase, GijimaAst provided and managed all the resources for the infrastructure deployment, migration co-existence and migration. Management and support during and after the deployment and migration phases were handled by GijimaAst operations.

Client: Ticor

Ticor South Africa is a mineral sand mining and processing facility near the export-based port facility of Richards Bay.

Situation: Ticor adopted a six level structure for their information systems from Field equipment (level 0) through to Business strategic planning and control (level 5). Each conversion process in the manufacturing line is represented by a Process Order, generated in the business management system, against which the actual material and services consumptions are recorded by the operations management systems. Overheads and supplementary costs accrue to the manufactured product of each stage of the process. Each stage of the process is recorded and the cost of its product is calculated.

Solution: GijimaAst was responsible for the implementation of all systems from Level 2 upwards for both the mine as well as the plant. The design was performed simultaneously for all systems and yielded a totally integrated system. The project was executed in phases over a 2 year period.

Results: GijimaAst is still involved in supporting the systems developed for Ticor, and IPS has subsequently also developed a Digital Dashboard for production that is used to present an arrangement of Key Performance Indicators [KPIs] for a particular organisational post. A customised dashboard is available to the incumbent of a particular organisational unit to enable 'in time' optimisation of the business.

Client: Samancor Chrome

Samancor Chrome is the leading producer of chrome ore and ferrochrome. Over 80% of Samancor's chrome ore output is consumed in the production of ferrochrome in South Africa. The remainder of the ore is exported.

Situation: Samancor Chrome required the implementation of an integrated production solution as part of the G-SAP roll-out. The market in which Samancor operates has become very aggressive, and they realised that the only way to remain globally competitive is by driving down production costs. Another one of Samancor's objectives was to capture and formalise the intellectual property of the organisation.

Solution: A system was needed that would allow them to control their entire process. Production information had to be made visible, accurate and reliable in order to have any value for the decision-makers. A template was designed and implemented by GijimaAst. Individual site configurations were performed where required. Post-project, the team embarked on a "roll-back" of the systems functionality to synchronise all the sites into a common application. The project was executed in phases over a 2,5 year period.

Result: As a result of the implementation approach followed, the implementation effort (in terms of resources and cost) of each additional site was reduced drastically with the last site costing almost half of the first. Samancor Chrome has found the applications to be easy to use and fully configurable to their requirements and it allows them to have a "bird's eye view" of the entire operation.



Client: Aluminium Bahrain (ALBA)

Alba is one of the world's largest aluminum smelters outside Eastern Europe.

Situation: Alba's Line 5 Expansion Project marks a historic milestone in Bahrain's aluminium industry. The creation of Potline 5 expands the Company's annual aluminium production by over 300 000 tonnes per annum, with a total output of 830 000 tonnes per annum.

Solution: As a first phase GijimaAst IPS was contracted to conduct a Future State Study for Alba, which enabled the client to define their functional specification requirements for the MES in the Potline 5 expansion project. During the development and commissioning phase GijimaAst and Honeywell Middle East were contracted to provide the fully integrated production systems from the plant floor to the SAP Implementation to the value of US\$11 million.

Result: The fully integrated production system for Potline 5 together with the total integration of the three cast houses provides Alba the full benefit of now being able to plan, schedule and optimise the throughput of their more than 500, products through the cast houses, whilst at the same time obtaining yield, costing, quality and performance indication within these areas of the plant. GijimaAst will be supporting the plant for the next year to enable a successful handover from development to execution.

Client: Kumba Resources

Kumba Resource is the world's fourth largest exporter of iron ore and accounts for roughly 80% of SA's iron ore exports and 4% of the world's iron ore seaborne trade.

Situation: Newly formed Kumba Resources had to be established in their own independent IT infrastructure away from Iscor Limited. Kumba had to create an advanced infrastructure platform that would support its 17 sites and approximate 3 500 users.

Solution: GijimaAst was retained to assist Kumba Resources with their migration from Iscor Limited. The project included the design and implementation of a single directory and messaging infrastructure. All Active Directory and Exchange servers (17 sites and approximately 3 500 users) were migrated to the new Kumba Resources domain. Kumba Resources backup strategy also needed to be reconfigured and scheduled for all participating servers.

Result: GijimaAst successfully reconfigured the Kumba Resources desktops with the IP changes and access to the new Kumba Resources domain and Exchange services, as well as stabilising the Kumba Resources sites where all functions were handed over to the local support teams for further operational support.

Client: CMAM (Central de Medicamentos e Artigos Médicos)

CMAM, a division of the Mozambique Ministry of Health, has a mandate to procure, store and distribute medicines and other medical supplies throughout the country.

Situation: The organisation has identified the need to improve its business processes and outcomes. They specifically want to improve their ability to quantify, procure and distribute medicines and medical supplies through the Ministry of Health's supply chain and improve the ability to account for donor funds, state funds and donations.

Solution: CMAM appointed GijimaAst's *i-Logistics* Integrated Logistics Management Information System, in conjunction with the ACCPAC Accounting System and *e-Workflow* package from GijimaAst's partner for this project, AccTech Systems. Both the logistics and financial applications have core functionality which had to be customised in accordance with CMAM's requirements. Furthermore, all user interfaces and training material had to be translated into Portuguese.

Results: Approximately 80% of the logistic and 50% of the financial functionality required by CMAM has already been implemented. Installation of the logistic system at the CMAM Headquarters and central warehouses in Maputo and Beira should be completed by September 2005, followed by a country-wide rollout to a further 17 sites over the next 12 months. The financial system will be implemented at CMAM Headquarters towards the end of 2005.

Client value statements

Samancor Chrome

Sollie Swanepoel

Opportunity Management repositions your role as an “order taker” to that of a “trusted advisor”. Manifested, this process challenges technical teams to not only deliver cost containment initiatives but more importantly business value propositions.

Through the implementation and application of the Gartner Total Cost of Ownership (TCO) model for distributed computing, GijimaAst was able to demonstrate the value added benefits and thereby ensure that IT acts as an effective service-enabler. In doing so GijimaAst has successfully assisted Samancor Chrome to improve their cost and service levels.

Samancor Chrome required a one-stop service arrangement with a competitive, reputable and trustworthy IT service partner. Through our partnership with GijimaAst in desktop support and Call Centre services, Samancor Chrome can focus on the management of its core business – producing Ferrochrome.

Harvey World Travel

Andrew Tully

Harvey World Travel is one of the best established and successful global travel groups with over 580 franchised offices throughout Australia, New Zealand, southern Africa and the United Kingdom.

In South Africa, Harvey World Travel has partnered with GijimaAst to improve the service delivery to our franchisees and franchise partners across the sub-Saharan region.

GijimaAst’s core business competencies, desktop support, network design and server infrastructure support, and software solutions, enabled us to pick one partner that can provide one source of accountability throughout southern Africa which will greatly assist our business today and as we continue to grow.

Absa

Mark Basnett

Head of Distributed computing, Group IT Services

AST DTS has continued to improve its service levels and abilities in a continuous improvement programmes

to match world-class Outsource providers. During this effort it has maintained one of its key strengths which is the ability and desire of their staff to go the extra mile in responding to Absa requirements.

Through a series of major projects Absa ably supported by AST DTS is transforming its desktop environment to new levels of standardisation, security and supportability. AST DTS depth of skills and ability is demonstrated by the success of these joint initiatives.

South African National Parks (SANParks)

Hannes Combrink

Head: Corporate Support Services

GijimaAst has been SANParks ICT outsource partner for the past five years. This relationship has been enhanced through improvements in the contract extension awarded to GijimaAst two years ago and subsequent SLA adjustments. Of particular note is GijimaAst’s ability to effectively manage SANParks ICT environment in the same way as an in-house division of SANParks would. Recently introduced content filtering on Web access and spam filtering on e-mail has been very positively received by all users in SANParks.

Mittal Steel South Africa

Johan Henning

Group Manager, Information Management

Similar to GijimaAst, Mittal Steel South Africa has undergone major changes in the past year. The companies name changed twice in past twelve months from Iscor to Ispat Iscor and recently to Mittal Steel South Africa.

Becoming part of the biggest steel producer in the world and the fact that steel is a commodity, constant focus is required on improvement and innovation. Mittal Steel South Africa, from an Information Management perspective, requires its strategic partners to support them in this endeavour. GijimaAst has supported Mittal Steel Information Management with various initiatives to drive down costs, through the optimisation of support processes and the implementation of technologies while maintaining an appropriate level of service.



OptiCall

Cecil Golden

OptiCall is a specialised call centre service that provides, among other skills, language translations by telephone to remote locations for SAPS. We are unique in that all of our call centre agents are partially sighted or blind.

OptiCall chose GijimaAst because of its call centre expertise and world-class product offerings. Together we are able to combine skills that can offer a call centre solution and service to any client nationwide.

MTN

Sarah Finch

Channel Solutions Support

The past year has proved to be an exciting one for the Wireless Data Provider (WDP) channel within GijimaAst. GijimaAst has successfully leveraged their relationships within a large corporate base to take cutting edge solutions, based on GSM technology, to the market. The relationship between GijimaAst and MTN has developed from a supplier, customer perspective to a true partnership where strategies and solutions are shared. The two organisations' product offerings are extremely complementary, with GijimaAst's competencies in billing systems as well as systems integration allowing MTN's Data products to be easily integrated into targeted offerings to industries such as Mining, Agriculture, Financial Services and others. The teams within GijimaAst as well as MTN have been extremely enthusiastic and supportive of this initiative and we foresee that in the near future, the WDP Channel will play a significant role in both companies' revenue streams, as Data is a key focus going forward.

Peermont Global

Dave Milne

Group IT Director

Peermont Global Limited (PGL) is a South African-based company that excels in the design, development, management and operation of multi-faceted integrated resorts, which include hotels, casinos, convention centres, food and beverage, entertainment facilities and golf courses.

The Grand Palm Hotel, Casino and Convention Resort in Gaborone, Botswana; Graceland Hotel Casino and

Country Club in Mpumalanga, South Africa; Emperors Palace Hotel, Casino and Convention Resort in Johannesburg, South Africa; Mondazur Resort Estate Hotel at San Lameer, KwaZulu-Natal, South Africa; the Mondior Summit Hotel and Conference Centre in Gaborone, Botswana and the Metcourt Lodge Hotel and Conference Centre in Francistown, Botswana, all form part of the PGL Group. PGL has worked with GijimaAst specifically within the telephony field where the Phillips PABX range has provided us with a functional value for money offering.

GijimaAst's sub-Saharan footprint is highly beneficial to a group such as ours where our facilities extend nationally and beyond.

Rand Refinery Limited

Pieter Swanepoel

Superintendent: Engineering Projects

GijimaAst has been providing services to our Company for the last seven years within the Automation environment. One of the most important aspects to us as a client is to minimise risk. GijimaAst impressed me with their approach to handling high risk projects. By applying a stringent methodology no unplanned risks were experienced during the Outside Plant PLC replacement project. Another aspect that is important to Rand Refinery is to balance the cost versus value relationship. By making use of GijimaAst to assist us with the consulting phase we saved approximately 15% of cost on our initial budget estimates. Not only did we realise a saving but following this approach brought our plant in line with the latest trends while at the same time we received a lot more deliverables for our money.

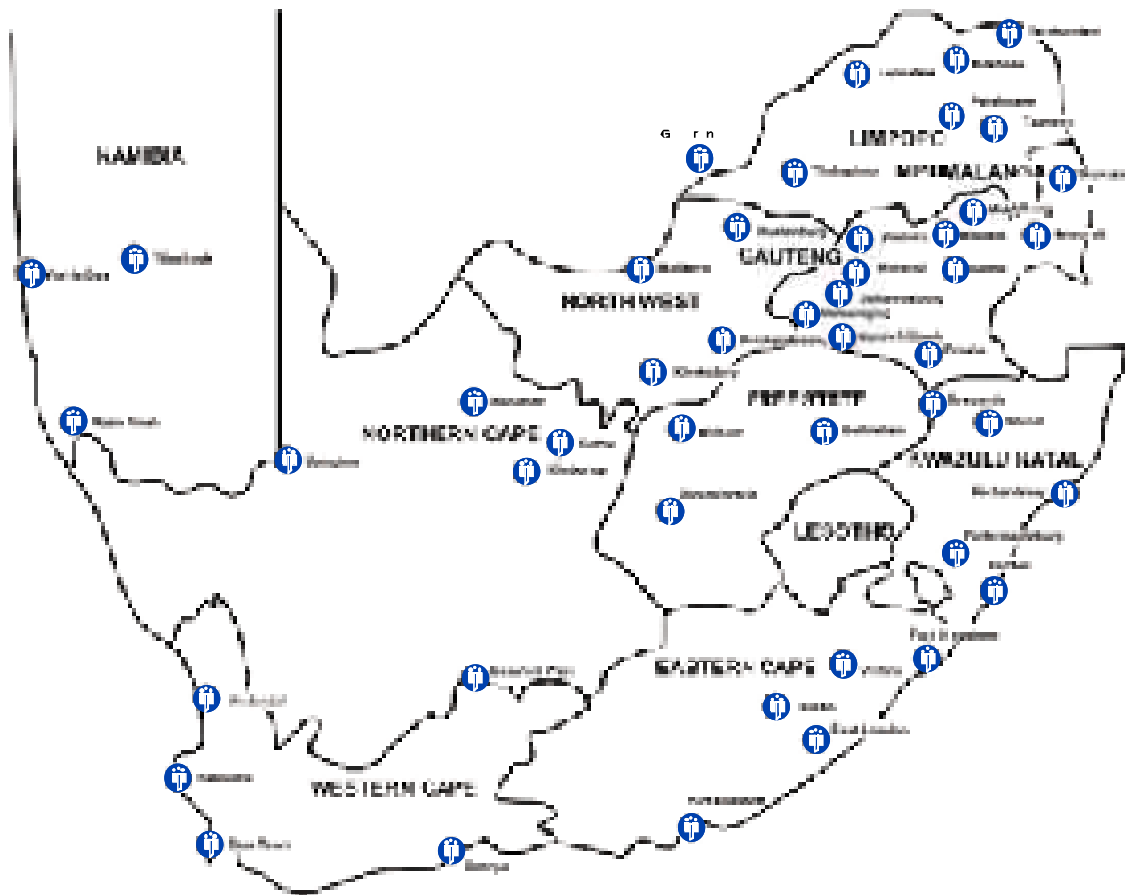
Growth...



Ndlandlamuka
Nyaluwo
Kgolo
Luphuhliso
Gomela
Intuthuko
Ntfutfuko
Groei
Gogola
Mela

National capability

The merger has enabled us to increase our geographic footprint across South Africa. GijimaAst has an unparalleled footprint in the South African market.



Matla
Sterk
Ukúqina
Intuthuko
lesela le le tiilego
lesela le le thata

*Stronger
entity...*



Human capital

As GijimaAst emerged as a leader in the ICT industry, we never lost sight of the fact that our relations with our employees are one of the key areas defining our future performance. As a services company, our people are our assets and we aim to support their growth. While Gijima Technologies and the AST Group experienced different paths during the past two years, both companies credited their human capital as the assets which generate the return for shareholders.

Throughout the repositioning of the AST Group as it went through its restructuring process, and now as GijimaAst, the focus of the change remains on human capital and effective utilisation of our people. We developed practices to support our executive team as it deals with the complexities of change in the ICT industry. We view our workforce as knowledge resources and firmly believe that by retaining and attracting the correct skills, and then developing and rewarding these resources, we will be positioned to extend our leadership and achieve our vision.

We believe that this is the foundation for a stronger entity which delivers value to all stakeholders.

