ANNUAL REPORT 2006

GijimaAst
YOUR COMPLETE ICT PARTNER

Logging on...

CONTENTS

WHO IS GijimaAst?

GijimaAst is a proudly empowered South African Information Communication and Technology (ICT) company listed on the JSE. It has gained recognition as the complete ICT partner to a considerable client base of large technology users in both the public and private sectors. Its intellectual capacity, business model and extended geographic footprint is unparalleled in the local market and provides clients with sophisticated and diverse service delivery options in the infrastructure, solutions, system integration and networking arenas.

GijimaAst's competencies and vertical market focus include broad experience and market penetration in the financial services and retail markets, manufacturing, mining, telecommunications, as well as National and Provincial Government departments and State-owned enterprises.

As one of the leading technology companies in southern Africa, in terms of physical infrastructure and geographic footprint, it has the capability and capacity to provide services to large organisations as well as small and medium entities. With more than 70 offices and service centres throughout southern Africa, it is well positioned to add value to its clients.

GijimaAst has a large, loyal and supportive client base, long-term institutional shareholding, an enviable service track record and the best empowerment credentials in the industry. Almost 90% of the top 100 JSE-listed companies, including nine of South Africa's leading corporations are clients of GijimaAst while the Group also enjoys long-term relationships with the majority of its clients.

GijimaAst has a diversified and comprehensive range of ICT consulting and delivery capabilities. Together with an in depth knowledge of systems integration, the Group has a solid foundation from which to develop vertically integrated, industry-focused solutions for its clients across a broad spectrum of industries.

Employing more than 3 300 ICT professionals, GijimaAst's specialised business knowledge in the financial services, retail, mining and manufacturing, and the telecommunications industries as well as Government enables it to provide comprehensive, integrated solutions to clients in those markets. The Group's proven strategy incorporates client care and the plan-build-run-leverage cycle of technology solutions which has found favour internationally.

With its 37% unencumbered black shareholding through Guma (formerly Gijima) and a combined 45% black shareholding, GijimaAst is ranked as the top BEE ICT services and solutions company in South Africa as reflected by its AA Empowerdex rating. It also achieved a ranking of eighth out of 200 JSE-listed companies in a Financial Mail survey during 2006. Over 45% of GijimaAst's Board and Executive Committee comprise black executives, while more than 30% of its staff is now from HDI groups.

GijimaAst is a proudly empowered South African ICT company listed on the JSE. Its intellectual capacity, business model and extended geographic footprint is unparalleled in the local market and provides clients with sophisticated and diverse service delivery options in the infrastructure, solutions, system integration and networking arenas.

FINANCIAL HIGHLIGHTS

- **Revenue up by 24.4% to R1.95 billion**
- **Profitability improved by R87.7 million**
- **Cash generated from operating activities up by R91.9 million to R94.5 million**
- **Headline earnings per share of 2.93 cents**
- **Current ratio of 1.35 times up from 1.09 times**
- **Greatly improved Black Economic Empowerment credentials**

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

for the years ended	30 June 2006 R'000	30 June 2005 R'000	30 June 2004 R'000	30 June 2003 R'000	30 June 2002 R'000
INCOME STATEMENT					
Revenue	1 951 041	1 568 783	1 734 652	2 205 612	2 219 650
EBITDA	106 675	86 171	74 284	(24 422)	179 699
EBITDA (%)	5.47	5.49	4.28	(1.11)	8.10
Operating profit/(loss)	71 721	41 734	(84 922)	(232 483)	(14 550)
Operating profit/(loss) (%)	3.68	2.66	(4.90)	(10.54)	(0.66)
Headline earnings/(loss)	28 252	49 440	(14 018)	(62 239)	112 557
Headline earnings/(loss) (%)	1.45	3.15	(0.81)	(2.82)	5.07
BALANCE SHEET					
Cash and cash equivalents	174 011	56 841	38 294	36 133	111 731
Total assets	952 682	888 439	784 515	1 044 146	1 153 472
Ordinary shareholders' funds	264 271	246 775	23 001	124 231	336 264
Number of shares in issue	964 667	964 667	184 291	67 311*	57 505*
Weighted average number of shares	964 667	315 638	153 124	61 323*	56 056*
FINANCIAL STATISTICS					
Headline earnings/(loss) per ordinary share (cents)	2.93	15.66	(9.15)	(101.49)*	200.80*
Earnings/(loss) from continuing operations per ordinary share (cents)	2.51	(20.42)	(92.51)	(370.95)*	(97.90)*
Earnings/(loss) from discontinuing operations per ordinary share (cents)	(0.14)	(0.12)	–	–	–
Cash from/(utilised in) operating activities per weighted average ordinary share (cents)	9.76	0.84	23.78	(85.29)*	367.70 *
Net asset value per ordinary share (cents)	27.40	25.58	12.48	184.56*	584.76*
SELECTED RETURNS AND RATIOS					
Effective tax rate (%)	43.70	5.02	172.78	32.99	25.18
Current ratio	1.35	1.09	0.89	0.74	0.87
Return on equity (headline earnings) (%)	10.69	20.03	(60.94)	(50.10)	33.47
Average trade receivables collection days	69.59	62.20**	57.05	55.33	48.10
Number of employees	3 373	3 247	3 058	3 498	3 961
Revenue per employee	578	564**	567	631	560
Operating profit/(loss) per employee	21	31**	(28)	(66)	(4)

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

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

VALUE ADDED STATEMENT

	Group 2006 R'000	Group 2005 R'000
Wealth creation:		
Group revenue	1 951 041	1 568 783
Cost of materials and services	(892 614)	(621 074)
Value added	1 058 427	947 709
Net financing costs	(1 847)	(4 303)
Total wealth created	1 056 580	943 406
Wealth distribution:		
Workforce		
Salaries, wages, bonuses, pension, medical aid, other benefits and contractor fees	919 808	799 575
Attributable to minority shareholders and associates	15 169	15 656
Central and Local Governments	43 623	13 887
Tax	30 518	3 430
Rates and taxes	3 588	4 483
Skills development levy	4 359	1 591
Regional services levies	5 158	4 383
Reinvested in the Group	77 980	114 288
Depreciation, amortisation and impairment	39 954	163 595
Profit / (loss) for the period from continuing operations	39 345	(48 939)
(Loss) for the period from a discontinued operation	(1 319)	(368)
Total wealth distributed	1 056 580	943 406
Taxes paid and collected		
VAT	166 631	133 329
PAYE	198 590	157 265

BOARD OF DIRECTORS

Name: Hans Jurie Smith
Position: Independent Non-executive Chairman
Date of appointment: March 2003
Qualifications: B Sc (Eng Metallurgy- University of Pretoria), B.Sc (Eng Mining- University of the Witwatersrand), a post-graduate diploma in Market Research and Advertising (University of South Africa)

Name: Robert Wellington (Matana) Gumede
Position: Executive Deputy Chairman
Date of appointment: May 2005
Qualifications: B Juris

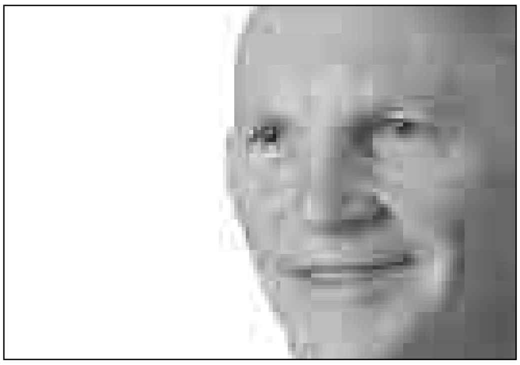
Name: John Edward Miller
Position: Chief Executive Officer
Date of appointment: October 2000
Qualifications: AEP (Unisa)

Name: Carlos Jorge Henriques Ferreira
Position: Group Financial Director
Date of appointment: May 2005
Qualifications: B.Com (Hons) PG Dip BA

Name: Carel Pieter Potgieter
Position: Chief Operating Officer
Date of appointment: February 2006
Qualifications: NDP in Public Admin, B-Iuris, MBL

Name: Nhlanhla Innocent Mhlongo
Position: Independent Non-executive Director
Date of appointment: May 2005
Qualifications: Dip Electrical Engineer

BOARD OF DIRECTORS



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

Name: Cornelius Johannes Potgieter
Position: Non-executive Director
Date of appointment: June 2003
Qualifications: B.Com Accounting (Hons)
Date of resignation: August 2006