Retaining skills

We are fortunate that while AST underwent its extensive restructuring, industry demand for specialist ICT skills was lower and we were able to retain key staff. Now that we have emerged from this process, strategies to attract and retain key skills have become crucial. We have made significant progress in this regard during the period under review.

A high performance culture is being adopted throughout the organisation with the assistance of performance management tools which are highlighting, in the minds of each and every employee, the importance of quality and performance. The tools enable each employee to agree on a performance contract which is linked to the competencies of their function and is reviewed bi-annually.

As GijimaAst is positioned for growth, career opportunities within the organisation have become more visible. Our employees are seeing the opportunity for career advancement. Our extensive development programmes which are accessible to all employees contribute to retention of our skilled employees. We experience the people are starting to find it attractive to invest in the new growth phase of our Company.

With our new BEE credentials, GijimaAst is well positioned to participate in lucrative new opportunities which bring with them career growth opportunities for our employees. These include exciting opportunities in the Financial Services, Government and Retail sectors. Technical specialists will become acquainted with the new technologies being deployed in these industry segments.

Attracting skills

As we emerged from the restructuring programme, it is pleasing to see that we are receiving an increasing number of proactive approaches from highly experienced and skilled professionals to join our Company. Practitioners in the ICT industry are taking note of the progress made by GijimaAst in the past two years – as opposed to other industry players who remained stagnant. They see opportunities to further their careers with GijimaAst.

As our prospects improved following our repositioning and strong BEE credentials, sales and strategic IT professionals are eager to join GijimaAst for the exposure our employees have to vertical industry segments including retail, niche financial services, manufacturing and mining solutions. In addition, technical people are joining our ranks for the broad base of experience they gain across varied niche offerings in the industry segments. This is evidence that we are starting to enjoy a reputation as an employer of choice in the industry.

Human capital continued

Developing skills

We have always placed a high emphasis on investing in the skills at all levels in our workforce. We believe that this supports both the quality service delivery to clients and, at the same time, enhances the value of being part of GijimaAst.

In addition to local training, our product alliances with our global technology partners have enabled us to expose our employees to cutting edge international technologies. We continue to invest in international training and development for our employees with software suppliers including BlueCube, Wincor Nixdorf, Advanced Financial Solutions (AFS), Microsoft, IBM and SAP. In the past year an increased number of employees have been trained internationally. More than R4 million was invested during the financial year in the skills development of our people.

Our local training initiatives include a unique eLearning training offering which was developed internally and gives every GijimaAst employee access to various types of training at competitive prices. Learning Labs enable them to gain practical experience of the theoretical skills learnt. The eLearning approach supports our customer centric initiatives with specialist modules to equip employees to deal efficiently and effectively with all situations.

Our new internship programme, initiated in June 2004 is accredited by the ISETT SETA. The pilot Internship Programme involved fifteen unemployed HDI graduates with qualifications ranging from ICT related diplomas to honours degrees. The purpose of the programme was to expose the learners to real work situations and to give them basic practical skills on the various required ICT skills. They were placed under the guidance of mentors who assisted them throughout their training. All interns successfully completed their programme and 13 secured employment with GijimaAst and the industry.

Our leadership is exposed to training in specific areas to enable them to continue performing in the changing

environment. In the past year, they have been exposed to Industrial and Labour Relations training, Diversity Training and International Best Practice technology forums.

We hold the belief that people development is the key to the future of the Company and that this can only be ensured by preparing the next generation of leaders for the challenges which lie ahead.

Rewarding skills

Both Gijima and AST have always prioritised recognition and reward of excellent performance. The Remuneration Committee has authorised the design of a process which will be adopted by the merged GijimaAst and will aim to benefit both employees and shareholders. International Best Practice as well unique business requirements are being taken into account to ensure a relevant value creating programme.

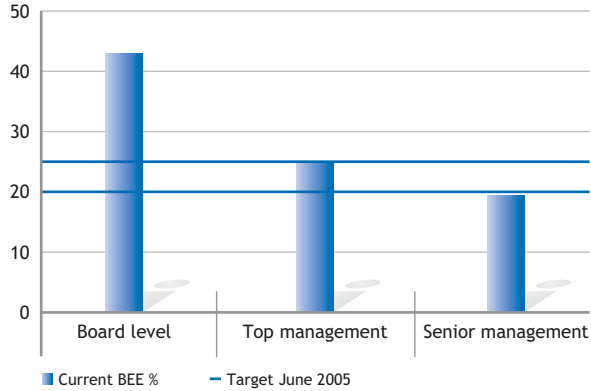
GijimaAst also believes in rewarding staff by continuously ensuring that benefits, for example, medical aid and retirement schemes offers the best value. Other arrangements with our partners including Netstar, HP, Microsoft and certain banks result in discounted prices for GijimaAst employees. An Employee Assistance Programme provides a 24 hour support helpline for any personal need including stress support, counselling, medical emergency advice and child care issues.

Internal transformation

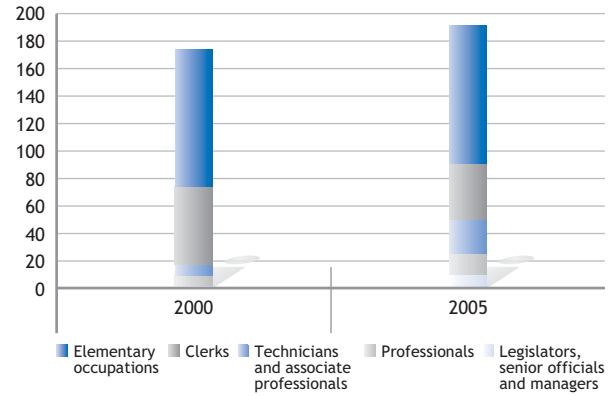
While we continued to focus on retaining and attracting the right skills, we also made significant progress in the transformation of our workforce. The diversity training and targeted recruitment process that we started during the year resulted in a huge inflow of diverse skills to the business. The focus will continue to change the demographics of our organisation to reflect the South African society.



Transformation at the senior levels against targets

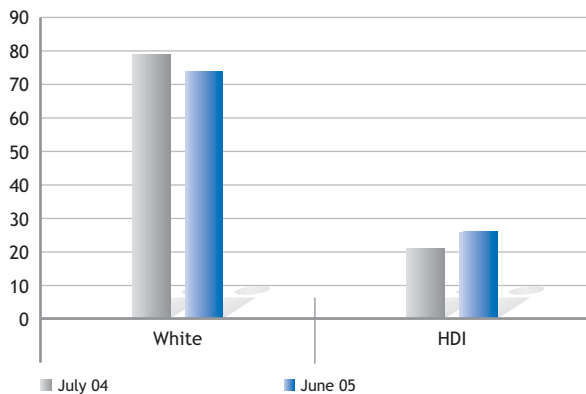


Demographics by category



Significant improvement in demographics since 2000

Workforce demographics



We are endeavouring to create a culture where each employee is

- Empowered to deliver value in their immediate frame of reference;
- Driven to perform and contribute the achieving the strategic objectives of the Company;
- Ensure individual development in their chosen career;
- Adds value within their team; and
- Be client centric.

We believe that these elements will ensure that our workforce, can achieve more together than each individual employee.

Solid foundation...

A

Fondasie
Imvelaphi
Isisekelo
Motheo
Sisekelo
Mufango
Masungulo
Matheo

Corporate governance

Corporate practice and conduct

GijimaAst Group and its directors affirm their commitment to the principles of openness, integrity and accountability and are committed to providing timeous, relevant and meaningful reporting to all stakeholders, ensuring that GijimaAst Group's business is conducted in accordance with high standards of corporate governance and with locally and internationally accepted corporate practice and that GijimaAst complies with all relevant laws and regulations.

The directors support the principles of transparency, integrity and accountability advocated by the code of corporate practice and conduct as set out in the King II Report on corporate governance, and the board has set itself the objective of complying with these guidelines throughout. In addition, the board and the individual directors are in agreement that they have a duty and a responsibility to commit themselves to the principles as set out in the King II Report. GijimaAst is committed to the highest level of corporate governance and the directors are satisfied that the Group has complied with the provisions of the King II report. GijimaAst abides by the governance principles and structures as recommended by the King II report. The majority of the board members are Non-executive and Independent Directors as defined by the King II report. All committees are constituted in terms of the principles and guidelines set out by the King II Report. In 1999, the board and the committees started a process of self-assessment of its effectiveness and efficiency, and this process continues on an annual basis.

Ethics

A code of ethics for GijimaAst was approved by the board of directors, and this code is made available to all employees within GijimaAst. The directors and employees of the Company and its subsidiaries subscribe to and actively promote a corporate spirit that requires them to maintain the highest personal ethical standards and ensures that business is conducted in an irreproachable manner. GijimaAst expects its shareholders, competitors, suppliers and

lenders to subscribe to the same high standard of ethics. The Human Resources Director is charged with actively promoting and monitoring the implementation of the code of ethics within the Company.

GijimaAst's purpose is to create optimum value for all its stakeholders in a balanced manner, over the long-term and with impeccable ethics, integrity, honesty and honour that are never negotiable.

Its mission is to achieve this through excellence in the application of ICT services, providing comprehensive, integrated solutions customised to the specific needs of the clients, preferably within partnering relationships. A culture of full disclosure exists.

Board of directors

The board is responsible for directing and controlling the Group's strategy and activities and for providing leadership and guidance to Executive Management and to business units. The mandate of the board is defined and approved, and the board acts accordingly. The delegation of authority to the Chief Executive Officer and Executive Directors is set out in the mandate.

An Independent Director, Mr HJ Smith, chairs the board of directors. On 30 June 2005, the board comprised four Executive Directors (Messrs Erasmus, Gumede, Ferreira and Miller), three Non-executive Directors (Messrs Drue, Mhlongo and Potgieter) and eight Independent Directors (Messrs Macdonald, Mostert, Mhlongo, Mpinga, Mthembu, Smith, Van der Walt and Miss Dlamini). Since 30 June 2004 eight new appointments were made to the board, namely:

- Mr W Drue on 25 January 2005
- Messrs RW Gumede, CJH Ferreira and NI Mhlongo on 3 May 2005
- Messrs CME Mostert, K Mpinga, AFB Mthembu and Dr NJ Dlamini on 9 June 2005.

The following Directors resigned during the year:

- MH Lekota on 25 January 2005
- Mr CF Meintjes on 10 June 2005
- Mr PWJ Bouwer on 15 June 2005.

Corporate governance continued

The Non-executive and Independent Directors contribute an objective and independent viewpoint on all major decision processes and standards of conduct. The Company provides formal information/training sessions for newly appointed directors. The offices of Chairman and Chief Executive Officer are separated. The Nomination Committee assesses the performance of the Chairman and Chief Executive Officer. The Executive Directors, who are full-time employees, are appointed to the board in order to bring to the management and direction of GijimaAst Group the skills and experience appropriate

to its needs as a business. The term of office of Executive Directors is 36 months.

The board meets at least quarterly, 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 over the Company and continues to monitor management's implementation of the board's plans and strategic direction. During the past financial year, board meetings were held on the following dates and were attended as follows:

Member	28 July	20 Aug	27 Sep	1 Nov	16 Nov	25 Jan	10 Mar	3 May	9 June
Bouwer, PWJ	A	P	P	P	P	P	P	P	A
Drue, W	–	–	–	–	–	–	P	P	P
Erasmus, MG	P	P	P	P	P	P	P	P	P
Ferreira, CJH	–	–	–	–	–	–	–	–	P
Gumede, RW	–	–	–	–	–	–	–	–	P
Lekota, MH	P	A	P	P	A	P	*	*	*
Macdonald, M	A	A	P	P	P	P	P	P	P
Meintjes, CF	P	P	P	P	P	P	P	P	P
Mhlongo, NI	–	–	–	–	–	–	–	–	P
Miller, JE	P	P	P	P	P	P	P	P	P
Potgieter, CJ	P	A	P	P	P	P	P	P	P
Smith, HJ	P	P	P	P	P	P	P	P	P
Van der Walt, JCL	P	P	P	P	A	P	P	P	P

P – Present/A – Apology/* – Resigned

All directors have access to the services and advice of the Company Secretary and are entitled to seek independent professional advice at the Company's expense on any legislative, regulatory or procedural matter relating to the Company's affairs at any time. The Company Secretary continues to play a pivotal role in the corporate governance matters of GijimaAst in this regard, and the board is aware of the importance of this function. The board also has unrestricted access to all GijimaAst's 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, as well as updates or changes in JSE Limited rules or other relevant legislation.

Under the articles of association of the Company, a staggered rotation of directors is in place and one

third of the directors retire every year; if eligible, they may be re-elected. At the last annual general meeting (November 2004), Messrs Erasmus, Macdonald and Lekota retired and were re-elected.

Board committees

Various board committees have been established and operate within the terms of reference defined in writing by the board. Board committees have the right to investigate any matter within their written mandates.

These committees include the Audit Committee, the Nomination Committee, the Remuneration Committee and the Transformation Committee.

During the 2004/2005 financial year, an Executive Director chaired the Transformation Committee meetings, while independent directors chair the Audit,



Nomination and Remuneration Committees. In line with the recommendations of the King II Report, the chairpersons of the board committees, especially the Audit, Nomination and Remuneration Committees, are expected to be present at the Group's annual general meeting.

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 also reviews the structure, size, composition and diversity of the board and makes any recommendations that may be required. The Committee is also responsible for identifying and nominating candidates to fill board vacancies and to put succession plans into place. The Chairman of the Nomination Committee is Mr HJ Smith, who is also the Chairman of the board. The majority of the members of the Nomination Committee are Independent or Non-executive Directors. At 30 June 2005 the members were:

- Mr HJ Smith – Chairman and Independent Director
- Mr JCL van der Walt – Independent Director
- Mr JE Miller – Chief Executive Officer

The following meetings of the Nomination Committee took place during the financial year under review:

Member	17 Jan	7 Mar	1 Jun
Smith, HJ	P	P	P
Miller, JE	P	P	P
Van der Walt, JCL	P	P	P

P – Present/A – Apology

Audit Committee

The directors' report contains a statement relating to the directors' responsibilities. In order to enable the directors to fulfil these responsibilities, the Audit Committee is responsible for monitoring the adequacy of GijimaAst's financial controls and reporting. It is charged with, inter alia, reviewing the audit plans of the external auditors as well as those of the internal auditors, ascertaining the extent to which the scope of the audit can be relied upon to detect weaknesses in

internal controls and ensuring that interim and year-end financial reports meet accepted accounting standards. Meetings take place on a regular basis, representatives of the external auditors and internal auditors are invited to these meetings and all members of the Audit Committee have full and unrestricted access to the external auditors. The Audit Committee operates under the chairmanship of an Independent Director. External and Internal auditors have full access to the Chairman of the Audit Committee. The following directors were members as at 30 June 2005:

- Mr M Macdonald – Chairman and Independent Director
- Mr JCL van der Walt – Independent Director
- Mr JE Miller – Chief Executive Officer

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

Member	13 Sep	15 Nov	7 Mar	15 Apr	6 Jun
Macdonald, M	A	P	P	P	P
Meintjes, CF	A	P	P	P	P
Miller, JE	P	P	P	P	P
Van der Walt, JCL	P	A	P	P	P

P – Present/A – Apology

Remuneration Committee

The Remuneration Committee is primarily responsible for formulating the remuneration strategy and policies of the GijimaAst Group and the terms and conditions of employment of Executive Directors and Senior Executives, whilst the board grants final approval of their recommendations.

The Chairman is Mr JCL van der Walt, an independent Director, whilst Professor PJ Rall, an outside consultant, is the other independent member of the Committee, neither of whom has any personal interest in the outcome of his decisions. Mr MH Lekota, an independent director, was the other member of the Committee until he resigned as a director in January 2005. The Remuneration Committee meets on a quarterly basis and provides the board with feedback on its activities.

Corporate governance continued

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

Member	4 Aug	2 Nov	16 Feb	20 May
Lekota, MH	P	A	–	–
Rall, J	P	P	P	P
Van der Walt, JCL	P	P	P	P

P – Present/A – Apology

Transformation Committee

The role of the Transformation Committee is to assist the board to implement and monitor 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 for GijimaAst. The Transformation Committee also mandated the reconstitution of the GijimaAst Group Employment Equity Forum from having multiple forums for each division to a single forum representing the entire GijimaAst. The Forum, under the governance of the Transformation Committee, focuses on all employment equity issues in compliance with the Employment Equity Act (Act 55 of 1998).

Mr JE Miller chaired the Transformation Committee, which consists of two directors, namely Messrs JCL van der Walt and JE Miller, and Mr AM Ferreira, the Human Resources Executive. Divisional Executives of the major business divisions also attend the meetings of the Committee. In normal circumstances, the Committee meets four times per year.

The following meetings of the Transformation Committee took place during the financial year under review:

Member	3 Aug	10 Nov	17 Feb	19 May
Ferreira, AM	P	P	P	P
Miller, JE	P	P	P	P
Van der Walt, JCL	P	P	P	P

P – Present/A – Apology

Executive Committee

The day-to-day running of the Company is conducted by the Executive Committee, which meets on a weekly

basis and consists of Executive Directors and Senior Executives of divisions. The Executive Committee is responsible to the board for recommending GijimaAst's policies and strategies to the board and for monitoring their implementation according to the board's directives. It deals with all executive matters, is responsible for all material matters not specifically reserved for the board and co-ordinates and monitors the use of resources to achieve the aims of GijimaAst.

Group secretary

In order to fulfil his duties, the Group Secretary has been fully empowered by the board and has complete access to people and resources to facilitate this.

The Group Secretary plays an important role in supporting the Chairman and the Executive Directors. He also forms part of the Nomination Committee, ensuring that the procedures for the appointment of new directors are properly carried out. Assistance is also provided with the proper induction and orientation of newly appointed Directors.

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.

Share incentive trust

Two independent trustees (Mr AC Greyling, an outside independent consultant, and Mr JCL van der Walt) manage the Share Incentive Trust, which meets twice a year. The Trustees are responsible for the financial management of the trust and for ensuring adherence to the prescriptions of the share trust deed. The Share Incentive Trust has been inactive during the past two financial years as the exercise price of the share options exceeded the market value.

Risk management

Risk philosophy and strategy

The GijimaAst Group of companies encourages sound governance practices throughout the entire organisation. In support of King II, the Company pledges to maintain the highest levels of corporate



governance, personal and corporate ethics, compliance with all laws and legislation and integrity in dealings with all stakeholders.

The management of risks is an important aspect of GijimaAst's drive to create wealth for all stakeholders. 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"*.

GijimaAst's risk philosophy is to follow an integrated, enterprise-wide approach to risk management that takes into consideration the following aspects of risk management based on the King II report and industry best practices:

- Strategic risk assessments that are conducted on an annual basis;
- Board acceptance of overall accountability and responsibility for risk management;
- The existence of a Risk Management Department at the corporate level to assist the Audit Committee and board in reviewing the risk management process. The Risk Management Department reports quarterly to the Audit Committee and board on the significant risks facing the Company;
- Setting of a comprehensive system of internal controls to ensure that risks are mitigated and that the Company's strategic objectives are attained;
- The system of internal control is designed to manage, rather than eliminate, risk of failure or opportunity risk;
- The system of internal control can only provide reasonable, but not absolute assurance, against material misstatement and loss;
- Identification and monitoring of key risks areas and key risk indicators on an ongoing basis to ensure effectiveness and efficiency of the internal control system;
- Integration with the health and safety and compliance functions; and
- Separate disclosure of any significant control failings or weaknesses and their impact or expected impact.

Management does not only view risk from a negative perspective, but recognises that the review process may identify areas of opportunity where effective risk management can be turned to a competitive advantage.

Accountability

The board has overall responsibility for the total risk management process. The board is also responsible for setting risk and control strategies and policies in consultation with Executive Management. The board together with Executive Management are 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 annual financial statements. The board determines the level of risk that GijimaAst 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 available internal control report summaries 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 GijimaAst are tabled at meetings of the GijimaAst Executive Committee on a quarterly basis. 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 serve at on the monthly business unit review meetings.

As part of the board and the GijimaAst Executive Committee's risk management tools, GijimaAst implemented an independent Ethics Hotline service providing the employees with a confidential, yet effective means to voice any concern that they may have.

Health and safety

GijimaAst has established an occupational health and safety management system that is based on OHSAS 18 000. GijimaAst aims to provide and maintain as far as is reasonably practicable a working environment

Corporate governance continued

that is safe and without material risk to the health of its employees to ensure the well being of its employees and compliance with applicable legislation. The Occupational Health and Safety Act, Act 85 of 1993, is also available on the GijimaAst intranet. GijimaAst strives to have zero workplace related accidents and fatalities. Health and safety incidents are dealt with in the appropriate manner, if and when they occur.

Transformation and social development

GijimaAst has a formal Transformation Division focusing on all aspects of black economic empowerment and employment equity in line with the draft ICT Charter, the Broad-Based Black Economic Empowerment Act, the Employment Equity Act and the Skills Development Act. The Company has formal policies to support initiatives in the following key areas of transformation:

- Affirmative procurement policy – formal policy with short- and long-term targets for the increase in procurement spend with black empowered enterprises,
- Employment equity policy and implementation plan promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination: and the implementation of affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workforce.
- Black economic empowerment policy, which encompasses our stance on corporate social responsibility. Social responsibility initiatives have been curtailed due to financial constraints in the Company. The policy also includes demographic targets for the composition of the board, and Executive Management levels of the organisation.
- HIV/Aids policy to ensure that there is sufficient awareness of HIV/Aids in the workplace and for management to understand the impact on the workforce. Further programmes are currently being investigated to create a better understanding and awareness in the workforce.

The Company also has a formal employment equity forum with representatives from all occupational levels

in the Company representing the interests of the entire Company on all discriminatory practices and policies that may be present in the Company. The forum has its own constitution and serves as formal consultation body for GijimaAst.

Stakeholder communication

The board considers balanced and understandable communication of GijimaAst's activities to stakeholders to be essential and strives to clearly present any matters material to a proper appreciation of the Group's position. The interests and concerns of stakeholders are addressed, whenever possible, by reflecting information as it becomes known, regardless of the potentially positive or negative impact. GijimaAst also engages in ongoing dialogue with analysts, institutional and private shareholders based on constructive engagement and mutual understanding of objectives. GijimaAst delivers biannual financial results presentations to the investment communities after publication of the interim and annual results. During the merger process and associated rights offer, the management team was involved in numerous institutional road shows to ensure understanding of the underlying issues.

Share dealings

No director or employee may deal, whether directly or indirectly, in GIJIMA AST GROUP LIMITED shares on the basis of previously unpublished price-sensitive information. Directors and employees are subject to an embargo on trading in GIJIMA AST GROUP LIMITED shares during certain closed periods. Such periods include the periods surrounding finalisation and announcement of the interim and the annual financial results. The directors and employees are also kept informed of any new stipulations of the Insider Trading Act or the JSE Limited rules that may become relevant.



Financial definitions

Average debtor collection days

Average trade debtors after provision for bad and doubtful debts, 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 conversion ratio

Cash generated from operations as a percentage of operating profit before abnormal items, depreciation and amortisation.

Cash from operating activities per ordinary share (cents)

Cash 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)

Earnings attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue.

Effective tax rate (%)

The income statement tax charge as a percentage of profit before tax. (In the current year the impairment of deferred tax assets included in the tax charge are disclosed in the calculation of the effective tax rate.)

Fully diluted earnings

Earnings for the period attributable to ordinary shareholders, increased by the after tax impact of potential earnings relating to profit warrantees which would result in the issue of ordinary shares in the future with a dilutive effect.

Fully diluted earnings per ordinary share (cents)

Earnings for the period attributable to ordinary shareholders and the weighted average number of

shares outstanding are adjusted for the effects of dilutive, projected future issues of ordinary shares.

Headline earnings

Earnings attributable to ordinary shareholders 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 share (cents)

Ordinary shareholders' funds divided by the number of ordinary shares in issue at the year-end.

Number of employees/workforce

Permanent and temporary employees employed at year-end.

Normalised operating profit

Earnings before interest, tax, amortisation, profit/loss on sale of assets and businesses, and impairment charges.

Normalised operating margin before amortisation (%)

Normalised operating profit as a percentage of revenue.

Normalised operating profit per employee

Normalised operating profit 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 number of employees.

Vibrant, Empowered, Energised ICT Company...



Financial content

Statement of responsibility by the board of directors	46
Report of the independent auditors	47
Group Secretary's certification	47
Directors' report	48
Accounting policies	52
Income statements	58
Balance sheets	59
Cash flow statements	60
Statements of changes in equity	61
Notes to the annual financial statements	62
Details of principal subsidiary companies	90
Shareholders' information	92
History – share trading on the JSE Limited	94
Shareholders' diary	94
Administration	95
Notice of annual general meeting to members	96
Contact information	IBC
Form of proxy	Loose
Instructions	Loose

Statement of responsibility by the board of directors

For the year ended 30 June 2005

In accordance with Companies Act requirements, the directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of GIJIMA AST GROUP LIMITED and its subsidiaries. The financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice in South Africa (GAAP) and fairly present the state of affairs of the Company and the Group as at the end of the financial year, and of the profit or loss for that period.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all Statements of GAAP that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the group at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the companies to enable the directors to ensure that the financial statements comply with the relevant legislation.

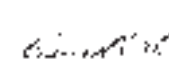
GIJIMA AST GROUP LIMITED and its subsidiaries operated in a well-established control environment, which is well documented and

regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being well controlled.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group or any Company within the Group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Company and the Group.

The code of corporate practices and conduct has been adhered to. The Group's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements, and their report is presented on page 47.

The financial statements which appear on pages 52 to 91, set out fully the financial position, results from operations, and cash flows for the financial year ended 30 June 2005. These financials were approved by the board of directors on 27 August 2005 and signed on 30 August 2005 on its behalf by:



HJ Smith
*Non-executive
Chairman*



JE Miller
*Chief Executive
Officer*



CJH Ferreira
*Financial
Director*



Report of the independent auditors

for the year ended 30 June 2005

Report of the independent auditors to the members of GIJIMA AST GROUP LIMITED

We have audited the annual financial statements and Group annual financial statements of GIJIMA AST GROUP LIMITED set out on pages 48 to 91 for the year ended 30 June 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

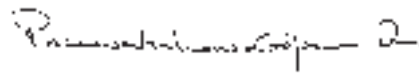
We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 30 June 2005 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.



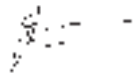
PricewaterhouseCoopers Inc.

*Registered Accountants and Auditors
Chartered Accountants (SA)*

Pretoria
30 August 2005

Group Secretary's certification

I certify, in accordance with the Companies Act, Act 61 of 1973, as amended, that for the year ended 30 June 2005 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

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 2005 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 Chief Executive Officer's Report.

The financial statements on pages 52 to 91 set out the financial position, results from operations and cash flows of the GijimaAst Group for the financial year ended 30 June 2005.

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 GijimaAst 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 covering the period to the end of September 2006 that indicates that the Group will be able to honour its liabilities. The GijimaAst Group's financial statements have accordingly been prepared on a going concern basis.

Recapitalisation and restructuring review

The AST board approved a turnaround programme, called the Business Improvement Programme (BIP), in March 2003. The BIP focused on reducing cost, improving process and service quality and restructuring the balance sheet. The bulk of the BIP project streams were completed during the previous financial year. A number of aspects still remained that needed to be addressed during the 2004/2005 financial year. These included:

- Finalising the implementation of the last phase of the cost-saving ideas;
- Addressing the Black Economic Empowerment (BEE) needs of the Company;
- Further improving the balance sheet.

The planning phase of the cost reduction programme originally targeted 20% of the addressable cost base (using the 2002/2003

financial year as the reference year). The cost project was able to exceed the original cost savings target sustainable ideas, including the disposal of non-core businesses.

The Continuous Improvement programme was launched after the conclusion of the BIP in October 2004. This programme focused on ensuring that the residual BIP ideas were tracked and implemented. These savings were a combination of further sustainable ideas and a reduction in discretionary spend.

During the past three years, discussions were held with several candidate BEE partners in order to address the BEE requirements. The board was committed to concluding a tangible and meaningful deal, and consequently a suitable partner was only identified in October 2004. Gijima and AST proved to be a synergistic combination, as Gijima's public sector capability with its lean, but far-reaching break-fix and resource-based operations augmented AST's market and services capability. AST was able to bring enterprise strength process and capabilities to Gijima while providing far greater access to the commercial sector. The merger of the two organisations enabled AST to deal with BEE in addition to restructuring the balance sheet, as the deal was consummated through a successful rights offer. Support for the balance sheet was also provided through an agreement with SARS over the trademark dispute and a rescheduling of tax payments.

The rights offer of 457 142 857 GIJIMA AST GROUP LIMITED ordinary shares at an issue price of 35 cents per share were taken up as follows:

Certificated shareholders	
– Normal take-up	– 2 051 176 shares
Certificated shareholders	
– Excess application	– 772 079 shares
Dematerialised shareholders	
– Normal take-up	– 428 017 022 shares
Dematerialised shareholders	
– Excess application	– 263 131 076 shares
Total rights followed	– 430 068 198 shares
Total excess application	– 263 903 155 shares

This reflects an oversubscription of 236 828 496 shares, or R82 889 973,60, which reflects the level of support provided by the shareholders for AST's strategic direction.



As of the beginning of May 2005, both companies started trading as one and the operational integration project commenced. The project aims to fully integrate both operations by September 2005. GijimaAst is proving to be a prominent ICT player in South Africa, unrivalled in its scope of ICT services and capabilities and its unique level of direct black shareholding. While ongoing transformation remains an important company process, all objectives of the BIP have been achieved, and in many cases targets have been exceeded. This has been made possible through our dedicated and capable staff as well as the understanding and unparalleled support received from shareholders and clients during the difficult turnaround period.

Dividends

To date, it has been the Group's policy not to pay dividends, and all earnings generated by the Group were utilised to fund future growth and development as well as to pay its commitments and liabilities. A working committee of the board frequently reviews the dividend policy, and it was decided in principle (subject to certain business parameters, namely current ratio and liquidity) to approve the payment of dividends in future years. There will, however, be no dividend payments for the 2005 financial year.

Subsidiary undertakings

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

Acquisitions and disposals during the year

GijimaAst entered into agreements in terms of which it acquired the assets of Gijima Support Services (Pty) Limited, Gijima Technologies (Pty) Limited and Gijima Technologies Group (Pty) Limited (collectively, "the sellers"). AST-A Holdings (Pty) Limited, renamed as GijimaAst Holdings (Pty) Limited, acquired the information technology businesses and assets and liabilities of the sellers, which were owned by Gijima Info Technologies Afrika (Pty) Limited, effective 3 May 2005 by issuing 308 758 999 ordinary shares at a price of 35 cents per share.

GijimaAst entered into an agreement in terms of which it disposed of the following asset:

GijimaAst disposed of 50% of its interest in Bentley West Strategic Consulting (Pty) Ltd during the financial year. The shareholders' agreement signed between the parties provides for GijimaAst's disposal of its remaining 50% interest in the company over the next three years, provided that certain criteria are met.

Board of directors and management

The names of the directors and their personal details appear under the section "board of directors" and "directors' details" on pages 4 to 9.