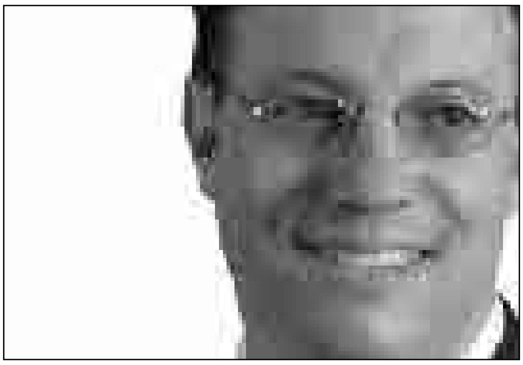
Name: Jacobus Carolus Lodewiekus van der Walt
Position: Independent Non-executive Director
Date of appointment: April 1999
Qualifications: BSC Eng Industrial

Name: Cheslyn Michael Edward Mostert
Position: Independent Non-executive Director
Date of appointment: June 2005
Qualifications: Matric

Name: Kalaa Mpinga
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

Name: Andrew Fana Bambaphansi Mthembu
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
He's also completed Wharton's Advanced Management Programme (AMP) and the Executive Management Programme at the University of Chicago's Graduate School of Business

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



Name: Warren Drue
Position: Non-executive Director
Date of appointment: January 2005
Qualifications: BA, LLB
Date of resignation: August 2006

CHAIRMEN'S REPORT

INTRODUCTION

Results for the year ended 30 June 2006 represent the first full year report since the merger between Gijima and AST. Our results demonstrate that we have made excellent progress towards restoring the Group's prospects and reversing the negative revenue and profit trend of recent years. Since the merger, revenues have grown and the Group has returned to profitability whilst generating solid cash flows.

During the financial year, Guma (formerly Gijima) our BEE partner increased its unencumbered shareholding in GijimaAst from 32% to 37% which strengthened our BEE credentials. GijimaAst was awarded an AA Empowerdex Rating which is the highest amongst JSE-listed ICT companies.

The Enterprise Application Solutions division which underperformed in 2005 was turned around and is now on a sound footing. The Managed Service Division's performance was disappointing, mainly due to client pressure to reduce costs in traditional outsourcing activities. However, it successfully concluded engagements with several new clients during the period. GijimaAst's ability to attract and retain new clients in the past year bears testimony to progress made in restoring the market's confidence in the Group's prospects.

The financial results do not fully demonstrate the strategic achievements of the past year. Three strategically significant events were announced post-balance sheet, reflecting the progress of GijimaAst: The award of a new five-year contract with Absa, the securitisation of the Group's debtors book and the acquisition of Absa's remaining 30% shareholding in AST Distributed Technology Services (Pty) Limited (DTS). It was a major coup for our finance division to use the debtors book to restructure GijimaAst's short term interest bearing debt. The securitisaton results in lower funding costs, provides substantially enhanced liquidity and gives us greater flexibility to apply our financial resources to growing the business. At the same time, the stronger balance sheet allows the Group to take a more selective approach to new business opportunities - pursuing profitable prospects rather than chasing new business at any cost. In our opinion, this is the biggest benefit of the securitisation. At the date of this report, the Group's net cash balances exceeded R300 million with no short-term debt or overdraft.

CREATING VALUE FROM THE MERGER

The focus of the year was bedding down the merger and creating a new integrated and truly united company. Soon after bringing the two companies together, we took note of the differences between them – where Gijima had a very democratic and client centric culture; the old AST was highly centralised and employees were often given responsibilities without accountability for the outcome of their decisions. The fit was excellent, but we remained acutely aware at all times that mergers are about staff and client retention. We took from both companies what had worked in the past, resulting in a client focused culture.

We focused on building GijimaAst's credibility as a place where IT professionals could grow their careers. We also embarked on a process of building our reputation as an employer of choice for all South Africans. Effective processes to evaluate individual contribution to the company and specific clients were implemented. During the process, many talented people came to the fore and have been given opportunities to grow. The realignment of the company, initiated on 1 July 2006, clustered clients together and business unit managers are now closer to both their staff and customers, making measurement of service levels more effective and efficient.

With our 37% unencumbered black shareholding through Guma (formerly Gijima), GijimaAst is ranked as the top BEE ICT services and solutions company as reflected by our AA Empowerdex rating. We also achieved a ranking of eighth out of 200 JSE-listed companies in a Financial Mail survey during 2006.

CHAIRMEN'S REPORT

TRANSFORMATION

At the time of the merger, transformation was embraced by both companies. With the changes taking place in our country and business at large, driven by sector empowerment charters including the financial services charter and the mining charter, transformation became a business imperative.

At the re-energised GijimaAst, we focused on creating an attractive culture for talented black individuals in an environment which embraced their skills. The success of this initiative is evidenced by operational management in the realigned organisation where two of the top three jobs are held by black ICT professionals. These professionals are at the coal face and bear the full responsibility and accountability of profitably running their divisions.

Since the merger, we have made enormous progress in changing the demographics of our workforce by 15% to 30% at the end of the financial year under review. Representation in management also changed substantially as demonstrated by our Board of Directors and Executive Committee which are 50% and 45% black respectively.

GijimaAst staff members are supportive and they embrace our transformation imperatives. We struck the balance by understanding the job security fears of our white staff members and the expectation of our black staff members, while ensuring that the Group continues to satisfy the needs of both clients and stakeholders.

We believe that our Board of Directors is truly representative of South African demographics. We were fortunate to attract an immensely talented team of non-executive directors and appreciate their active participation in strategic matters affecting GijimaAst during the year. We encouraged debate and motivated differences of opinion to ensure that decisions were made with full understanding of the consequences and benefits to GijimaAst shareholders and clients.

CORPORATE GOVERNANCE

We adopted a stringent approach to corporate governance during the turn around phase. We did this to ensure a sound foundation while rebuilding the business, including the appointment of non-executive directors with diverse skills to assist with the process. We are now in a position to streamline the board, a process started with the resignations announced after financial year end.

The willingness of all our non-executive members to serve on sub-committees during 2006 has been invaluable. The increased focus on governance issues during the financial year has yielded good results.

DIVIDEND POLICY

Companies in the technology sector are starting to pay dividends, which is indicative that our industry is starting to mature. Although there will be no dividend payments for the 2006 financial year, it is the Board's clear intention to pay dividends as soon as is practicable. In addition, the Board will seek shareholder approval at its next Annual General Meeting to enable it to effect share buybacks.

STRATEGY

The nature of the ICT industry is a continuous flow of opportunities. GijimaAst needs to deploy its strategy through its new structure, and remain focused. As an ICT company, it will continuously need to evolve its offering to stay abreast of developments. However, we will continue to encourage the Board and executive team to approach success pragmatically, not becoming sidetracked with ventures that are not aligned with the core strategy.

The Board will continue offering guidance to management in delivering its strategy, the basis of long term success. It is GijimaAst's responsibility to focus on achieving its strategic imperatives – and where it deviates materially, the rationale and impact will be clearly communicated to stakeholders.

OUTLOOK

We have a strong presence in the private sector with most of the top South African companies as clients. However, we need to increase our exposure in the public sector. Our proposition is ideally suited to Government's requirements along with our leading BEE status within the industry. The challenge is to translate this vast potential into real cash flow. Substantial new public sector opportunities are in final adjudication, and GijimaAst is positioned to participate meaningfully. We had the pleasure of hosting the SITA's (State Information Technology Agency) CEO and his Executive for Strategy during one of our Board meetings where they articulated their new engagement strategy. Our Board was heartened by their presence and SITA's new vision for the future. We strongly believe that Government ICT strategy is being steered by capable leadership.

The top priority is to deliver organic growth by introducing new client partnerships to GijimaAst. We will also focus on penetrating deeper into our existing client base.

GijimaAst has a well defined strategy to participate in ICT opportunities in Africa. Our blue chip client base in South Africa is increasingly expanding into the continent and we will partner with clients to provide their ICT requirements. Our approach in Africa is conservative, being based on specific opportunities rather than embarking on aggressive growth without guaranteed outcomes.

We continue to invest in our people and our technologies to maximise our value proposition to potential new clients, while also creating additional capacity. The inherent capacity in the Group can be leveraged to deliver profitable revenue growth. With additional training in new technologies, we ensure the sustainability of our offering. We believe that we are ideally positioned to unlock value for shareholders in the year ahead.

ACKNOWLEDGEMENTS

We wish to thank every member of the Board of Directors, the executive team and staff members for their unfailing support during the year. We would also like to thank both Prof PJ Rall and Ms Londiwe Mthembu who serve on our board sub-committees as independent experts. The quality of their inputs has enabled us to make informed decisions.