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

Resignations*

Mr PWJ Bouwer resigned on 15 June 2005
Mr MH Lekota resigned on 25 January 2005
Mr CF Meintjes resigned on 10 June 2005

Appointments

Mr W Drue was appointed on 25 January 2005.

Messrs RW Gumede, CJH Ferreira and NI Mhlongo were appointed on 3 May 2005.

Messrs CME Mostert, K Mpinga, AFB Mthembu and Dr NJ Dlamini were appointed on 9 June 2005.

Group secretary and registered office

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

Directors' report continued

for the year ended 30 June 2005

Interest of directors in the capital of the Company

At 30 June 2005, the directors of GIJIMA AST GROUP LIMITED held beneficially in aggregate 319 016 936 GIJIMA AST GROUP LIMITED shares. The following directors held shares in the Company:

Directors	As at 30 June 2005			As at 30 June 2004		
	Beneficial	Non-beneficial	Total	Beneficial	Non-beneficial	Total
Bouwer, PWJ*				287 911		287 911
Drue, W	11 550		11 550			
Erasmus, MG	1 128 350	159 386	1 287 736	341 934	48 300	390 234
Ferreira, CJH		53 076	53 076			
Gumede, RW		266 827 864	266 827 864			
Macdonald, M		495 488	495 488		136 010	136 010
Meintjes, CF*				64 842		64 842
Mhlongo, NI		41 931 135	41 931 135			
Miller, JE	322 502		322 502	77 904		77 904
Potgieter CJ	80 142		80 142		24 286	24 286
Smith, HJ		6 000 000	6 000 000		1 942 844	1 942 844
Van der Walt, JCL	72 059	1 935 384	2 007 443	72 059	586 496	658 555

* Resigned

Share capital

GIJIMA AST GROUP LIMITED had an issued share capital of 964 666 538 shares on 30 June 2005. During the year 14 473 825 ordinary shares were issued in part financing of previous acquisitions, 308 758 999 ordinary shares for the Gijima merger transaction and 457 142 857 ordinary shares for the rights issue in May 2005.

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 R32,8 million, primarily in respect of purchases of income generating computer equipment. Commitments at 30 June 2005 to incur future expenditure amounted to R1,8 million.

Events after balance sheet date

No significant events occurred after the balance sheet date.

Special resolutions

The following special resolutions were passed at a General Meeting of shareholders on 14 March 2005.

Special Resolution No 1

"That the authorised ordinary share capital of AST, comprising 300 000 000 ordinary shares of 0,1 cent each, be and is hereby increased to 1 300 000 000 ordinary shares by the creation of a further 1 000 000 000 ordinary shares having a par value of 0,1 cent each, which shall rank pari passu in all respects with the existing ordinary shares in AST Group Limited."

The reason for this special resolution was to increase the authorised share capital of the Company in order to enable the implementation of a proposed rights offer and the proposed merger described in the circular to AST shareholders dated 18 February 2005. The effect of passing this special resolution number one would be to increase the authorised share capital of the Company by 1 000 000 000 ordinary shares having a par value of 0,1 cent each.



Special Resolution No 2

"That, subject to the passing of ordinary resolutions numbers one, two, three, four and five and special resolution number one, the name of AST Group Limited be changed to "GIJIMA AST GROUP LIMITED" with effect from Friday, 22 April 2005."

The reason for the passing of this special resolution was that the proposed new name would reflect its newly acquired BEE status, the demographics of its shareholder base and the constituent parts of the enlarged AST. The effect of the passing and registration of the special resolution would be to change the name of AST to GIJIMA AST GROUP LIMITED.

Amendments to articles of association

No amendments were made to the Company's articles of association during the course of the financial year.

Directors' interest 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

PricewaterhouseCoopers Inc. will continue in office as external auditors of the GIJIMA AST GROUP LIMITED and its subsidiaries 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. MARSH, the Group's insurance brokers, assists the Group annually in determining its liabilities and exposures for which insurance coverage is needed. The board annually evaluates and approves the appropriateness of the coverage per class of insurance.

Accounting policies

The following are the principal accounting policies of GIJIMA AST GROUP LIMITED and its subsidiaries ("the Group").

1. Basis of preparation

The consolidated and company financial statements are prepared in accordance with Statements of Generally Accepted Accounting Practice (GAAP) in South Africa. The accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2004, with the exception of the following:

1.1 Business combinations

The adoption of IFRS 3 (AC 140): Business Combinations, as reflected in note 13 of the financial statements.

1.2 Impairment of assets and intangible assets

The amendments to IAS 36 (AC 128), Impairment of assets, and IAS 38 (AC 129): Intangible assets, have been applied in the current year.

The impact of these changes is reflected in policy notes 4.1 and 5.

2. Consolidation

2.1 Subsidiaries

Subsidiaries, which are those entities in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies so as to obtain benefits from its activities, have been consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and consolidation ceases from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred and assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. See note 4.1 for the accounting policy on goodwill.

Interests in subsidiaries are accounted for at cost in the company financial statements.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Minority interest is presented separately from liabilities and shareholders' equity in the consolidated balance sheet.

2.2 Associates

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or over which the Group exercises significant influence, but which it does not control.

Investments in associated undertakings are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of accumulated amortisation) on acquisition.

The Group's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group's interest in jointly controlled entities is accounted for by way of the proportionate consolidation method whereby the Group's proportionate share of the joint ventures' assets, liabilities, revenues,



expenses and cash flows are combined on a line-by-line basis with similar items in the financial statements of the Group. The results of joint ventures are included in the consolidated financial statements from the dates of the Group obtaining joint control and up to the effective dates that joint control ceases.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

3. Property, plant and equipment

Land and buildings comprise mainly of offices and are shown at historical costs less subsequent depreciation for buildings. Land is not depreciated. All other property, plant and equipment are stated at historical cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on assets is calculated using the straight-line method to allocate the difference between cost and residual values over their estimated useful lives, as follows:

	Annual rates
Buildings	2,0%
Furniture, fittings and office equipment	16,6%
Electronic and computer equipment and software	33,3%
Leasehold improvements	20,0%
Mainframe equipment and software	20,0%
Vehicles	25,0%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure on additions and improvements to property, plant and equipment, including the cost of related licences, is capitalised for major projects on the basis of measured work completed and for all other projects as the expenditure is incurred.

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount. These are included in the income statement.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

4. Intangible assets

The accounting treatment of intangible assets is dependent on the categorisation of the nature of its estimated useful life as either finite or indefinite. An indefinite life does not imply an infinite useful life, but rather that there is no foreseeable limit to the period over which the asset can be expected to generate cash flows for the Group. Intangible assets classified as finite are subject to an amortisation charge over its estimated useful life, whilst indefinite intangible assets are subject to impairment testing and an impairment charge if required.

4.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/joint venture or business at the date of acquisition. Goodwill on acquisitions is reported in the balance sheet as an intangible asset, except in relation to associates where goodwill is treated as part of the investment in the associate. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

The Group adopted International Financial Reporting Standard IFRS 3 (AC 140): Business Combinations during the year. Until June 2004, previously recognised goodwill on acquisitions before 31 March 2004 was:

- Amortised on a straight-line basis over its estimated useful life, not exceeding a period of six years; and
- Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of IFRS 3 (AC 140) and IAS 36 (AC 128):

- The Group ceased amortisation of goodwill from 1 July 2004;
- Accumulated amortisation as at 30 June 2004 has been eliminated with a corresponding decrease in the cost of goodwill;
- From the year ended 30 June 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

Accounting policies continued

4.2 Research and development costs

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably.

Development costs are capitalised and released to the income statement as and when an external contract is finalised and approved by the client.

Other development expenditures are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

4.3 Client contracts

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

5. Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

6. Financial instruments

6.1 Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

6.2 Investments

The Group classifies its investments in debt and equity securities into the following categories:

- Trading;
- held-to-maturity; and
- available-for-sale.

The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets; for the purpose of these financial statements short term is defined as 12 months.

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the balance sheet date, which are classified as current assets.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale and are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Trading and available-for-sale financial assets are subsequently carried at fair value. Held-to-maturity investments are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the period in which they arise.

The fair value of investments is based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using applicable price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

6.3 Trade receivables

Trade receivables are recognised initially at cost less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the



original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. The amount of the provision is recognised in the income statement.

6.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within current liabilities on the balance sheet.

6.5 Financial liabilities

Financial liabilities are reported at amortised cost, namely original debt less principal repayments and amortisation.

6.6 Derivative instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are remeasured at their fair value.

The method of recognising the resulting gain or loss is dependent on the nature of the item.

The Group does not apply hedge accounting and changes in the fair values are recognised immediately in the income statement.

6.7 Fair value estimation

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

7. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out (FIFO) method. The cost

of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related overheads. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

8. Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the purchase consideration.

Where any Group company purchases the Company's equity share capital (Treasury Shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

9. Borrowings

Borrowings are recognised initially at cost, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Borrowings are classified as non-current liabilities unless they will be settled within twelve months.

10. Leases

10.1 Where a Group company is the lessee

Leases of property, plant and equipment where the Group assumes substantially all the rewards and risks of ownership are classified as finance leases. Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or, if lower, at the present value of the minimum lease payments and are depreciated over the shorter of the useful life of the asset or the lease term. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance charge is charged to the income statement over the lease period.

Accounting policies continued

Leases under which the lessor effectively retains the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived. The difference between the actual amount paid and the amount recognised in the income statement due to straight-lining of operating leases are recognised in the balance sheet.

10.2 Where a Group company is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised in the balance sheet as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Finance income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

11. Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the deferred tax liabilities arise from:

- Goodwill for which amortisation is not deductible for tax purposes; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except

where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

12. Employee benefits

The Group operates a defined contribution pension plan and a defined contribution provident fund. The assets are held in separate trustee-administered funds.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution pension plan are charged to the income statement in the year to which they relate. External advisors ensure that the strategies and investment process maximise value for the members.

13. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Employee entitlements to annual leave are recognised as a provision based on the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

The Group recognises the estimated liability on all products still under warranty at the balance sheet date. The provision is calculated based on service histories.

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

14. Foreign currency translation

14.1 Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic



substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The consolidated financial statements are presented in South African Rand, which is the measurement currency of the parent.

14.2 Transactions and balances

Transactions in foreign currencies are translated into the measurement currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss.

14.3 Accounting for foreign entities

Income statements and cash flows of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and the balance sheets are translated at the closing exchange rates ruling on 30 June.

Exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken to a translation reserve in shareholders equity. On disposal of the foreign entity such translation differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

15. Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and after eliminating sales within the Group. Revenue is recognised as follows:

15.1 Sale of good 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.

15.2 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.

15.3 Time and material contracts

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

15.4 Interest income

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

15.5 Dividend income

Dividend income is recognised when the right to receive payment is established.

16. Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

17. Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in the current year. Note 7 to the Annual Financial Statements details the impact of adjustments to comparative figures during the financial year under review.

Income statements

for the year ended 30 June 2005

	Notes	Group		Company	
		2005 R'000	2004 R'000	2005 R'000	2004 R'000
Revenue		1 587 302	1 734 652	–	–
Cost of sales		(1 298 611)	(1 452 740)	–	–
Gross profit		288 691	281 912	–	–
Other operating income		1 620	626	–	–
Administrative expenses		(216 307)	(234 549)	–	–
Other operating expenses		(32 758)	(132 911)	(559 002)	–
Profit/(loss) from operations	2	41 246	(84 922)	(559 002)	–
Net (finance cost)/interest received	3	(4 500)	(40 668)	–	94
Share of results of associates	10	136	326	–	–
Profit/(loss) before tax		36 882	(125 264)	(559 002)	94
Income tax expense	4	(86 196)	(8 714)	–	–
(Loss)/profit from ordinary activities		(49 314)	(133 978)	(559 002)	94
Minority interest	20	(15 520)	(7 679)	–	–
Loss for the year		(64 834)	(141 657)	(559 002)	94
Loss per ordinary share (cents)					
– Basic	5	(20,54)	(92,51)	–	–
– Diluted	5	(20,54)	(92,51)	–	–
Headline earnings/(loss) per ordinary share (cents)					
– Basic	5	15,66	(9,15)	–	–
– Diluted	5	15,66	(9,15)	–	–



Balance sheets

as at 30 June 2005

	Notes	Group		Company	
		2005 R'000	2004 R'000	2005 R'000	2004 R'000
Assets					
Non-current assets		336 852	379 638	104 942	368 303
Property, plant and equipment	8	55 739	98 611	–	–
Investment in subsidiary company	9	–	–	104 942	368 303
Investment in associate company	10	1 207	1 070	–	–
Investments and loans	11	2 889	9 264	–	–
Derivative financial instrument	12	9 053	7 640	–	–
Intangible assets	14	105 862	36 742	–	–
Deferred tax asset	15	162 102	226 311	–	–
Current assets		553 866	404 877	–	–
Inventories	16	49 210	37 037	–	–
Receivables and prepayments	17	393 645	283 312	–	–
Current tax asset		12 949	–	–	–
Cash and cash equivalents	18	98 062	84 528	–	–
Total assets		890 718	784 515	104 942	368 303
Equity and liabilities					
Capital and reserves		243 258	23 001	104 942	368 303
Minority interest	20	25 599	14 579	–	–
Non-current liabilities		123 803	291 932	–	–
Interest-bearing borrowings	21	70 347	231 740	–	–
Operating lease liability		19 801	16 579	–	–
Deferred tax liability	23	33 655	43 613	–	–
Current liabilities		498 058	455 003	–	–
Trade and other payables	24	358 122	334 563	–	–
Provisions	25	80 634	71 191	–	–
Bank overdrafts	18	41 221	46 234	–	–
Amounts due to vendors	22	–	175	–	–
Current tax liability		18 081	2 840	–	–
Total equity and liabilities		890 718	784 515	104 942	368 303

Cash flow statements

for the year ended 30 June 2005

	Notes	Group		Company	
		2005 R'000	2004 R'000	2005 R'000	2004 R'000
Cash flows from operating activities					
Cash generated from operating activities	32.1	58 235	83 382	–	–
Interest received		16 805	18 054	–	–
Finance costs		(36 912)	(61 621)	–	–
Dividends paid to minority		(4 500)	–	–	–
Normal tax paid		(30 988)	(3 400)	–	–
Net cash generated from operations		2 640	36 415	–	–
Cash flows from investing activities					
Vendor payments for past acquisitions	32.2	(380)	(10 091)	–	–
Proceeds from the disposal of subsidiaries, net of cash disposed		–	24 298	–	–
Unlisted investments redeemed during the year		–	4 000	–	–
Cash obtained from acquisition	32.3	2 823	–	–	–
Acquisition expenses	13	(3 425)	–	–	–
Purchase of property, plant and equipment		(16 817)	(20 635)	–	–
Proceeds from the sale of property, plant and equipment		21 493	14 711	–	–
Net cash generated from investing activities		3 694	12 283	–	–
Cash flows from financing activities					
Proceeds from the issue of ordinary shares		160 000	88 750	–	–
Share issue expenses		(3 731)	–	–	–
Repayments of long-term borrowings		(158 612)	(185 195)	–	–
Proceeds from long-term borrowings		14 557	49 908	–	–
Net cash from (utilised in) financing activities		12 214	(46 537)	–	–
Net increase in cash and cash equivalents		18 547	2 161	–	–
Cash and cash equivalents at the beginning of the year		38 294	36 133	–	–
Cash and cash equivalents at the end of the year	18	56 841	38 294	–	–



Statements of changes in equity

for the year ended 30 June 2005

	Notes	Group		Company	
		2005 R'000	2004 R'000	2005 R'000	2004 R'000
Share capital	19	964	184	964	184
Balance at the beginning of the year		184	67	184	67
New shares issued during the year		780	117	780	117
Share premium		646 525	343 457	661 158	358 090
Balance at the beginning of the year		343 457	236 209	358 090	250 968
Discount at acquisition per IFRS 3 (AC 140)	14	30 876	–	30 876	–
Premium on new shares issued during the year		275 923	113 545	275 923	113 545
Share issue expenses written off		(3 731)	(6 425)	(3 731)	(6 423)
Treasury shares – movement during the year		–	128	–	–
Vendor claims	22	–	8 207	–	8 207
Balance at the beginning of the year		8 207	30 206	8 207	30 206
Current changes in amounts due to vendors		(8 207)	(21 999)	(8 207)	(21 999)
Distributable reserves		(374 904)	(282 230)	(557 180)	1 822
Retained earnings					
Retained earnings at the beginning of the year		(275 883)	(135 136)	1 822	1 728
Prior year adjustment – operating lease	7	(11 771)	(8 803)	–	–
Prior year adjustment – previously unrecognised derivative financial instrument	7	5 424	3 366	–	–
Balance at the beginning of the year, restated		(282 230)	(140 573)	1 822	1 728
Net (loss)/profit for the year		(64 834)	(141 657)	(559 002)	94
Transfer to non-distributable reserves		(27 840)	–	–	–
Non-distributable reserves		(29 327)	(46 617)	–	–
Foreign currency translation reserve		(29 327)	(46 617)	–	–
Balance at the beginning of the year		(46 617)	(7 115)	–	–
Transfer from distributable reserves		27 840	–	–	–
Currency translation differences for the year		(10 550)	(39 502)	–	–
Balance at the end of the year		243 258	23 001	104 942	368 303

Notes to the annual financial statements

for the year ended 30 June 2005

	2005		2004*	
	Revenue R'000	Operating profit/(loss) R'000	Revenue R'000	Operating profit/(loss) R'000
1. Segment information				
Group				
IT Solutions	570 390	42 976	748 038	91 879
Infrastructure Services	453 487	97 417	493 763	80 768
Networks	546 629	90 988	457 985	66 508
Consulting	16 796	(506)	34 866	1 315
Support Services	–	(151 979)	–	(146 868)
Direct Business Improvement Program costs	–	–	–	(49 197)
	1 587 302	78 896	1 734 652	44 405
Impairment of investments and assets		(3 340)		(27 422)
Amortisation/impairment of intangible assets		(34 310)		(101 905)
Loss from operations		41 246		(84 922)
Net finance costs		(4 500)		(40 668)
Share results of associates		136		326
		36 882		(125 264)
Income tax expense		(86 196)		(8 714)
Loss from ordinary activities		(49 314)		(133 978)
Minority interest		(15 520)		(7 679)
Net loss		(64 834)		(141 657)
* Comparative figures have been adjusted to take cognisance of the regional integration with the divisions in 2005				
The parent company is registered in South Africa where the main activities of the Group are located at segment level.				
		2005	2004	
		Revenue	Revenue	
		R'000	R'000	
Mining		301 781	308 933	
Manufacturing		307 242	434 369	
Health		12 493	21 154	
Telecommunications		64 202	71 729	
Financial Services		502 441	519 827	
Government		297 708	214 674	
Other		101 435	163 966	
		1 587 302	1 734 652	



	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
2. Profit/(loss) from operations				
Operating profit/(loss) is arrived at after taking into account:				
Revenue from				
– Sale of goods	347 215	235 286	–	–
– Rendering of services	1 240 087	1 499 366	–	–
	1 587 302	1 734 652	–	–
Revenue from				
– Sale of goods	22%	14%		
– Rendering of services	78%	86%		
	100%	100%		
Auditors' remuneration				
– Audit fees	2 542	3 000	–	–
– Other services	1 015	1 949	–	–
	3 557	4 949	–	–
Depreciation: Property, plant and equipment (refer note 8)				
– Land and buildings – owned	527	228	–	–
– Computer equipment – owned	32 739	41 321	–	–
– Computer equipment – leased	1 974	2 040	–	–
– Furniture, fittings and office equipment – owned	2 693	3 132	–	–
– Office equipment – owned	2 221	2 193	–	–
– Motor vehicles – owned	219	622	–	–
– Leasehold improvements	2 474	3 585	–	–
	42 847	53 121	–	–
Impairment/amortisation: Intangible assets				
– Development costs (included in “Other operating expenses”)	–	5 272	–	–
– Amortisation of client contracts (included in “Other operating expenses”) (refer note 13)	1 568	–	–	–
– Impairment of previously recognised goodwill (included in “Other operating expenses”) (refer note 13)	32 742	96 633	–	–
	34 310	101 905	–	–

The Group adopted the provisions of IFRS 3 (AC 140) during the current financial year. Amortisation of previously recognised goodwill ceased at 30 June 2004 and goodwill balances are henceforth subject to impairment testing. The impairment of goodwill follows the outcome of an impairment test on the remaining goodwill balance of the Group's Australian operations. The fair value of the goodwill balance was based on projections of the results of the Australian operations using acceptable growth and discount rates.

The goodwill that arose from the merger with the 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 and no impairment charge emanated.

Client contracts comprise contractually secured contracts at the date of the merger and are amortised over the remaining period of the contractually secured contracts. Client contracts will be fully amortised at 30 June 2006.

For further details on the goodwill and future allocation thereof, refer to note 13.

Notes to the annual financial statements continued

for the year ended 30 June 2005

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
2. Profit/(loss) from operations (continued)				
(Profit)/loss on disposal of property, plant and equipment	(4 684)	1 070	–	–
Foreign exchange gains and losses				
Gain on foreign exchange contracts	1 677	1 666	–	–
The forward exchange contracts relate to specific trade creditors and were entered into to cover foreign exchange commitments by the Group.				
Gain on foreign exchange transactions	18 947	17 546	–	–
The foreign exchange gain resulted mainly from the revaluation of inter-group loan accounts and loan balances denominated in Australian dollars at the spot rate of R5,0871 on 30 June 2005 (30 June 2004: R4,3244). These loans will be collectable in the future.				
(Profit)/loss on sale/closure of businesses	(207)	3 584	–	–
Tax effect	–	–	–	–
Minority interest	–	–	–	–
	(207)	3 584	–	–
The Group disposed of 50% of its 100% interest in Bentley West Strategic Consulting (Pty) Ltd and deregistered AST IT Solutions UK during the year.				
Impairment of non-current assets and interest in subsidiary company (included in "Other operating expenses")				
Charges for the year				
– Investments	–	27 422	559 002	–
– Forward purchase of shares (cost)	2 560	–	–	–
– Fixed assets – computer equipment	780	–	–	–
– Impairment of loans receivable (refer note 9)	–	–	–	–
	3 340	27 422	559 002	–
The impairment of a derivative financial instrument (forward purchase of shares) resulted from the sale of properties (refer note 8) and the consequential collapse of the related finance structure. Impairment of fixed assets relates to the de-commissioning of mainframe equipment not fully depreciated in the accounting records.				
Fees for services:				
– Secretarial	303	682	–	–
– Professional	5 472	5 977	–	–
	5 775	6 659	–	–



Notes to the annual financial statements continued

for the year ended 30 June 2005

	As at 30 June 2005			As a 30 June 2004		
	Non-beneficial '000	Beneficial '000	Total '000	Non-beneficial '000	Beneficial '000	Total '000
2. Profit/(loss) from operations (continued)						
Directors' interest in ordinary shares						
Executive Directors						
PWJ Bouwer	–	–	–	–	288	288
MG Erasmus	159	1 129	1 288	48	342	390
CJH Ferreira	53	–	53	–	–	–
RW Gumede	266 828	–	266 828	–	–	–
JE Miller	–	323	323	–	78	78
Non-executive Directors						
Dr NJ Dlamini (Nxasana)	–	–	–	–	–	–
W Drue	–	12	12	–	–	–
M MacDonald	495	–	495	136	–	136
CF Meintjies	–	–	–	–	65	65
NI Mhlongo	41 931	–	41 931	–	–	–
CME Mostert	–	–	–	–	–	–
K Mpinga	–	–	–	–	–	–
AFB Mthembu	–	–	–	–	–	–
CJ Potgieter	–	80	80	24	–	24
HJ Smith	6 000	–	6 000	1 943	–	1 943
JCL van der Walt	1 935	72	2 007	587	72	659
	317 401	1 616	319 017	2 738	845	3 583

Directors' service contracts

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

Directors' share options

None of the directors held any options to purchase the Company's shares during the financial year.

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Staff costs				
Salaries and wages	750 895	784 242	–	–
– Permanent	594 393	649 343	–	–
– Contractors	156 502	134 899	–	–
Pension costs (refer note 29)	48 680	51 174	–	–
	799 575	835 416	–	–



	Group		Company	
	2005 '000	2004 '000	2005 '000	2004 '000
2. Profit/(loss) from operations (continued)				
Average number of employees employed by business segment				
IT Solutions	1 208	1 018	–	–
Infrastructure Services	792	861	–	–
Networks	438	299	–	–
Products	–	125	–	–
Consulting	21	45	–	–
Business Services	63	88	–	–
Regions	400	358	–	–
International	36	27	–	–
Support Services & Other	289	237	–	–
	3 247	3 058	–	–
	Group		Company	
	2005 '000	2004 '000	2005 '000	2004 '000
3. Net finance costs				
Interest received – cash balances	15 679	15 410	–	–
Dividend income received from preference share investments	1 126	2 644	–	94
	16 805	18 054	–	94
<i>Less: Finance costs</i>	(21 305)	(58 722)	–	–
– Interest on overdraft	(13 477)	(20 121)	–	–
– Reversal of excess interest provision*	17 698	–	–	–
– Fair value adjustment	(2 090)	2 899	–	–
– Interest on long-term loans	(23 436)	(41 500)	–	–
	(4 500)	(40 668)	–	94

* We have reversed interest provisions of R17,7 million created during 2004 which, subsequent to the agreement with SARS, proved to be excessive.

Notes to the annual financial statements continued

for the year ended 30 June 2005

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
4. Income tax expense				
South African tax				
Normal tax	93 892	(4 147)	-	-
Current tax	48 432	17 152	-	-
– current year	29 899	17 289	-	-
– prior years	18 533	(137)	-	-
Deferred tax (refer note 15 and 23)	45 460	(21 299)	-	-
– current year	(16 006)	(25 456)	-	-
– prior years	57 743	4 157	-	-
– change in tax rate	3 723	-	-	-
Foreign tax	(9 406)	12 861	-	-
Normal tax	-	-	-	-
Current tax	(10 443)	13 304	-	-
– current year	(5 407)	7 966	-	-
– prior years	(5 036)	5 338	-	-
Deferred tax (refer note 15 and 23)	1 037	(443)	-	-
– current year	933	(282)	-	-
– prior years	104	(161)	-	-
Secondary Tax on Companies	1 710	-	-	-
	86 196	8 714	-	-
Reconciliation of tax rate				
Profit/(loss) before tax	36 882	(125 264)	-	94
Statutory tax rate (%)	29,00	30,00	-	30,00
Utilisation of assessable losses (%)	(0,16)	-	-	-
Disallowable expenditure (%)	44,27	7,01	-	-
Change in tax rate (%)	10,10	-	-	-
Secondary tax on companies	4,64	-	-	-
Effect of imputed foreign income (%)	-	0,96	-	-
Benefit of tax consolidation regime in Australia (%)	(16,88)	-	-	-
Income not subject to tax (%)	(29,51)	(0,70)	-	(30,00)
Deferred tax asset not raised (%)	(1,18)	-	-	-
Special allowances not claimed in the income statement (%)	-	(0,28)	-	-
Prior year (over)/under provision (%)	(31,81)	0,67	-	-
Effective tax rate before early settlement of deferred tax asset (%)	8,46	37,66	-	-
Early settlement of deferred tax asset (%)	225,25	-	-	-
Effective tax rate (%)	233,71	37,66	-	-
Calculated income tax loss carried forward	(93 527)	(169 785)	-	-
Calculated capital gains tax loss carried forward	(16 839)	(5 767)	-	-
Unutilised STC credits	-	2 609	-	-



	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
5. Earnings per share				
Basic earnings per share				
Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.				
Net loss attributable to ordinary shareholders	(64 834)	(141 657)	–	–
Weighted average number of ordinary shares in issue (thousands)	315 638	153 124	–	–
Basic loss per share (cents)	(20,54)	(92,51)	–	–
Diluted earnings per share				
There is no dilutive effect on the weighted average number of ordinary shares at 30 June 2005 as no potential options or obligations to issue ordinary shares existed at year-end.				
Net loss attributable to ordinary shareholders (R'000)	(64 834)	(141 657)	–	–
Weighted average number of ordinary shares (thousands)	315 638	153 124	–	–
Dilutive impact of shares issued for settlement of acquisitions on the achievement of profit warrantees (thousands)	–	11 724	–	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	315 638	164 848	–	–
Diluted loss per share (cents)	(20,54)	(92,51)	–	–
Headline (loss)/earnings per share				
Reconciliation between earnings and headline earnings:				
	Profit before tax R'000	Tax R'000	Minority interest R'000	Net profit/(loss) R'000
For the year ended 30 June 2005				
Per the annual financial statements	36 882	(86 196)	(15 520)	(64 834)
Adjustments				
(Profit)/loss on sale of businesses and assets	(4 891)	–	–	(4 891)
Loss on impairment of investments	3 340	–	–	3 340
Loss on early settlement of deferred tax asset	83 076	–	–	83 076
Impairment of goodwill	32 742	–	–	32 742
Headline earnings				49 433
Headline earnings per ordinary share (cents)				15,66
Fully diluted headline earnings per ordinary share (cents)				15,66

The early settlement of a deferred tax asset of R83,1 million, charged to the income tax line item, is excluded from the calculation of headline earnings. The creation of the said deferred tax asset was historically accounted for in equity and should therefore not be included in headline earnings.