We also wish to extend our gratitude to our loyal shareholder base. During the restructuring process, they have offered substantial support, which has been vital in restoring our profitability and financial position. We believe that they must be rewarded and the dividend policy to be developed in 2007 will ensure that they realise a positive return on their investments before too long.

We would also like to aknowledge the role and value add that Guma, our BEE partner, is bringing to the Group. Guma executives are very involved in supporting the growth of the business.

HANS SMITH
Non-executive Chairman

ROBERT GUMEDE
Executive Deputy Chairman

MESSAGE FROM HANS SMITH, RETIRING CHAIRMAN:

I believe that we are approaching a time when the Chairman post should be filled by someone whose heritage is in ICT. Since the merger, the intention has been to appoint a black professional as Chairman of the company to reflect the changes in shareholding. At the time, a decision was taken between myself and the Executive Chairman and founder of Guma (then Gijima), Robert Gumede that I would lead the organisation until such time as the merger was fully bedded down. Robert was appointed as Executive Deputy Chairman. My contract with GijimaAst expires at the end of December 2006 and I am happy to pass the baton to Robert who has been appointed by the Board as the new Executive Chairman. However, I have been invited by Guma to join its Board as a director with effect from January 2007 and I will not be lost to GijimaAst as Guma remains a major shareholder.

MESSAGE FROM INCOMING EXECUTIVE CHAIRMAN, ROBERT GUMEDE:

I am heartened and honoured by our competent Board of Directors for appointing me as their Chairman. The injection of new blood in management has already positively impacted on our business and the new found enthusiasm by our staff members will yield good returns for the company.

During my tenure I will continue to work smartly with the Board and management to instill the client centric model as well as just and fair reward for performance by our staff pillared by an entrepreneurial spirit where every member of GijimaAst becomes a sales agent. What the business requires is more sales.

Furthermore, I am thankful to our former Board members for their contribution and especially to Hans Smith for steering our new company to a successful turnaround. Hans played a major role in the merger of Gijima and AST and his leadership helped us to achieve the successes of today. It has been a pleasure to serve on the Board with him. On my and the other Board members behalf, we wish Hans well in his future endeavours.

CHIEF EXECUTIVE OFFICER'S REPORT

INTRODUCTION

The results for the year ended 30 June 2006 reflect good progress in entrenching the recovery of GijimaAst. The Group is back on course as evidenced by the profitable revenue growth reported in the results. Reported profit for the year of R22.8 million, attributable to equity holders of the parent, shows a substantial turnaround from the R64.8 million loss reported in 2005.

Revenue growth was curtailed by ongoing pressure from our client base to reduce costs for commoditised outsourcing, as well as delays in major public sector contract awards, where we are awaiting results. We're pleased with the further improvement in service levels achieved during the year which contributed to both client retention and satisfaction.

The Group continues to strengthen its position in the ICT industry, both from a product and services perspective. BMI-Tecknowledge recognised GijimaAst as the second largest outsource company in terms of revenue during the 2005 calendar year and number one in desktop and network outsourcing.

Three noteworthy post balance sheet events were concluded:

- A new R960 million five year contract for services with Absa Bank;
- A debtors securitisation enabling settlement of all short-term interest bearing debt plus the addition of a further R133 million to cash holdings; and
- The acquisition of the remaining 30% shareholding in DTS, previously held by Absa, subject to regulatory approvals.

MARKET CONDITIONS

Following several years of low growth, the client spending environment finally showed signs of improvement during the year under review. Opportunities arose mainly in the private sector, in the pursuit of lower infrastructure and technology costs and stronger competitive advantages. Participation by suppliers is based not only on ability to deliver cost savings effectively, but also on value added. The growth was mainly in the commodity and hardware sector but, in time, this will flow through to the services market.

Major new business awards by the public sector continued to disappoint during the year. However, SITA, following its own reorganisation under new management, is now better positioned than ever before to support the country and Government's ICT objectives. GijimaAst was successful in a number of SITA Transversal tenders awarded during the year, and participated in several large tenders where we still await a decision from SITA. The South African Revenue Services (SARS) cancelled some tenders where we expected to feature, but have now re-issued the tenders.

Improved industry prospects have the inevitable result of increased demand for experienced skills and this puts pressure on both staff retention and cost containment.

In line with the demand for innovation, technology trends are increasingly driven by implementation of mobile solutions, the convergence of voice and data solutions, information and client security and also compliance to

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CHIEF EXECUTIVE OFFICER'S REPORT

new accounting and financial standards. In line with the supply side's quest for increased value and lower costs, so software-as-a-service is gaining acceptance in the market. We have also seen increased acceptance of open source software, especially in the public sector. Alignment and certification with international product vendors remains crucial to delivering innovation to large users.

OPERATIONAL UPDATE

Managed Services, encompassing all of the Group's infrastructure-related activities, was negatively impacted by fierce competition and ongoing pricing pressure from existing clients. Its performance was disappointing, having been geared for growth particularly in the public sector, which has not yet materialised. GSS, the business unit which is focused on long term public sector clients, remained ring fenced following the merger and performed well. The services and product business units were impacted by continued contract delays. Managed Services continued to invest in skills and vendor partnerships to secure its position in the market. Investments in self service financial solutions and the Virtual Private Network (VPN) are producing positive results.

Enterprise Application Solutions effected a strong turn around during the year and performed in line with expectations as all business units increased profitability. There was a perceptible increase in private sector demand. However, project values were smaller than in the past. Our SAP Consulting Services won several notable deals with blue chip clients. Application Integration Solutions performed in line with expectation, including a significant Electronic Document Management project completed in the public sector for the National Parliament. We are now vigorously marketing the solution to the other nine provincial Parliaments.

The group's **industry focused units** continue to be a competitive advantage. Our mining business unit GMSI, including its Canadian and Australian divisions, reported excellent results as the mining sector invested to meet demand. Investments in upgrading and enhancing its products should deliver further benefits in 2007. The financial services and retail offering maintained its edge with several noteworthy contracts awarded by retailers. ePais, which is focused on the financial services and retail sectors, has rolled out nine sites for two major banks and showed a strong turnaround. We have strengthened our position with three of the top four banks in South Africa and are completing the installation of a centralised cheque processing hub for the banks in Namibia. The restructure and integration of industrial automation and manufacturing activities resulted in a return to profitability.

Towards year end, a Group realignment was initiated to entrench our client centric approach with a flatter structure. This will also further leverage the integration of Gijima and AST to extract additional efficiencies and financial benefits. The amended structure saw the formation of focused business units which are totally responsible for relationships with top nominated commercial and public sector clients. The technical competencies which were traditionally housed in Managed Services and Enterprise Application Services were consolidated into a single resource pool to further streamline the organisation and improve delivery to clients. Key products and services will be added to ensure the relevance and leadership of the Group's offerings.

The realignment strategy, which resulted in the new Group structure, was associated with the appointment of a whole new senior management team. The new executive team has the credibility and track record to deliver the required performance. The executive appointments resulting from the new client centric structure are as follows – Carel Potgieter (Group Chief Operating Officer), Chris Mahlakwane (Managing Executive, Competency Centres), Dolf Prinsloo (Managing Executive, Commercial Sector) and Livingstone Chilwane (Managing Executive, Public Sector). These executives all enjoy very good ICT business management experience.

CHANGES TO THE BOARD OF DIRECTORS

Hans Smith will relinquish his position as Chairman at the end of his current contract, which expires in December 2006. The Chairman's role will be fulfilled by Robert Gumede as of January 2007.

Marthinus Erasmus tendered his resignation from the Board in June 2006. We extend our heartfelt gratitude to him for his extensive involvement in restoring the prospects of the Group.

Two non-executive Directors resigned from the Board after year end. Johan Potgieter and Warren Drue resigned due to work pressures and in line with our strategy to streamline the Board. We sincerely thank them for their significant contribution to the creation of the new GijimaAst and achieving its current position in the market.

In support of rationalising the Board, Nhlanhla Mhlongo (the co-founder and shareholder of Guma) will become alternate director to Kalaa Mpinga, also in January 2007.

PROSPECTS

The realignment renewed our client focus, while streamlining our technical capabilities to bring about greater operating efficiencies. We believe that we are ideally positioned to participate in market opportunities and in the year ahead, we will focus on profitable revenue growth.

Increased revenue will be driven by the new sales structure. The public sector is on the verge of significant project awards, facilitated by the repositioned and businesslike SITA. Demand from the private sector is good, particularly in the resources and financial services sectors. We will also pursue opportunities in Africa, through partnerships with key clients.

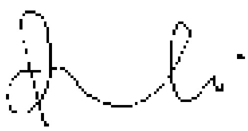
As a result of the alignments referred to above we are confident that we are well positioned to grow the business profitably and to increase our market share.