Notes to the annual financial statements continued

for the year ended 30 June 2005

	Profit before tax R'000	Tax interest R'000	Minority R'000	Net profit/(loss) R'000
5. Earnings per share				
For the year ended 30 June 2004				
Per the annual financial statements	(125 264)	(8 714)	(7 679)	(141 657)
Adjustments				
Loss on sale of business	3 584	–	–	3 584
Loss on impairment of investments	27 422	–	–	27 422
Amortisation of goodwill	96 633	–	–	96 633
Headline loss				(14 018)
Headline loss per ordinary share (cents)				(9,15)
Fully diluted headline loss per ordinary share (cents)				(9,15)
6. Change in accounting policy				
<p>The Group adopted IFRS 3 (AC 140) Business Combinations. IFRS 3 (AC 140) became effective for all business combinations entered into after 30 March 2004 and requires an entity to allocate the purchase price of an acquisition to intangible assets, including contingent liabilities, with the balance to be reflected as goodwill on acquisition.</p> <p>Until June 2004, goodwill was amortised on a straight-line basis over its estimated useful life and assessed for an indication of impairment at each balance sheet date. In accordance with the provisions of IFRS 3 (AC 140) the Group ceased amortisation of goodwill from 1 July 2004. From the financial year ended 30 June 2005 onwards, all goodwill is tested annually for impairment, as well as when there are indications of impairment. In accordance with the provisions of IFRS 3 (AC 140) comparative figures have not been adjusted.</p> <p>The amendments of IAS 36 (AC 128) Impairment of Assets and IAS 36 (AC 129) Intangible Assets and specific implications thereof on new goodwill recognised in a business combination, have been applied in the financial year.</p>				
7. Fundamental error				
<p>The South African Institute of Chartered Accountants (SAICA) released circular number 7/2005 in August 2005 which advised South African companies on the accounting treatment of operating leases in terms of the provisions of AC 105. In the past, as was generally the practice in South Africa, operating lease expenses were charged to the income statement when incurred. AC 105 requires accounting for operating lease payments with fixed rental increases on a straight-line basis over the period of the lease agreements.</p> <p>A previously unrecognised derivative financial instrument has in addition been recognised in the current financial year (refer note 12). In terms of AC 103, these matters are reflected as fundamental errors and comparative information has been restated.</p>				
	Impact on 2005 R'000	Impact on 2004 R'000	Impact on years prior to 2004 R'000	
Recognition of operating lease payments on a straight-line basis as opposed to when incurred	(3 223)	(4 180)	(12 399)	
Taxation	935	1 212	3 596	
	(2 288)	(2 968)	(8 803)	
Recognition of previously unrecognised derivative financial instrument	1 413	2 899	4 741	
Taxation	(410)	(841)	(1 375)	
	1 003	2 058	3 366	



	Total	Land and buildings	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Leasehold improvements
8. Property, plant and equipment Group							
Year ended 30 June 2005							
– Opening carrying amount	98 611	22 179	59 956	6 469	5 068	578	4 361
– New subsidiaries and businesses	16 125	–	14 302	1 146	677	–	–
– Additions	16 817	–	15 952	374	412	79	0
– Disposals and adjustments	(32 187)	(18 051)	(13 963)	(285)	441	(240)	(89)
– Impairment of assets	(780)	–	(780)	–	–	–	–
– Depreciation charge	(42 847)	(527)	(34 713)	(2 693)	(2 221)	(219)	(2 474)
– Closing net carrying amount	55 739	3 601	40 754	5 011	4 377	198	1 798
At 30 June 2005							
– Cost	274 922	4 055	214 360	19 412	15 399	1 319	20 377
– Accumulated depreciation	(219 183)	(454)	(173 606)	(14 401)	(11 022)	(1 121)	(18 579)
– Closing net carrying amount	55 739	3 601	40 754	5 011	4 377	198	1 798
Leased assets included above comprise off:							
Cost	10 401	–	10 353	4	44	–	–
Accumulated depreciation	(8 008)	–	(7 963)	(1)	(44)	–	–
Net carrying amount	2 393	–	2 390	3	–	–	–

Land and buildings consist of:

Office Block situated on stand 7565, 2 Bismark Street, Windhoek, Namibia. The land and building were acquired in January 2003 at a purchase price of N\$3,2 million. Bank borrowings to the value of R2,4 million (2004: R2,8 million) are secured on this property (refer note 20).

Blocks 2, 3, 4, 7 and 8 of Lords Office Estates, 276 West Street, Centurion, were disposed of during the current financial year. This concluded the sale of all property owned by the Group in the Lords Office Estates. The Group in addition disposed of its guest house, Holding 39, Northdene, Gauteng during the financial year.

Finance lease assets and interest-bearing finance lease liabilities to the value of R250,9 million (2004: R369,6 million) were off-set due to the existence of a legal right of set-off and the intention to settle on a net basis.

Notes to the annual financial statements continued

for the year ended 30 June 2005

	Total	Land and buildings	Computer equipment	Furniture and fittings	Office equipment	Vehicles	Leasehold improvements
8. Property, plant and equipment (continued)							
Year ended 30 June 2004							
– Opening carrying amount	158 634	27 423	104 583	10 593	7 669	2 094	6 272
– New subsidiaries and businesses	–	–	–	–	–	–	–
– Additions	24 572	25	23 172	245	556	490	84
– Disposals and adjustments	(31 474)	(5 041)	(24 438)	(1 237)	(964)	(1 384)	1 590
– Depreciation charge	(53 121)	(228)	(43 361)	(3 132)	(2 193)	(622)	(3 585)
– Closing net carrying amount	98 611	22 179	59 956	6 469	5 068	578	4 361
At 30 June 2004							
– Cost	384 440	25 173	295 628	22 599	15 235	4 185	21 620
– Accumulated depreciation	(285 829)	(2 994)	(235 672)	(16 130)	(10 167)	(3 607)	(17 259)
– Closing net carrying amount	98 611	22 179	59 956	6 469	5 068	578	4 361
Leased assets included above comprise of:							
Cost	10 353	–	10 353	–	–	–	–
Accumulated depreciation	(5 988)	–	(5 988)	–	–	–	–
Net carrying amount	4 365	–	4 365	–	–	–	–
			Group			Company	
			2005	2004		2005	2004
			R'000	R'000		R'000	R'000
9. Interest in subsidiary company							
Unlisted							
Shares at cost less amounts written off			–	–		–	–
Loans owing by GijimaAst Holdings (Pty) Ltd			–	–		663 944	368 303
			–	–		663 944	368 303
Impairment of loans receivable			–	–		(559 002)	–
Net interest in subsidiary company			–	–		104 942	368 303

GIJIMA AST GROUP LIMITED has subordinated all its rights, title and interest in claims due to it by GijimaAst Holdings (Pty) Ltd, until such time as the subsidiary's assets, fairly valued exceed its liabilities. As a result of this agreement the recoverability of the loan reflected have been amended until such time as it is reasonably certain that the outstanding balance can be recovered. The loan to GijimaAst Holdings (Pty) Ltd is interest free.



	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
10. Interest in associate company				
Opening carrying amount	1 070	842	–	–
Investment made during the year	–	–	–	–
Share of results before tax	136	326	–	–
Interest	44	5	–	–
Share of taxation	(43)	(103)	–	–
Closing carrying amount	1 207	1 070	–	–
The associate, which is unlisted, is:				
– Naledi Computers (Pty) Ltd				
Country of incorporation	% Interest held			
South Africa	25%			
Naledi provides computer related services, products and technologies.				
Directors valuation of shares	1 207	1 070	–	–
11. Investments and loans				
Listed investments at at market value	865	–		
Directors' valuation – R865				
Unlisted investments at cost:	2 024	2 152	–	–
Directors' valuation of fair value – R2 024 (2004: R2 152)				
Loan to Work Force IT (Pty) Ltd	–	7 112	–	–
Directors' valuation – R0 (2004: R7 112)				
	2 889	9 264	–	–
Included in listed and unlisted investments are shares held by AST Western Australia for AUD 463 303 (2004: AUD 436 646). These represent investments received in lieu of cash for services rendered.				
Preference shares investments and short-term loans to the value of Rnil (2004: R20 million) were off set due to the existence of a legal right of set-off and its relation to the same fiscal authority.				
12. Derivative financial instrument				
Entitlement to purchase a 50% share in property-owning entity	9 053	7 640	–	–
A derivative financial instrument has been recognised to reflect the value of the Group's entitlement to purchase 50% of the shares of a property development company. The valuation takes cognisance of market related rental rates for the area in which it is situated, costs to maintain the property and the current capitalisation rate for property. The future value is discounted using a weighted-average-cost-of-capital methodology.				

Notes to the annual financial statements continued

for the year ended 30 June 2005

	2005 R'000	2004 R'000
13. Acquisitions of subsidiaries and businesses		
On 3 May 2005 the Group acquired the businesses of Gijima Support Services (Pty) Ltd, Gijima Technologies (Pty) Ltd and Gijima Technologies Group (Pty) Ltd.		
Details of net assets acquired and goodwill are as follows:		
Purchase consideration		
– directly attributable acquisition costs paid in cash	3 425	–
– fair value of shares issued (refer note 19)	138 942	–
Total purchase consideration (refer note 31.3)	142 367	–
Fair value of net assets acquired	46 322	–
Goodwill (refer note 14)	96 045	–
The fair value of assets and liabilities arising from the acquisition are as follows:		
Cash	2 823	–
Inventories	21 174	–
Accounts receivable	55 976	–
Intangible assets (refer note 14)	7 386	–
Property, plant and equipment	16 125	–
Deferred tax liability arising on acquisition (IFRS 3) (AC 140) (refer note 14)	(2 142)	–
Provisions	(10 421)	–
Accounts payable	(44 599)	–
Fair value of net assets	46 322	–
Goodwill (refer note 14)	96 045	–
Total purchase consideration (refer note 31.3)	142 367	–

Except for intangible assets which were not valued by Gijima, the carrying amounts of these assets and liabilities immediately before the acquisition equalled their fair values as required by IFRS 3 (AC 140).

The purchase price allocation could not be finalised prior to the issue of the financial results. In accordance with IFRS 3 (AC 140), management has reflected provisional values on the initial purchase price allocation calculation performed. All adjustments to these provisional values will be finalised by 3 May 2006 as allowed by IFRS 3 (AC 140).

In accordance with the provisions of IFRS 3 (AC 140) the value of the shares issued in consideration for the fair value of the net assets of the Gijima businesses have been adjusted to the closing market price at the date of the transaction. The adjustment has been recorded against goodwill and reserves and is based on the closing share price of 45 cents at the date of the acquisition. The acquisition, as well as the rights issue at the same day, was concluded using a share price of 35 cents.

The combined consolidated revenue and profit from operations for the 12 months ended 30 June 2005 was R1,851 million and R69,1 million respectively had the acquisition occurred on 1 July 2004. The profit from operations of the acquired Gijima businesses included in the reported consolidated results is R14,4 million.



	Group				
	Goodwill	Goodwill (trade name)	Client contracts	Development cost	Total
14. Intangible assets					
Year ended 30 June 2005					
Opening carrying amount	36 742	–	–	–	36 742
Additions	47 175	46 727	7 386	–	101 288
Deferred tax liability on acquisition of client contracts per IAS 12 (AC 102)	2 142	–	–	–	2 142
Disposals and transfers	–	–	–	–	–
Amortisation charge (notes 2 and 6)	–	–	(1 568)	–	(1 568)
Impairment change (notes 2 and 6)	(32 742)	–	–	–	(32 742)
Closing carrying amount	53 317	46 727	5 818	–	105 862
At 30 June 2005					
Cost	86 059	46 727	7 386	25 732	165 904
Accumulated amortisation and impairment	(32 742)	–	(1 568)	(25 732)	(60 042)
Carrying amount	53 317	46 727	5 818	–	105 862
Year ended 30 June 2004					
Opening carrying amount	137 270	–	–	10 532	147 802
Disposals and transfers	(3 895)	–	–	(5 260)	(9 155)
Amortisation charge	(96 633)	–	–	(5 272)	(101 905)
Closing carrying amount	36 742	–	–	–	36 742
At 30 June 2004					
Cost	538 728	–	–	25 732	564 460
Accumulated amortisation	(501 986)	–	–	(25 732)	(527 718)
Carrying amount	36 742	–	–	–	36 742

Goodwill and intangible assets

Goodwill consists of R4,0 million of previously recognised goodwill recognised at the fair value of goodwill which arose on the acquisition of the Australian businesses (refer note 2), and goodwill of R96,0 million (including the indicative trade name valuation of R46,7 million) which arose from the acquisition of the information technology business of Gijima. The R96,0 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 (AC 102) and considering the impact of the discounted share price offered at the date of the transaction.

The indicative value of the trade name has been separately disclosed as goodwill (trade name) 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 give 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 2,0% was deemed appropriate for the indicative Gijima trade name valuation.

The deferred tax liability of R2,1 million that arose as a result of the value placed on the client contracts has, in accordance with IAS 12 (AC 102), and IFRS 3 (AC 140) been reflected against the goodwill balance.

In terms of IAS 36 (AC 128) the goodwill balance will be allocated to cash generating units after the integration of the businesses has been completed, but before the end of the next financial year.

The amounts recognised for each class of assets and liabilities acquired are reflected in note 13.

Notes to the annual financial statements continued

for the year ended 30 June 2005

	Value R'000	Discount at acquisition R'000	Deferred tax impact R'000	Fair value R'000	Subject to amor- tisation	Amor- tisation charge June 2005	Impairment required at June 2005
14. Intangible assets (continued)							
Goodwill and intangibles recognised on acquisition							
Goodwill and intangible assets comprise intangible assets identified and valued during the acquisition of the businesses of Gijima. The treatment of intangibles, as well as the goodwill that arose from the acquisition, is summarised in the table below:							
Client contracts	7 386	–	–	7 386	Yes	(1 568)	No
Goodwill (trade name)	46 727	–	–	46 727	No	–	No
Goodwill	16 300	30 875	2 142	49 317	No	–	No
Total	70 413	30 875	2 142	103 430		(1 568)	
Client contracts comprise contractually secured contracts at the date of the merger and do not include estimations of the likelihood of renewal of these contracts. Amortisation of the value of client contracts is consequently performed over the remaining contractually secured periods at the date of the merger. Client contracts were valued using a discounted cash flow valuation of revenue and costs associated with each contract. The discount rate was derived using a weighted-average-cost-of-capital methodology and amounted to 17,40%.							
Other intangible assets were considered during the valuation of intangible assets and the purchase price allocation process which will be finalised before 3 May 2006.							
				South Africa Charge/(credit) to income statement	Foreign Charge/(credit) to income statement		Closing balance
15. Deferred tax asset							
Balance as at 30 June 2005							
Trademark				60 418	(60 418)	–	–
Tax losses carried forward				83 571	1 205	–	84 776
Leased assets				(2 160)	–	–	(2 160)
Provisions				42 758	727	–	43 485
Net asset value movement on sold businesses				(286)	–	–	(286)
Income received in advance				15 573	–	–	15 573
Prepayments				951	–	–	951
Prior year adjustment				5 955	–	–	5 955
Other temporary differences				898	–	–	898
Donations (18A)				(106)	–	–	(106)
Calculated loss in Namibia				1 454	–	–	1 454
Deferred tax created in Australia				2 700	–	(1 037)	1 663
Foreign exchange spread				10 368	(7 954)	–	2 414
Fair value adjustment				–	3 268	–	3 268
Foreign exchange differences				4 217	–	–	4 217
				226 311	(63 172)	(1 037)	162 102



	Opening balance	South Africa Charge/(credit) to income statement	Foreign Charge/(credit) to income statement	Closing balance
15. Deferred tax asset (continued)				
Balance as at 30 June 2004				
Trademark	75 523	(15 105)	–	60 418
Tax losses carried forward	33 349	50 222	–	83 571
Leased assets	(2 160)	–	–	(2 160)
Provisions	36 433	6 325	–	42 758
Net asset value movement on sold businesses	1 831	(1 831)	(286)	(286)
Income received in advance	15 573	–	–	15 573
Prepayments	951	–	–	951
Prior year adjustment	2 033	3 762	160	5 955
Other temporary differences	898	–	–	898
Donations (18A)	(106)	–	–	(106)
Calculated loss in Namibia	1 454	–	–	1 454
Deferred tax created in Australia	2 418	–	282	2 700
Foreign exchange spread	8 902	1 466	–	10 368
Foreign exchange differences	4 217	–	–	4 217
	181 316	44 839	156	226 311
		Group	Company	
	2005	2004	2005	2004
	R'000	R'000	R'000	R'000
16. Inventories				
Work in progress	39 155	17 399	–	–
Finished goods	10 055	19 638	–	–
	49 210	37 037	–	–
17. Accounts receivable				
Trade debtors	395 492	269 165	–	–
Impairment of potential bad and doubtful debts	(16 484)	(23 463)	–	–
	379 008	245 702	–	–
Prepayments	4 754	16 793	–	–
Other receivables	9 883	20 817	–	–
	393 645	283 312	–	–
The book debts of GijimaAst Holdings (Pty) Ltd, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R284 888 902 (2004: R176 015 092), are secured by a cession to The Standard Bank of South Africa Ltd in respect of banking facilities granted to GIJIMA AST GROUP LIMITED. A further reversionary cession of these book debts is in place in favour of Kumba Resources Limited.				