ACKNOWLEDGEMENTS

None of the strategic progress made during 2006 would have been possible without the ongoing commitment of our employees, and I thank them for their support.

Our executive team's foresight and hard work were crucial to successfully merging Gijima and Ast, and concluding the post balance sheet events. I am grateful for your contribution which was crucial to restoring the Group's profitability.

Finally, I also extend my thanks to our immensely talented and supportive Board of Directors. I express my sincere gratitude for your active participation and contributions in strategic matters affecting GijimaAst during the year.



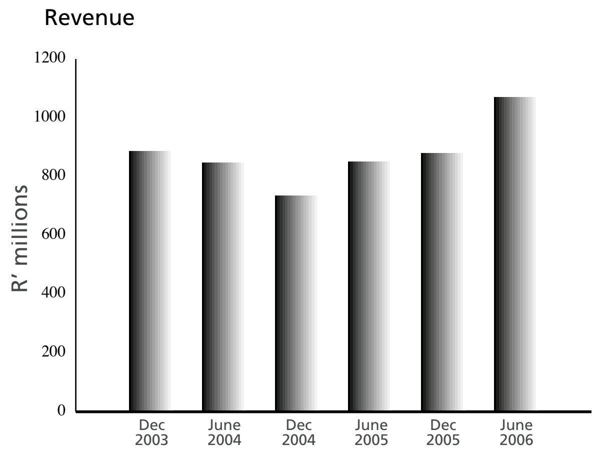
JOHN E MILLER
Chief Executive Officer

FINANCIAL REVIEW

REVENUE

Reported revenue for the year ended 30 June 2006 increased by 24.4% to R1.95 billion. Revenue from the former Gijima companies was consolidated for the full year following the merger in May 2005 of Gijima and AST. On a comparative basis, revenue growth of 6.5% would have been reflected.

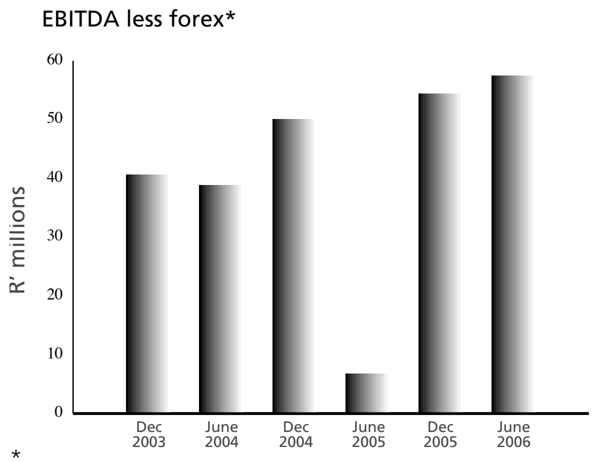
The revenue decline in previous reporting periods has turned into four consecutive periods of revenue growth



EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

The R20.5 million increase in EBITDA was achieved despite a R13.1 million reduction in foreign exchange gains from a contribution of R20.6 million in 2005 to R7.5 million in 2006.

The trend in earnings before interest, tax, depreciation and amortisation before foreign exchange gains has shown a continued improvement



* Non-cash foreign translation gains/(losses) excluded from EDITDA to calculate true operating EBITDA.

Three strategically significant events were announced post balance sheet, reflecting the progress of GijimaAst the award of a new five year contract valued at R960 million with Absa, the securitisation of the Group's debtors book enabling settlement of all short-term interest bearing debt plus a cash injection of R133 million and the acquisition of Absa's remaining 30% shareholding in DTS.

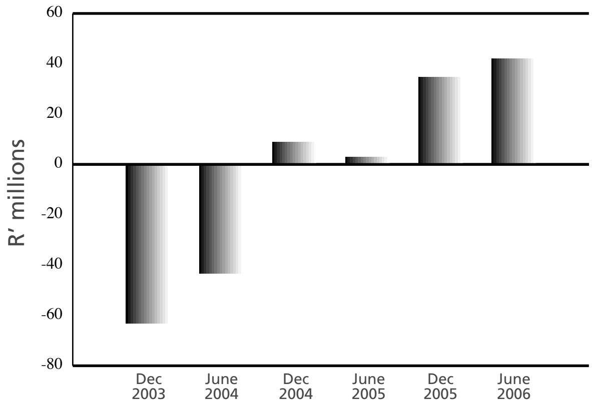
FINANCIAL REVIEW

AMORTISATION AND DEPRECIATION

Amortisation of R5.8 million of the value placed on contractually secured agreements at the date of the merger with the Gijima businesses negatively impacted headline earnings. Impairments of R5 million relating to historical acquisitions also impacted profit for the period.

The Group maintained the momentum with further improvements in operating profit before the benefit of foreign exchange gains

Operating profit/(loss) less forex*



* Non-cash foreign translation gains/(losses) excluded from profit to calculate true operating profit.

TAXATION

An effective tax rate of 43.7% was reported which was much higher than anticipated. The major differences between the reported rate and the statutory tax rate were as a result of deferred tax asset balances which were written back on discontinued operations and dormant entities. In addition deferred tax assets in a subsidiary were not raised due to uncertainty of future taxable income. This compares negatively to an effective tax rate of only 5.0% (excluding the once-off R83 million SARS trademark settlement) in 2005, which accentuates the disparity in headline earnings compared to 2005.

ATTRIBUTABLE PROFIT

The Group reported profit attributable to ordinary shareholders of R22.8 million compared to a loss of R64.8 million in 2005. However, headline earnings declined by R21.2 million due to:

- Reduced foreign currency translation profits of R13.1 million;
- Increased amortisation on client contracts of R4.3 million;
- The R17.7 million swing in tax charge due to the significant change in effective tax rate, (assuming the Group had paid the statutory rate of 29% for both years); and
- An after-tax loss of R12.5 million incurred in the Group's Namibian subsidiary. Steps have been taken to address the problems which contributed to this loss.

CASH FLOW

Net cash on hand increased by R117.2 million as at 30 June 2006. Cash flow generated from operating activities increased by R91.5 million, providing evidence of improved trading results. The Group generated R94.1 million cash from operating activities compared to R2.6 million for the comparative period, supported by reduced investments in working capital of R40.3 million during the year.

CAPITAL EXPENDITURE

The Group incurred capital expenditure of R27.4 million during the period under review, the majority of which relates to the procurement of income generating computer equipment.

CONTINGENT LIABILITIES

At 30 June 2006 the Group had contingent liabilities in respect of registered performance bonds, bank lease or other guarantees to the value of R3.3 million (June 2005: R2.7 million).

POST BALANCE SHEET EVENTS

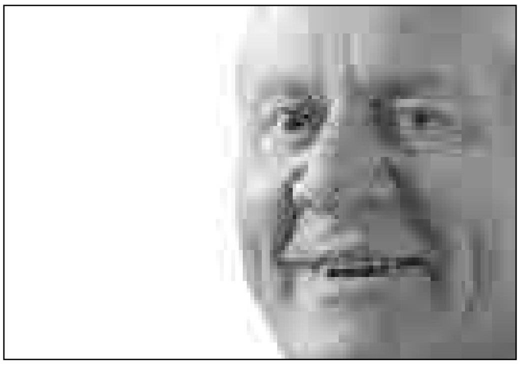
We secured a new five year contract with Absa following year end, valued at R960 million. Our ability to deliver on this contract was favourably benchmarked against our peer group by a large international research organisation, who assisted Absa in evaluating our ability to meet their objectives, including cost reductions and further improvement in service levels. Absa's technology infrastructure comprises of more than 48 000 desktops, laptops and servers; 80 000 peripherals and 1 500 Local Area Networks (LANS).

We also announced the securitisation of our debtors book with effect from 31 July 2006. R256 million was raised through the issue of 5-year non-amortising debentures which were awarded a zaAA credit rating by CA Ratings after analysis of the Group's debtors book. This enabled us to settle all short term interest bearing facilities and our liabilities to Kumba and SARS. In addition, numerous restrictive covenants and sureties were eliminated, giving the Group the ability to leverage its balance sheet more effectively.

The Group agreed terms with Absa Bank to acquire its 30% shareholding in DTS in order for GijimaAst to own 100% of a key contributor to Group profits. The effective date of the transaction was 1 July 2006 but is still subject to regulatory approvals. A positive impact on earnings per share of 28% to 3.22 cents for the 2006 financial year would have resulted, had the acquisition been effective on 1 July 2005, while headline earnings per share would have increased by 24% to 3.64 cents. By integrating DTS into the Group, GijimaAst is now positioned to maximise its offering for convergence in ICT.

CARLOS FERREIRA
Group Financial Director

EXECUTIVE COMMITTEE

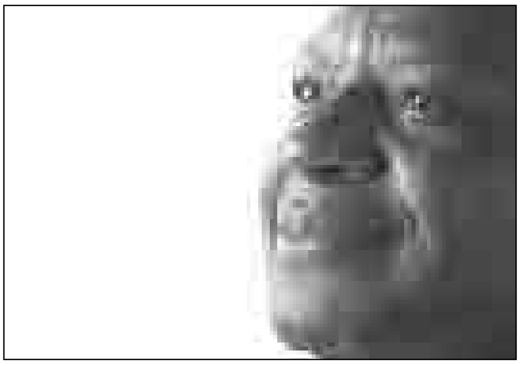


Name: John Edward Miller
Age: 66
Position: Chief Executive Officer
Joined the AST Group in October 2000 and appointed as CEO in November 2002
Qualification: AEP Unisa

Name: Robert Wellington (Matana) Gumede
Age: 43
Position: Executive Deputy Chairman
Established Gijima Technologies in 1996
Qualification: B Juris

Name: Carlos Jorge Henriques Ferreira
Age: 35
Position: Group Financial Director
Joined Gijima Technologies in February 2002
Qualification: B Com (Hons) PG Dip BA

Name: Carel Pieter Potgieter
Age: 48
Position: Chief Operating Officer
Joined Gijima Technologies in March 2002
Qualification: Dip Public Admin, B Juris, MBL



Name: Christopher Mahlangu Mahlakwane
Age: 46
Position: Managing Executive, Competency Centres
Joined GijimaAst in April 2006
Qualification: Professional Dip in Management ,MBA

Name: Dolf Eugene Prinsloo
Age: 49
Position: Managing Executive, Commercial Clients Operations
Joined the AST Group in March 2000
Qualification: B Mill (Commercial Sciences)

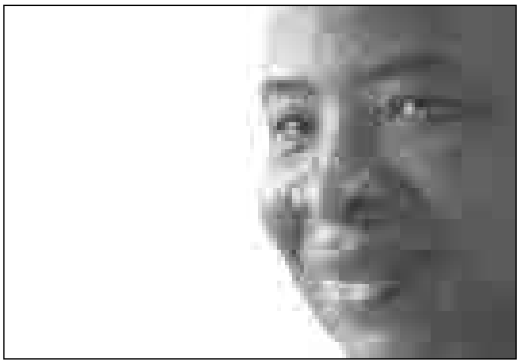
Name: Livingstone Chilwane
Age: 42
Position: Managing Executive, Public Sector Operations
Joined GijimaAst in September 2006
Qualification: Bsc Hons Computer Science, M Comm Information Systems

Name: Thoko Mnyango
Age: 41
Position: Managing Executive, Group Market Development and Strategy
Joined Gijima Technologies in 1998
Qualification: B Juris, Dipl in Marketing Management

EXECUTIVE COMMITTEE

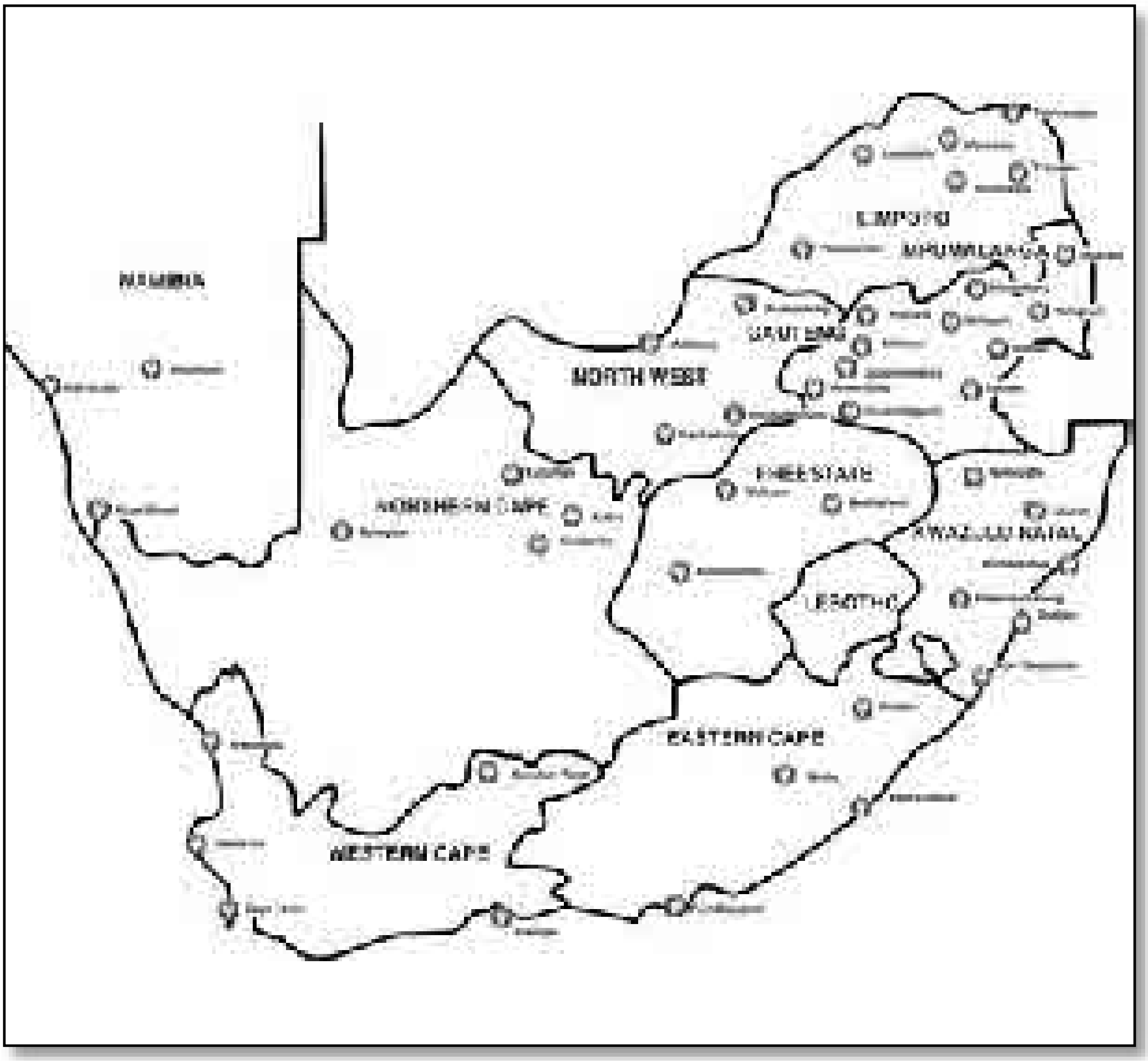
Name: Michael Ferreira
Age: 42
Position: Managing Executive, Human Resources
Joined the AST Group in May 1999
Qualification: B Com (Hons) Industrial Psychology, Dipl Labour Relations

Name: David Scott
Age: 48
Position: Account Managing Executive
Joined GijimaAst in November 2005
Qualification: Bsc, MBA



Name: John Ramatsui
Age: 46
Position: Transformation Executive and Special Projects
Joined the AST Group in January 1999
Qualification: Diploma Business Administration

NATIONAL CAPABILITY



As one of the leading technology companies in southern Africa in terms of physical infrastructure and geographic footprint, GijimaAst has the capability and capacity to provide services to large organisations as well as small and medium entities. With more than 70 offices and service centres throughout southern Africa, it is well positioned to add value to its clients.

CHIEF OPERATING OFFICER'S REPORT

INTRODUCTION

The position of the Chief Operating Officer (COO) was introduced in May 2006, in support of the Group's realignment to entrench the client centric approach. A further benefit was a flatter structure which leverages the integrated Group to extract additional efficiencies and financial benefits. The COO has overall responsibility for all operational matters in the Group.

Focused business units were formed to take the total responsibility for relationships with top nominated commercial and public sector clients, namely Commercial Client Operations and Public Sector Operations. The technical competencies, traditionally housed in Managed Services and Enterprise Application Services, were consolidated into a single resource pool to further streamline the organisation and improve delivery to clients. The resulting Competency Centres, consisting of fourteen core services, are the delivery engine of the organisation.