Notes to the annual financial statements continued

for the year ended 30 June 2005

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
18. Cash and cash equivalents				
Cash at bank and in hand	98 062	84 528	–	–
Less: Overdrafts	(41 221)	(46 234)	–	–
	56 841	38 294	–	–
<p>The weighted average effective interest rate on short-term bank deposits was 6,57% (2004: 8,59%).</p> <p>Included in cash and cash equivalents is cash from AST Distributed Technologies Services of R85 million (2004: R78 million) of which the GIJIMA AST GROUP has a 70% shareholding. The utilisation of this cash is restricted and is regulated by a shareholders' agreement.</p>				
19. Ordinary share capital				
Authorised				
1 300 000 000 ordinary shares of 0,10 cent each	1 300	300	1 300	300
Issued				
964 666 538 ordinary shares of 0,10 cent each	964	184	184	184
(2004: 184 290 857 ordinary shares of 0,10 cent each)				
Balance at the beginning of the year	184	67	184	67
Shares issued during the year	780	117	780	117
Balance at the end of the year	964	184	964	184
<p>Shares of 0,10 cent each were issued during the financial year as follows:</p>				
			Number of shares	
Vendor claims			14 473 825	
Rights issue			457 142 857	
Merger with Gijima businesses			308 758 999	
			780 375 681	
<p>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.</p> <p>Some share options are still retained by certain employees. The AST Share Trust has been inactive in the past 2 years as the exercise price of the share options exceeded the market value.</p> <p>Movements in the number of share options outstanding are as follows:</p>				
			'000	'000
Balance at the beginning of the year			249	250
Granted			–	–
Exercised			–	–
Lapsed/cancelled			(40)	(1)
Balance at the end of the year			209	249
<p>The average strike price of the share options was R8,44 with the share price 51 cents at year-end.</p>				



Notes to the annual financial statements continued

for the year ended 30 June 2005

	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
21. Interest-bearing liabilities				
Long-term loans	68 790	228 220	–	–
Total liability	103 122	275 424	–	–
– Mortgage bonds	2 431	10 641	–	–
– Working capital loans	21 000	113 550	–	–
– Shareholders' loan in subsidiary	–	18 382	–	–
– Other	79 691	132 851	–	–
Less: Short-term portion moved to accounts payable	(34 332)	(47 204)	–	–
– Mortgage bonds	(427)	(390)	–	–
– Working capital loans	–	(10 800)	–	–
– Shareholders' loan in subsidiary	–	(18 381)	–	–
– Other	(33 905)	(17 633)	–	–
Liabilities under capitalised finance lease agreements	1 557	3 520	–	–
– Total liability	3 386	5 322	–	–
– Less: Short-term portion moved to account payable	(1 829)	(1 802)	–	–
	70 347	231 740	–	–

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 (12,5% at 30 June 2005). The loan is repayable in monthly instalments of R58 172 payable until April 2012. The outstanding loan balance of R2 431 132 is secured over land and buildings (refer note 8). The disposal of certain freehold land and buildings (refer note 8) resulted in the settlement of the related long-term loan and the cancellation of the related interest rate swap agreements (refer note 25.1).

Working capital loans

Working capital loans comprise outstanding loans received from Kumba Resources Limited (Kumba), the Standard Bank of South Africa Limited (Standard Bank) (collectively "the lenders"), the Iscor Pension Fund (the Pension Fund) and Cadtech (Pty) Ltd after the rights issue in May 2005 and the subsequent repayment of R116,75 million. This included a reduction of R25 million in the Group's overdraft facility.

Repayment of working capital loans will occur as follows:

- 1 January 2006 – Standard Bank R10 million*
- 1 July 2006 – Standard Bank R5 million*, Kumba R5 million
- 1 January 2007 – Standard Bank R5 million*, Kumba R5 million
- 1 July 2007 – Kumba R10 million
- 1 January 2008 – Kumba R1 million

* Relates to a reduction in overdraft facility

The working capital loans are secured over the Group's assets as follows:

- Standard Bank holds first cession of the book debts of GijimaAst Holdings (Pty) Limited as security for existing banking facilities and holds a reversionary cession over the book debts of Graphic Mining Solutions International (Pty) Ltd.
- Kumba holds reversionary cessions over the book debts of GijimaAst Holdings (Pty) Limited and Graphic Mining Solutions International (Pty) Ltd.
- Cross suretyships have been provided to the lenders by all of the Group's wholly owned South African subsidiaries.
- The lenders jointly hold the cession and pledge in respect of GijimaAst Holdings (Pty) Limited's entire shareholding in AST Distributed Technology Services (Pty) Limited.

The working capital loans bear interest at the prime overdraft rate.



21. Interest-bearing liabilities (continued)**Shareholders' loan**

The shareholders' loan has been repaid in full.

Other liabilities**PAYE liability**

The Group entered into an agreement with the South African Revenue Service (SARS) regarding an outstanding PAYE liability of R56,4 million. R9,1 million of the outstanding capital represented a current liability and has been paid. The remaining balance of R47,3 million is repayable in 24 equal instalments from October 2005 and bears interest at the prescribed SARS rate from that date forward.

Finance lease agreements

An outstanding finance lease liability amounting to R29,0 million net of set off against assets (refer note 8), bears interest at an interest rate of 2,9% (2004: 5,2%) and is repayable six monthly in June and December. The loan term is five years.

Other operational finance leases amounting to R3,4 million have been entered into. Interest on these finance leases is paid at various rates that is linked to and approximates the prime overdraft rate. The leases are secured by cession over the assets to which they relate.

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

	2005	2004
	R'000	R'000
Not later than one year	1 829	1 802
Later than one year and not later than five years	1 557	3 520
Later than five years	–	–
	3 386	5 322
<i>Less: Current portion</i>	(1 829)	(1 802)
	1 557	3 520

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.

Notes to the annual financial statements continued

for the year ended 30 June 2005

	Provision			Contingent			Total liability		
	Cash	Shares	Total	Cash	Shares	Total	Cash	Shares	Total
	Not later than one year	Not later than one year							
22. Amounts due to vendors									
30 June 2005									
All amounts due to vendors have been settled by 30 June 2005.									
30 June 2004									
African Computer Mining Services (Pty) Ltd	–	6 155	6 155	–	–	–	–	6 155	6 155
Inventory Technologies (Pty) Ltd	25	–	25	–	–	–	25	–	25
EBIT Solutions (Pty) Ltd	–	2 052	2 052	–	–	–	–	2 052	2 052
GEM & Poynton and Partners	–	–	–	–	–	–	–	–	–
Cato Computers	150	–	150	–	–	–	150	–	150
	175	8 207	8 382	–	–	–	175	8 207	8 382
	Provision			Contingent			Total liability		
Number of shares ('000)	Cash	Shares	Total	Cash	Shares	Total	Cash	Shares	Total
	Not later than one year	Not later than one year							
Vendor									
African Computer Mining Services (Pty) Ltd	–	8 793	8 793	–	–	–	–	8 793	8 793
EBIT Solutions (Pty) Ltd	–	2 932	2 932	–	–	–	–	2 932	2 932
	–	11 725	11 725	–	–	–	–	11 725	11 725
				Opening balance	South Africa Charge/(credit) to income statement	Foreign Charge/(credit) to income statement	Closing balance		
				R'000	R'000	R'000	R'000		
23. Deferred tax liability									
Balance as at 30 June 2005									
Provisions			16 244		11 661	–			27 905
Change in tax rate			–		3 723	–			3 723
Prepayments			4 144		(3 802)	–			342
S24 Allowance – income received in advance			1 847		–	–			1 847
Income received in advance			700		2 756	–			3 456
Doubtful debt allowance			(703)		(997)	–			(1 700)
Work in progress			5 437		(2 017)	–			3 420
Leased assets			16 912		(2 200)	–			14 712
Prior year adjustment on leased assets			–		(17 597)	–			(17 597)
Trading stock			(968)		1 181	–			213
Liability in terms of goodwill – intangible assets			–		2 142	–			2 142
Operating lease liability (AC 105)			–		(4 808)	–			(4 808)
			43 613		(9 958)	–			33 655



Notes to the annual financial statements continued

for the year ended 30 June 2005

26. Financial instruments

The Group Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and manages the financial risks relating to the Group's operations.

The Group's objective in using financial instruments is to reduce the uncertainty around future cash flows arising from movements in currency and interest rate exposures.

The Group's activities are exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to minimise the potential impact of foreign exchange rate exposures.

26.1 Interest rate risk management

The Group is exposed to interest rate risk as it borrows and places funds at rates linked to the prime overdraft interest rate.

The Group has no significant interest-bearing assets. The Group borrows at fixed or variable rates. In order to manage the risk of fluctuating interest rates it occasionally uses interest rate swaps, which have the economic effect of converting borrowings from floating rates to fixed rates or from fixed rates to floating rates. All interest rate swap agreements were cancelled following the settlement of borrowings relating to property disposed of during the year.

The periods and notional principal amounts of outstanding interest rate swap contracts at 30 June 2005 were:

	Group	
	2005 R'000	2004 R'000
Less than one year	–	829
Two to five years	–	19 231
Five to ten years	–	–
	–	20 060

26.2 Fair value of financial instruments

At 30 June 2005 the carrying amounts of cash and short-term deposits, account receivable, account payable, accrued expenses and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities.

	Carrying value R'000	Fair value R'000
The fair value of the Group's financial assets and liabilities is stated below:		
Financial assets		
Cash and cash equivalents	56 841	56 841
Trade and other receivables	393 645	393 645
	9 053	9 053
Investments	2 889	2 889
	462 428	462 428
Financial liabilities		
Trade and other payables, and provisions	438 756	438 756
	438 756	438 756



26. Financial instruments (continued)

26.3 Liquidity risk management

The Group manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate cash levels are maintained.

26.4 Credit risk management

Potential concentrations of credit risk consist mainly of cash and cash equivalents, investments and trade debtors.

Trade debtors comprise a large number of customers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors, Trade debtors are presented net of impairment of potential bad or doubtful debts.

At 30 June 2005 the Company/Group did not consider there to be any significant concentration of credit risk that had not been insured or adequately provided for.

26.5 Foreign currency risk management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollars, Australian Dollars and Euros. Entities in the Group use forward contracts, transacted with Group Treasury, to hedge their exposure to foreign currency risk in connection with the measurement currency.

External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions. The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk.

Refer to note 27 for detail disclosure of forward exchange contracts.

27. Commitments

Capital commitments

In terms of an agreement with Zenprop Property Holdings (Pty) Ltd an amount of R1,8 million (2004: R1,2 million) will become due and payable in the event that the Group fails to procure the development of a property owned by The Zenprop 13 Trust.

	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	Total R'000
Future operating lease commitments				
Land and buildings	24 940	77 497	55 670	158 107

These operating lease commitments represent cash flows linked to the lease agreements and does 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 (refer note 7).

Notes to the annual financial statements continued

for the year ended 30 June 2005

	Foreign currency R'000	Rand amount R'000	2005 Fair value R'000	Unrealised loss/(profit) R'000	2004 Unrealised loss R'000
28. Foreign exchange position					
Forward exchange contracts that hedge forecasted transactions (fair value hedge):					
US Dollars	1 928	12 701	12 967	(266)	1 008
Euro	44	360	356	4	406
		13 061	13 323	(262)	1 414
The forward exchange contracts (FEC) relate to specific foreign trade creditor 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 2005 to 20 December 2005.					
				2005 R'000	2004 R'000
29. Contingent liabilities					
Bank and other guarantees					
At 30 June 2005 the Group had contingent liabilities in respect of registered performance bonds bank, lease and other guarantees				2 658	2 467
A detailed list of guarantees and performance bonds can be viewed at the Group's registered office.					
				Foreign currency and amount '000	Rand amount R'000
RSA:					
– The Standard Bank of South Africa Ltd				1 457	1 457
Namibia					
– First National Bank of Namibia Ltd				201	201
Australia					
– National Australia Bank				197	1 000
					2 658
				2005 R'000	2004 R'000
30. Retirement benefits					
The Group has made provision for pension and provident schemes covering 80% of qualifying permanent employees. The AST-A 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:					
Pension costs				48 680	51 174
Total included in staff costs (refer note 2)				48 680	51 174



31. Related party transactions

During the year the Group, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions occurred under terms that are no less favourable than those agreed with third parties. Services are usually negotiated with related parties on a cost-plus basis allowing a margin ranging from 10% to 25%. 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, Mr RW Gumede, an Executive Director, indirectly held 27,7% of the issued ordinary shares of the Group at 30 June 2005, Mr NI Mhlongo, a Non-executive Director, indirectly held 4,3% of the issued ordinary shares of the Group at 30 June 2005. The indirect shareholding resulted from Mr Gumede and Mr Mhlongo's indirect shareholding in Gijima Info Technologies Africa (Pty) Limited, the holding company of Gijima Technologies (Pty) Limited, Gijima Support Services (Pty) Limited and Gijima Technologies Group (Pty) Limited. The latter three companies hold the shares in GIJIMA AST GROUP LIMITED.

There were no transactions between directors and Group subsidiaries or between entities controlled by directors and other Group subsidiaries.

31.1 Subsidiaries

Details of interests in subsidiaries are disclosed on pages 90 to 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.

31.2 Directors

Details relating to directors' emoluments and shareholdings in the Company are disclosed in note 2.

31.3 Share in joint ventures

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

	Group	
	2005	2004
Percentage shareholding		
Glaxynet (Pty) Limited	50%	50%
Thuso IT (Pty) Limited	40%	40%
Bentley West Strategic Consulting (Pty) Limited	50%	100%

Thuso IT (Pty) Limited is a joint venture with Magoshi Investments and is a black economic empowerment venture. Glaxynet (Pty) Limited is a joint venture established with Galaxy Health (Pty) Limited to provide administrative services in the healthcare industry. Bentley West Strategic Consulting (Pty) Ltd is a joint venture with senior management of Bentley West and aims to provide strategic consulting services.