During the year, an ICT-focused business consulting competency was formed to enhance GijimaAst's client centric approach by linking business strategies into technology infrastructure. Its services include enterprise architecture, ICT strategy and security consulting as well as project management consulting to assist client implementation. GijimaAst Business Consulting is strategically integrated into the Group structure to deliver downstream opportunities and works closely with the Competency Centres. Since inception, it has been short-listed on a number of public sector tenders in line with an increased focus on consulting to support ICT infrastructure development. The consulting unit is tasked with building credibility in the Group's capability throughout GijimaAst's client base and across the public sector.

CAREL PIETER POTGIETER
CHIEF OPERATING OFFICER

Carel brought significant hands-on ICT experience to the Board of Directors of GijimaAst. He has been active in the ICT industry since 1984 and his experience includes application design, development, implementation and support, all aspects of data and voice networks (including call centre technology), and general computer hardware sales and support. Carel was involved in the management of various business units within Q Data Limited, Centera (Proprietary) Limited and Persetel Q Data Holdings Limited. He was instrumental in the formation of black economic empowerment companies in the information technology industry including Phambili Information Technologies (Proprietary) Limited and Gijima Support Services (Proprietary) Limited. He joined GijimaAst through the merger of certain businesses of Gijima InfoTechnologies Afrika (Proprietary) Limited and AST Group Limited. He was previously the Chief Executive Officer of Gijima Support Services (Proprietary) Limited. In May 2006, he was appointed as COO to GijimaAst, a newly created position, following his success in turning the loss-making Enterprise Application Solutions division around during the 2006 financial year.

OPERATING PHILOSOPHY

Underlying the realignment of the Company, was the strategic imperative of aligning ourselves better with key clients through a totally client centric approach to support and grow these long term partnerships.

The structure, with focused client facing business units, enables a single point of contact while focusing on the top accounts which generate the bulk of Group revenue. Service delivery, innovation and value add, as well as account management and business development functions report

CHIEF OPERATING OFFICER'S REPORT

into these business units and nurture these partnerships while ensuring revenue growth through new opportunities. The Competency Centres are contracted by the Commercial and Public Sector Operations to ensure service delivery.

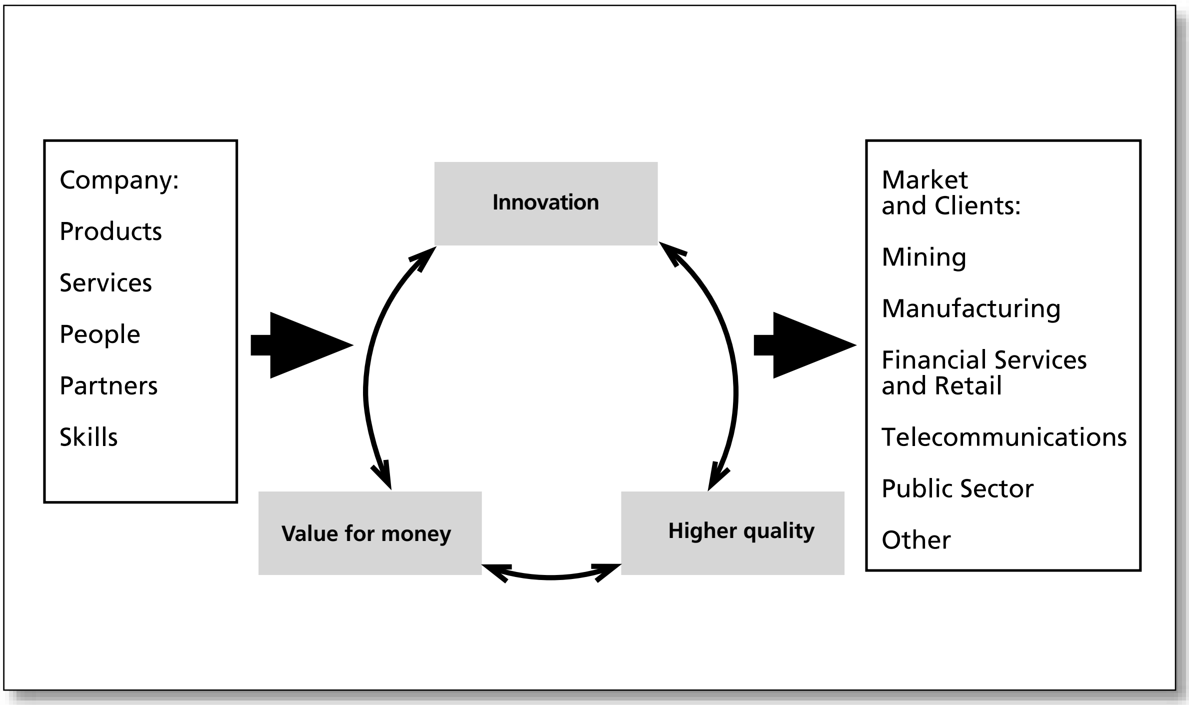
Ultimately, our success depends on client satisfaction and the realigned structure enables us to address all aspects of our client interventions. We identified three key factors that differentiate client experiences - value for money, quality of service and innovation. Through our direct involvement with clients, GijimaAst is well positioned to address each of these aspects to their benefit.

Our primary focus for the next three years is to gain recognition from our clients as thought leaders in the ICT industry. Our knowledge and understanding of their businesses, enables us to demonstrate added value, which will allow GijimaAst to expand engagements with nominated clients by providing services across the value chain. Where client requirements cannot be satisfied from GijimaAst's product set, these will be sourced from third party vendors on behalf of clients.

In so doing, we will be able to represent the client's view within GijimaAst, supporting our continuous drive to support the Competency Centres' objectives of consistently developing or sourcing solutions to satisfy specific client needs. We believe that this is a competitive advantage which will create additional opportunities in specific industries.

In order to measure the success of our focused client centric approach, we will continuously measure key indicators and refine delivery to improve our service to clients. We are also mandated by GijimaAst to grow our engagements in specific accounts, which will also be measured. From a business development and account growth perspective, our specific objective is to increase the services and solutions provided to clients across their value chains.

Key factors that differentiate client experiences



COMMERCIAL CLIENT OPERATIONS

DOLF EUGENE PRINSLOO
MANAGING EXECUTIVE, COMMERCIAL CLIENT OPERATIONS

The first 22 years of Dolf's career were spent in the South African Air Force (SAAF), during which time he was Officer Commanding of Number 1 Squadron where he led his team to reduce operating expenditure by 50% and increase output substantially. He was awarded a one-year study opportunity in the United Kingdom at the RAF Staff College. Dolf also holds a BMil (Commercial Science) degree from the University of Stellenbosch.

After leaving the SAAF Dolf moved into business process reengineering. In 1998 he joined GMSI, the GijimaAst subsidiary delivering solutions to the mining and resources sectors, as Operations Manager. He was subsequently promoted to Managing Director, a position he held for six years. During this time, the GMSI management team grew the company's reputation to its current leadership position in the local market. This was associated with solid growth in market share and profitability. The team also established highly successful operations in Australia and Canada.

During his career Dolf built a track record of cementing organisational change, resulting in sustainable operational performance and efficiency improvements. He was appointed as Managing Executive, Commercial Sector at GijimaAst in June 2006, based on his strong track record of delivery in the Group.

Our current clients in the commercial sector include some of the largest companies in South Africa. In order to capitalise on the client centricity drive of the Group, the first objective of Commercial Sector Operations was to simplify the client's experience in dealing with GijimaAst. We took cognisance of their need for a single interface in dealing with GijimaAst, and appointed dedicated and experienced people for each nominated account to take responsibility and accountability for all client matters, delivery and business development. This enabled a much better understanding of their needs with the aim of unlocking GijimaAst's real value proposition for each specific client.

Our in-depth knowledge and understanding of key industries, coupled with our ICT knowledge continues to be a unique capability within GijimaAst. Our senior managers' in-depth insights into these industries, and our understanding of client needs and business drivers, coupled with the Group's vast ICT knowledge, equip us to provide real business value to our clients.

In modern business, information and communication technology, and more specifically reliability and availability of the services offered by these technologies, is crucial to business performance. As a result of our direct involvement with clients, we understand their business requirements which equips us to deliver and maintain stable and competitive solutions. The breadth of capability in GijimaAst enables us to simplify clients' overall ICT infrastructure with improved maintenance of specific solutions and the business environment. Cost is an important driver, and the efficiencies resulting from the realignment should deliver cost benefits to our clients.

In cooperation with the rest of GijimaAst, we will support all initiatives to expand the number of nominated clients in each specific industry, leveraging multiple client engagements by improving all facets of the service including cost to our clients.

The Commercial Sector Operations, together with GijimaAst's credentials and the new client centric approach, is well positioned to take its rightful place in the ICT services market.