Notes to the annual financial statements continued

for the year ended 30 June 2005

	2005	2004
31. Related party transactions (continued)		
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:		
Property, plant and equipment	136	19
Non-current assets	532	102
Current assets	4 705	1 408
Total assets	5 373	1 529
Provisions for liabilities and charges	1 049	140
Non-current liabilities	–	117
Current liabilities	5 842	1 262
Total liabilities	6 891	1 519
Net assets	(1 518)	10
Revenue	18 537	33 039
Profit before taxation	1 279	1 334
Taxation	(343)	(1 169)
Profit after taxation	936	165
Proportionate interest in joint ventures' cash flows		
Cash from operating activities	1 121	1 492
Cash used in investing activities	(134)	(1 507)
Cash used in financing activities	(2 108)	–
Net cash outflow	(1 121)	(15)



	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
32. Cash flow information				
32.1 Reconciliation of profit before tax to cash generated from operations				
Profit/(loss) before tax	36 882	(125 264)	–	–
Adjustments for:	–	–		
Amortisation/Impairment	37 650	101 905	–	–
Depreciation	42 847	53 121	–	–
(Profit)/loss on sale of business	(4 891)	3 584	–	–
Provisions and other non-cash flow adjustments	1 678	7 537	–	–
Interest received	(16 805)	(18 054)	–	–
Finance costs	21 305	58 722	–	–
Currency translation differences	(10 550)	(49 793)	–	–
Operating cashflow before working capital changes	108 117	31 758	–	–
Working capital changes				
Increase in finished goods (refer note 16)	9 001	19 416	–	–
Decrease/(increase) in accounts receivable	(40 266)	86 586	–	–
Decrease in vendor claims	–	(13 910)	–	–
Increase in accounts payable	(18 616)	(40 468)	–	–
Cash generated from operations	58 235	83 382	–	–
32.2 Vendor payments for past acquisitions				
The Group made payments to vendors as purchase consideration for acquisitions made in previous years. Details of payments for net assets acquired and goodwill are as follows:				
Purchase consideration				
– cash paid	380	10 091		
– fair value of shares issued	–	–		
Total purchase consideration	380	10 091		
Fair value of net assets acquired	–	–		
Goodwill	380	10 091		
32.3 Cash flow effect of acquisitions of subsidiaries and businesses				
Total purchase consideration (refer note 13)	142 367	–		
Less:				
Discharged by shares issued (refer note 19)	138 942	–		
Cash and cash equivalents acquired (refer note 13)	2 823	–		
Cash outflow for acquisitions acquired in the current year	602	–		

Details of principal subsidiary companies

Name of subsidiary company	Place and date of incorporation	Registration number	Date it became a subsidiary or associate	Issued share capital R	% held	Nature of business
Directly owned						
Access Market International (Pty) Ltd	Pretoria 24/03/2000	2000/005743/07	04/04/2000	100	100	Dormant
Advanced Software Technologies International Holdings	Mauritius 01/04/1999	6/99/4516	01/04/1999	US\$7	100	Holding company
A-Fin Capital (Pty) Ltd	Pretoria 13/07/2001	2001/014884/07	19/07/2001	100	100	Dormant
Asindo Human Resources (Pty) Ltd	Pretoria 16/07/2001	2001/015127/07	01/10/2002	100	100	Human resource outsource services
AST Abraxas IT Solutions (Pty) Ltd	Pretoria 09/09/1999	1999/019925/07	16/09/1999	100	100	Dormant
AST Business Communications (Pty) Ltd	Pretoria 10/04/1962	1962/001166/07	12/12/2001	1 900 000 45 600 000 "A" class shares (1c)	100	Dormant
AST Cape (Pty) Ltd	Pretoria 09/09/1999	1999/019942/07	09/09/1999	100	100	Dormant
AST Computer Services (Pty) Ltd	Pretoria 17/05/1999	1999/010180/07	17/05/1999	1 000	100	Dormant
AST Consulting (Pty) Ltd	Pretoria 25/01/1999	1999/001425/07	25/01/1999	1 000	100	Dormant
AST Enterprise Solutions Management (Pty) Ltd	Pretoria 16/09/1999	1999/020580/07	16/09/1999	1 000	100	Dormant
AST Health Solutions (Pty) Ltd	Pretoria 17/06/1998	1998/011560/07	01/08/1999	10	100	Dormant
AST Identification Solutions (Pty) Ltd	Pretoria 24/05/1999	1999/010719/07	08/06/2001	100	100	Dormant
AST Offshore Holdings	Mauritius 01/04/1999	6/99/4515	01/04/1999	US\$1	100	Holding company
AST Property Management (Pty) Ltd	Pretoria 15/07/1997	1997/011382/07	28/01/1998	100	100	Property management
Benefic Computers (Pty) Ltd	Pretoria 17/01/2000	2000/000266/07	02/02/2000	100	100	Dormant
Camagu Technology Holdings (Pty) Ltd	Pretoria 10/12/1999	1999/027443/07	29/06/2001	100	100	Dormant
Centenary Services (Pty) Ltd	Pretoria 23/09/1994	1994/007606/07	01/06/1999	120	100	Dormant
Enterprise Competency Centre (Pty) Ltd	Pretoria 14/12/1990	1990/007526/07	07/08/1997	100	100	Dormant
GijimaAst Holdings (Pty) Ltd	Pretoria 04/11/1998	1998/021835/07	01/04/1999	1	100	Software and IT services
Graphic Mining Solutions International (Pty) Ltd	Pretoria 27/05/1996	1996/006527/07	01/05/1999	100 000 (1c)	100	Mining management software
Incito Supply Chain Management (Pty) Ltd	Pretoria 25/01/2001	2001/001659/07	01/05/2002	1 000	100	Dormant
Marknet Occupational, Health and Safety Systems 2000 (Pty) Ltd	Pretoria 10/04/2000	2000/006818/07	30/09/2001	100	100	Dormant
Matsema International B.V.	Rotterdam Netherlands 22/06/1999	BV 24294429		Euro 18 200	100	Holding company
Online Outsource (Pty) Ltd	Pretoria 15/09/1999	1999/020335/07	20/12/2000	10 000 000 (1c)	100	Outsourced IT services
PLINY (Pty) Ltd	Pretoria 18/09/1995	1995/009976/07	01/10/1996	100	100	Dormant



Name of subsidiary company	Place and date of incorporation	Registration number	Date it became a subsidiary or associate	Issued share capital R	% held	Nature of business
SIHAN Computer Services (Pty) Ltd	Pretoria 07/10/1999	1999/022607/07	15/10/1999	100	100	Dormant
SX Holdings (Pty) Ltd	Pretoria 18/12/1997	1997/022097/07	01/07/1998	99	100	Dormant
SX Investment Holdings (Pty) Ltd	Pretoria 16/03/1998	1998/004894/07	01/07/1998	99	100	Dormant
Vast Automation (Pty) Ltd	Pretoria 24/03/2000	2000/005755/07	31/03/2000	4 400	100	Dormant
Work Force Solutions (Pty) Ltd	Pretoria 30/09/1998	1998/19443/07	01/07/1998	100	100	Dormant
Joint ventures						
AST Distributed Technology Services (Pty) Ltd	Pretoria 28/01/1999	1999/001742/07	01/04/2000	2 000 (1c)	70	Desktop services
AST WebAccess (Pty) Ltd	Pretoria 06/03/2002	2002/005182/07	01/05/2002	100	60	Internet access kiosks
Bentley West Strategic Consulting (Pty) Ltd*	Pretoria 12/10/1999	1999/022929/07	02/11/1999	240	50	Dormant
Emthonjeni Resourcing (Pty) Ltd	Pretoria 23/07/2001	2001/015965/07	08/08/2001	1 000	49	Dormant
Lechabile AST (Pty) Ltd	Pretoria 19/05/1998	1998/009515/07	28/08/1998	1 000	50	Dormant
Shwemso Communications (Pty) Ltd	Pretoria 25/05/1999	1999/010796/07	25/11/1999	100	40	Dormant
Thuso Information Technology (Pty) Ltd	Pretoria 30/09/1999	1999/021945/07	14/10/1999	100	40	Information technology services
Associates						
Naledi Computer Systems (Pty) Ltd	Pretoria 29/04/1997	1997/006365/07	28/09/2000	1 000	25	Information technology products and services

* The only change in GijimaAst's effective shareholding during the year refers to Bentley West Strategic Consulting (Pty) Ltd. As stated in note 2 to the annual financial statements, 50% of the shares held in Bentley West Strategic Consulting (Pty) Ltd were sold to management.

Shareholders' information

Announcements released during the year

Analysis of shareholdings				
Range	Number of shareholders	Number of shares	Number of members as a %	% of total shares issued
1 – 1 000	2 408	767 856	45,52	0,08
1 001 – 5 000	1 012	2 649 323	19,13	0,27
5 001 – 10 000	472	3 731 562	8,92	0,39
10 001 – 100 000	1 042	36 703 009	19,70	3,80
100 001 – 1 000 000	279	84 014 234	5,27	8,71
> 1 000 000	77	836 800 554	1,46	86,75
Totals	5 290	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	2 757	945 688 724	52,12	98,03
Public and Individuals	2 533	18 977 814	47,88	1,97
Totals	5 290	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	11	319 028 705	0,21	33,07
Directors	10	319 016 936	0,19	33,07
Staff share scheme	1	11 769	0,02	0,00
Public	5 279	645 637 833	99,79	66,93
Totals	5 290	964 666 538	100	100



Shareholding over 1%

Registered/Beneficial holder	Number of shares	% of shares held
Gijima Technologies (Pty) Ltd	169 817 449	17,60%
Gijima Support Services (Pty) Ltd	123 503 600	12,80%
Gijima Technologies Group (Pty) Ltd	15 437 950	1,60%
Allan Gray Asset Managers	169 892 751	17,61%
Stanlib Asset Managers	63 972 143	6,63%
Finsource Asset Managers	59 435 552	6,16%
Kumba Resources Limited	44 409 958	4,60%
RMB Asset Managers	33 555 286	3,48%
Coronation Asset Managers	22 359 559	2,32%
M Cubed Asset Management	20 615 440	2,14%
Finsettle Services (Pty) Ltd	14 364 831	1,49%
Sanlam Asset Managers	11 954 677	1,24%

JSE Limited performance

Number of shares traded	98 809 770
% of total issued shares	10,24%
Value of shares traded	R53 779 910
Priced quoted (cents per share):	
• Highest	87
• Lowest	36
• Closing	51
Market capitalisation at year-end	R491 980 000
Price earning ratio	3,06
Earning yield	8,15

History - share trading

on the JSE Limited

Period	Year	Quarter/month	High (cents)	Low (cents)	Volume traded	Value traded (R)
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
Monthly	2005	2	80	42	46 829 671	22 111 000
	2004	July	70	54	4 956 930	3 026 130
	2004	August	63	54	4 187 101	2 416 560
	2004	September	87	60	7 019 846	5 100 220
	2004	October	74	55	8 198 429	5 232 610
	2004	November	73	62	3 393 382	2 268 780
	2004	December	74	48	3 838 088	2 284 750
	2005	January	55	43	5 205 978	2 555 250
	2005	February	54	45	6 458 203	3 171 190
	2005	March	85	36	8 722 142	5 613 780
	2005	April	80	42	15 664 991	7 653 210
	2005	May	50	45	19 446 512	9 028 200
	2005	June	54	42	11 718 168	5 429 230

Shareholders' diary

Annual general meeting 9 November 2005

Reports and financial statements

Annual results announcements (published) 30 August 2005

Publication of annual report (mailed to shareholders) 29 September 2005

Financial year-end 30 June 2006



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 advisor

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
5th Floor, 3 Simmonds Street
Johannesburg, 2001
(PO Box 61344, Marshalltown, 2107)

Sponsor

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
(Member of the JSE Limited)
5th Floor, 3 Simmonds Street
Johannesburg, 2001
(PO Box 61344, Marshalltown, 2107)

Reporting accountant and auditor

PricewaterhouseCoopers Inc.
Chartered Accountants (SA)
(Registration number 1998/012055/21)
32 Ida Street
Menlo Park (Menlyn), 0182
(PO Box 35296, Menlo Park, 0120)

Attorneys

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

Transfer office/Transfer secretaries

Ultra Registrars (Proprietary) 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)

Notice of annual general meeting to members

Notice is hereby given that the seventh 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 Wednesday, 9 November 2005 at 15:00, 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 2005 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 MG Erasmus
- 3.2 M Macdonald
- 3.3 CJ Potgieter
- 3.4 HJ Smith
- 3.5 JCL van der Walt

Confirm appointment

- 3.6 NJ Dlamini
- 3.7 W Drue
- 3.8 CJH Ferreira
- 3.9 RW Gumede
- 3.10 NI Mhlongo
- 3.11 CME Mostert
- 3.12 K Mpinga
- 3.13 AFB Mthembu

The abridged curricula vitae for each of the above directors appear on pages 4 to 9 of the annual financial statements of the Company in respect of its financial year ended 30 June 2005.

4. To confirm the directors' emoluments.
5. That the GijimaAst Share Linked Bonus Scheme, as tabled at this annual general meeting and initialled by the Chairman for purposes of identification, be and is hereby approved and adopted by the Company.

The salient features of the GijimaAst Share Linked Bonus Scheme are contained in a separate circular which will be posted to shareholders by 19 October 2005, i.e. at least 14 clear days before the annual general meeting.
6. To grant a general authority to the directors to allot and issue unissued ordinary shares of the Company upon such terms and conditions as they in their sole discretion may determine, subject to the provisions of the Companies Act, No 61 of 1973, as amended, and the Listings Requirements of the JSE Limited ("the JSE").

7. To grant a general authority to the directors to allot and issue shares for cash, as and when suitable conditions arise, which authority shall be subject to the following:

- This authority shall be valid until the next annual general meeting of the Company, or for a period of 15 months from the passing of this resolution, whichever period is the shorter.
- The shares must be of a class already in use.
- The shares must be issued to public shareholders (as defined in paragraph 4.26 to 4.27 of the Listings Requirements of the JSE) and not to related parties.
- The general issue of shares for cash in the aggregate in any one financial year may not exceed 5% of the Company's issued share capital (number of shares) of that class.
- The maximum discount at which shares may be issued is 10% of the weighted average traded price of those shares over the 30 business days prior to the date on which the price of the issue is determined or agreed by the directors of the Company.
- A 75% majority of votes cast by the shareholders present and presented by proxy at the general meeting is required to approve this resolution regarding the waiver of pre-emptive rights.

8. To confirm and approve that no dividends will be declared for the financial year ended 30 June 2005.

9. To confirm the reappointment of the group's auditors, PricewaterhouseCoopers Incorporated.

A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote on his behalf. 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 should be forwarded to reach the Company's registered office or the transfer secretaries, Ultra Registrars, 5th Floor, 11 Diagonal Street, Johannesburg or PO Box 4844, Johannesburg, 2000 by 15:00 on Monday, 7 November 2005.

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



J C Rademan
Group Secretary

Centurion
30 September 2005



Contact information

Head Office: Samrand

Tel: +27 12 675 5000
Fax: +27 12 675 5400

47 Landmarks Avenue, Kosmosdal, Samrand

PO Box 10629, Centurion, 0046

Bloemfontein

Tel: +27 51 403 1220
Fax: +27 51 403 1225

Sanlam Regional Office, Ground Floor, 163a Nelson Mandela Drive, Bloemfontein, 9301

PO Box 789, Bloemfontein, 9300

Cape Town

Tel: +27 21 680 3300
Fax: + 27 21 680 3386

2nd Floor, GijimaAst Terraces, Golf Park, Raapenberg Road, Mowbray, 7700

PO Box 429, Howard Place, 7450

Centurion

Tel: +27 12 665 0190
Fax: +27 12 665 1339

Building No 11, Highgrove Office Park, Oak Avenue, Highveld Park, Centurion, Pretoria

PO Box 29574, Sunnyside, 0132

Durban

Tel: +27 31 566 7300
Fax: +27 31 566 2150

14 Cranbrook Crescent, Cranbrook Park, La Lucia Office Estate, La Lucia Ridge, 4320

PO Box 22367, Glenashley, 4023

Middelburg

Tel: +27 13 247 2194
Fax: +27 13 247 2622

Hendrina Road, Middelburg, Columbus Stainless Site, Block - P

Box 2274, Middelburg, 1050

Newcastle

Tel: +27 3431 48866
Fax: +27 3431 48844

Energy Crescent, Iscor Road, Newcastle

Private Bag X6613, Newcastle, 2940

Pietermaritzburg

Tel: +27 33 342 5075
Fax: +27 33 342 5093

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

Port Elizabeth

Tel: +27 41 585 5488
Fax: +27 41 585 5477

104 Park Drive, Port Elizabeth, 6001

Suite 36 Postnet X27964, Green Acres, Port Elizabeth, 6057

Richards Bay

Tel: +27 35 780 8900
Fax: +27 35 789 0615

20 Lira Link Street, Partridge Place, Suite 24A, Richards Bay, 3900

PO Box 2139, Richards Bay, 3900

Sunninghill

Tel: +27 11 209 0000
Fax: +27 11 209 0022

Block D, Belvedere Place Office Park, 5 Eglin Road, Sunninghill, 2157

Private Bag X9, Melville, 2109

Vanderbijlpark

Tel: +27 16 889 6067
Fax: +27 16 889 7397

Frikkie Meyer Boulevard North, Vanderbijlpark, 1911

PO Box 5366, Vanderbijlpark, 1900

Walvis Bay

Tel: 09264 64 209 081
Fax: 09264 64 209 856

Officeconomix 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



www.gijima.com