CHIEF OPERATING OFFICER'S REPORT

PUBLIC SECTOR CLIENT OPERATIONS

LIVINGSTONE CHILWANE
MANAGING EXECUTIVE, PUBLIC SECTOR OPERATIONS

Livingstone joined GijimaAst in September 2006 from SAP Africa where he was responsible for the Public Services Division and an Executive Director. He rejoined SAP Africa in December 2001, after completing a three-year contract at the Gauteng Shared Services Centre as Chief Information Officer and General Manager, Technology Support Services. Prior to this he was founding Consulting Director and later Sales Director of SAP Public Services. He has more than 21 years' experience in management and IT consulting in the Public Sector, transportation and manufacturing industries. He worked as a management consultant for Accenture, for clients in mining and financial services. Other employers include SPL, Transnet, where he was a divisional regional IT manager, and National Sorghum Breweries (NSB), where he managed the implementation of financial, sales and distribution, and procurement systems; among others.

Livingstone serves as Deputy Chairperson and Executive Committee member of the Gauteng Region of the Black IT Forum (BITF) and is also a National Executive Committee (NEC) Member of the of the BITF.

Public Sector Operations was created to focus the Group's engagement at National, Provincial and Local Government as well as State Owned Enterprises. It is tasked with maintaining and expanding our participation in nominated public sector clients as well as developing partnerships with new entities. Its mandate includes increasing our share of broader executions in existing public sector nominated accounts. The role of the Competency Centres and regional branches in growing GijimaAst's exposure to the public sector has also been mapped.

Where in the private sector, profit motivations underlie most technology infrastructure investments, the public sector is tasked with improving service delivery to the citizens of South Africa. Technology investments need to deliver positive returns while meeting service delivery imperatives. GijimaAst took cognisance of the public sector priorities in forming this client focus where value add is key. Backed by the extensive technological competencies inherent in the Group, their imperatives inspire all our interactions.

Public Sector Client Operations embarked on a recruitment drive to attract suitably experienced people with track records in the sector to support GijimaAst's strategy of growing revenue across Government. This includes experienced business development professionals to manage our relationships with stakeholders including SITA. In addition service delivery skills are required to successfully execute and maintain large engagements. The cornerstone remains driving the client centric approach by enabling a single contact between clients and GijimaAst.

In its endeavour to enhance service delivery, the public sector is on the verge of awarding major contracts. For example, the national departments' and nine provinces' obligations in terms of the Public Finance Management Act (PFMA) present significant multi-year opportunities to well-positioned ICT service providers. SITA is playing a critical role in the Government ICT space, and as such, we will continue to enhance our ability to do business with the agency. We anticipate the issue of transversal tenders spanning the full scope to be issued in the near future.

In addition, the Municipal Finance Management Act (MFMA) presents opportunities to service the 284 local municipalities, metropolitan councils and districts across South Africa. Technology will play a key role in improving service delivery and supporting financial transformation. We anticipate extensive opportunities, and with our extensive national footprint and infrastructure, we are ideally positioned to participate meaningfully.

GijimaAst will also bring to bear its broad skills base, partnerships with technology vendors and track record to support National, Provincial and Local Government departments to modernise and enhance their front office systems.

The sector is highly segmented with a large number of small niche players who have the ability to offer specialist point solutions. However, GijimaAst is strongly differentiated, not only because of our excellent BEE credentials, but also due to the economies of scale and broad range of products and services at our disposal. As such, we have the capacity to offer a co-ordination role in large opportunities. We will seek to partner with niche solution providers in the SMME sector as well as large companies, to deliver value in the public sector.

Our medium term strategy is to leverage the existing capacity in the Group to increase our share of public sector ICT spend. Our go-to-market strategy is aimed at capturing a considerable share of the imminent opportunities in the sector, and growing our track record of successful delivery in the sector.

As a large ICT player, with its roots in South Africa, it is our responsibility to assist the public sector in meeting its objectives through effective use of technology. This presents GijimaAst with lucrative opportunities, while supporting Government's objectives of improving service delivery at all levels.

COMPETENCY CENTRES

CHRIS MAHLANGU MAHLAKWANE
MANAGING EXECUTIVE, COMPETENCY CENTRES
Chris started his career with IBM South Africa in the mid-eighties. While initially employed as an engineer, he worked his way up through various technical positions and eventually into management. He progressed through various managerial roles to Business Unit Manager level, a role he fulfilled until 2000 when he was seconded to the United Kingdom on a two-year assignment. Chris' role with IBM UK encompassed areas including offerings development, cost management and improving synergies between the various lines of business within Global Services in the United Kingdom.

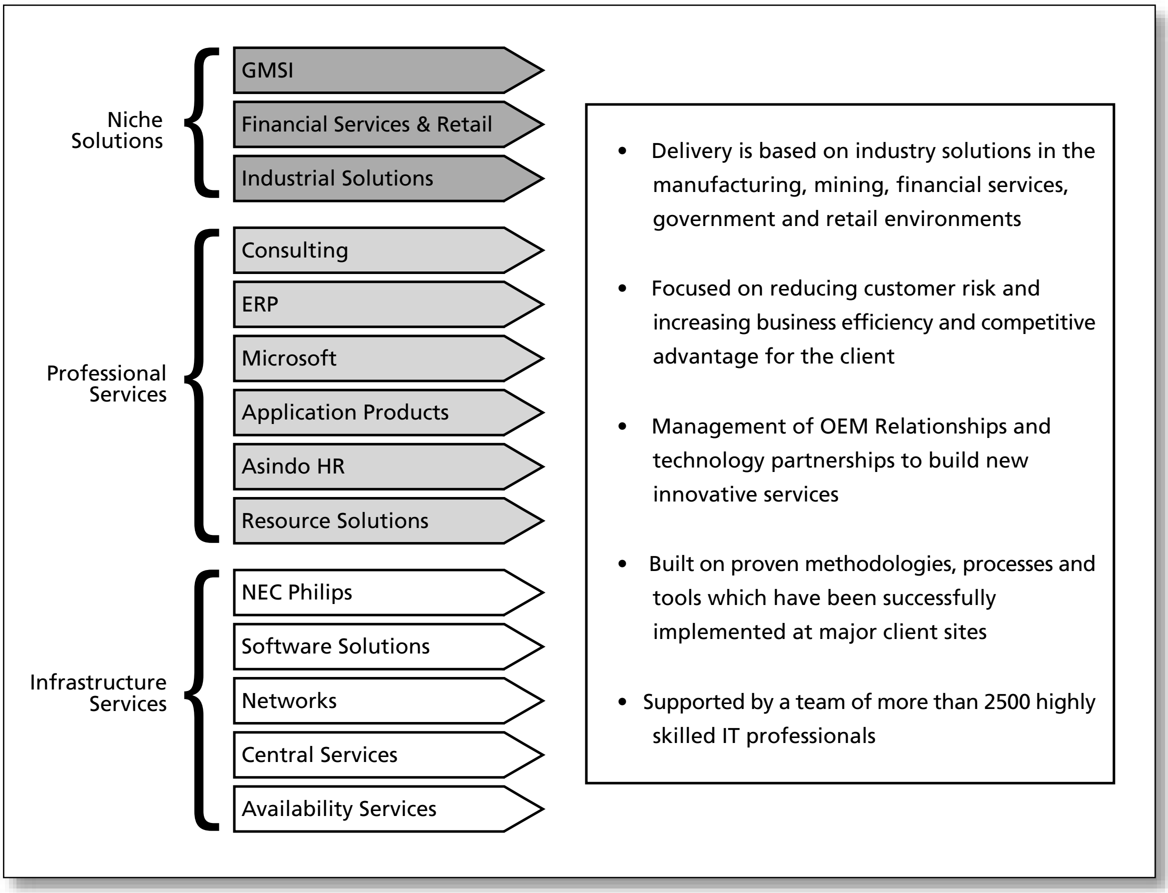
On his return from the United Kingdom in 2003, he was promoted to the executive team where he was responsible for Infrastructure Services for South Africa and all English and Portuguese speaking territories throughout Africa. He remained in this role until his departure at the end of March 2006 to join GijimaAst where he will use his vast ICT experience to deliver the full potential inherent in the Competency Centres.

The Competency Centres, established as part of GijimaAst's realignment in July 2006, consolidate all the Group's technical capabilities into a single division. The realignment is based on international best practice including the ITIL (Information Technology Infrastructure Library) guidelines and supports our strategic imperative of driving client centricity. It also has the potential to leverage our technical capability and extract further synergies from the merger.

Fourteen focused Competency Centres, encompassing each of the Group's lines of business, form the delivery engine for clients. These are grouped into Niche Solutions, which include the Group's industry specific capabilities, Professional Services and Infrastructure Services.

CHIEF OPERATING OFFICER'S REPORT

GijimaAst core service capability



It is important to deliver efficiencies and synergies to the Group. A single pool of skills enables elimination of unnecessary resource duplication. In addition, it allows accurate mapping of available skills across competencies, avoiding unnecessary external recruitment of skills already present in the group. Where clients were historically exposed to isolated products and services, GijimaAst is now positioned to showcase all its capabilities to its clients. This is critical to success given clients' increasing requirements for end-to-end solutions delivered by highly skilled people who understand their technology issues and can innovate.

The focus for the 2007 financial year is on realigning the business to drive optimisation and unlock further operational efficiencies. In the past, the specialised business units operated in isolation and their individual capabilities were not leveraged, resulting in minimal synergy between activities. The key priority is to enhance the Group's cost leadership advantages.

For example, the consolidation of Infrastructure Services allows the field service capabilities including NEC Phillips and Wincor Nixdorf, to be integrated because of their common methodologies and processes. Creating a common skills pool supports lower costs, and benefits customers with better service delivery. Employees benefit from broader exposure to the industry, supporting their individual career development. Ultimately, communities of practice will emerge, consisting of people working on the same products in virtual teams enabling cross-pollination of skills.

At the core of all interventions, GijimaAst remains cognisant of the fact that we are in business because of our clients, who engage with the Group because of the value and competitive advantage we offer. To this end, sharpening our skills through training and where it makes sense, recruitment to increase the Group's skills capacity is an ongoing focus.

GijimaAst's ability to predict future trends enables us to leverage technology to entrench clients' competitive advantages, through innovation. The Competency Centres analyse clients' technology investment strategies and products, identifying potential improvements and new permutations of existing infrastructure to increase revenue and reduce costs. We also leverage our vendor partners' international research and development initiatives to offer innovation to our local clients.

A single point of customer contact for smaller accounts stemming from the Competency Centres will support the Group imperative of customer centricity through service delivery. While the Public Sector and Commercial Client Operations are responsible for nominated accounts, the Competency Centres are accountable for quality of services and growth of non-nominated clients with a view to growing these to the point that they become nominated accounts.

During 2007, the Competency Centres will continue to add new offerings to maintain the Group's leadership. The division will focus on driving the full value of the Group's capability in client engagements, providing them with propositions which make a difference to their businesses, while moving from single point solutions to broader engagements.

CAREL POTGIETER
Chief Operating Officer

HUMAN CAPITAL

As a services company, our interactions with our client base are always through our people, it is therefore the priority of the Group to ensure that they are happy and fulfilled in their positions in order that they deliver the best productivity and service possible for us to maintain the satisfaction of our clients and our current success. As a relatively recently merged organisation we have taken the opportunity to shape our newly formed human capital to embrace the client centric model implemented across our broad range of products and service offerings in July 2006.

GijimaAst's Human Resource practices support both our client and competency units to achieve results in the context of our diverse and relatively scarce skills base, with our unique recruitment and selection activities, retention strategies and specific people development processes forming the foundation.

RECRUITMENT AND RETENTION

In an industry characterised by high mobility of skills, GijimaAst successfully retained more than 95% of its key and critical resources during 2006. The culture across our Group since the merger embraces open and transparent communication channels, participative interaction between employees and unique recognition and reward strategies which enable us to acknowledge superior performance to the long term benefit of our staff, clients and ultimately our shareholders.

Shareholders approved a broad-based profit sharing scheme for outperforming business units which was rolled out during the year. Performance measurement was also prioritised by implementing a new "at risk" remuneration model to reward individual performance across the business.

We firmly believe that enhancing our human capital supports the quality of our service delivery. As such, the Human Resources team embarked on a project to match the competencies of each staff member to their role in the Group. We incorporated the results into personal career planning and development within GijimaAst.

At GijimaAst, we are fortunate in that we have attracted some of the most successful and talented people in our industry. The interest these people have shown in working for us is evidence that the industry is aware of the real opportunities available to our employees. We were pleased to attract more than 200 black employees to GijimaAst during the year. These appointments were mainly in our technical areas and we also attracted impressive executive skills to enhance the leadership of the organisation. We have prioritised the recruitment of Historically Disadvantaged Individuals, supported by our internal resourcing unit, which has a comprehensive skills database.

To ensure that we are constantly updating the skills of our personnel, we sponsor their participation in ISSETT, the SETA for the ICT sector, accredited learnerships and programmes at other tertiary institutions.

A blended learning approach has also been established by the Internal Human Capital Development Unit, to focus on e-learning for each member of staff. This method of employee skills development is particularly appropriate for our geographically dispersed workforce, who can access training remotely. We also offer on-site training and team learning to all internal business units on a weekly basis which focuses on business writing, consulting skills, negotiation skills, financial management, performance management, time management, specific business methodologies and high performance team interventions. The positive feedback from our clients and the noticeable change in attitude and behaviour of our staff is indicative of the worth and success of our blended learning approach.

CAREER AND SUCCESSION PLANNING

GijimaAst is one of a few ICT employers able to provide career scope to staff from entry level managed services to sophisticated consultative selling in disparate industries. Our range of service offerings is packaged into career paths in various job families which lead either to exciting leadership roles or focus on highly specialised technical routes with the satisfaction of innovation and value add. Development plans are created with employees in conjunction with management and Human Resources.

To facilitate the process, the Group embarked on initiatives to ensure succession planning and career advancement. Apart from accredited learnerships in conjunction with the industry, GijimaAst is running two separate programs to develop future leaders. An Emerging Talent Programme with 40 highly recommended professional staff with little experience, enables fast tracking to middle management. In addition, a Management Development Program was established with the Gordon Institute of Business Science to prepare potential corporate leaders. It focuses on developing personal and business acumen to ensure fully rounded individuals with a stong background of the ICT industry and GijimaAst in particular.

EMPLOYEE WELLNESS

Our employees are exposed to various levels of stress which include personal and professional issues. We have embarked on a formal wellness programme to assist and support our employees to ensure their well being. Its focuses include physical, emotional, and financial well being. In addition, regular wellness days, seminars and staff training ensure that they are aware of the available support with their respective challenges. We provide online advice and assistance on financing issues, retirement funding, health issues, medical aid matters and procurement of certain technology brands. We also assist staff by bringing on-site optometrists, massage services and tax consultants among others. Our aim is to roll-out similar initiatives in our regional branches. GijimaAst also supports and funds an executive wellness drive to ensure that our senior team is healthy and able to focus on driving the future of the Group. All staff have access to a 24 hour helpline, which offers emotional and personal counselling.

INTERNAL TRANSFORMATION

During the year under review, our leadership team focused on internal transformation and identified the key objectives in empowering our staff:

- Value drivers
- Performing towards the strategic goals of the Company
- Developing themselves towards a meaningful career
- Team players
- 100% client focused

A large scale intervention identified nine streams that will drive the future vision and values of the Group. One of the core aims is to involve all employees in transformation to ensure a shared value system driving behaviour and conduct across the business. The Leadership stream gives input into the selection process for all new leadership roles. Our priority is to change our Group's demographic profile through a Transformation Charter to support internal change and cultural diversity. However, at the same time, we are committed to transformation which benefits all the stakeholders including our community. The number of black employees in the Group increased by 15% during the 2006 financial year and we are pleased that the composition of our leadership team is more than 45% black.

We recognise that, as an ICT services company, our people and our clients are our only assets. GijimaAst's uncompromising commitment to client centricity results in an ongoing focus on attaining the right balance in terms of the quality and well being of our people. Our top priority continues to be growing our reputation as employer of choice in the sector.

CORPORATE GOVERNANCE

CORPORATE PRACTICE AND CONDUCT

The 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, governance principles and structures 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 their effectiveness and efficiency, and this process continues on an annual basis.

ETHICS

A Code of Ethics for GijimaAst, as approved by the Board of Directors, 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 Executive is charged with actively promoting and monitoring the implementation of the Code of Ethics within the Group.

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 has been 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 non-executive director, Mr HJ Smith, chairs the Board of Directors. On 30 June 2006, the Board comprised four executive directors (Messrs RW Gumede, CJH Ferreira, JE Miller and CP Potgieter), two non-executive directors (Messrs W Drue and CJ Potgieter) and eight independent non-executive directors (Messrs M Macdonald, NI Mhlongo, CME Mostert, K Mpinga, AFB Mthembu, HJ Smith, JCL Van der Walt and Dr NJ Dlamini). Since 30 June 2005 one new appointment was made to the Board, namely:

- Mr CP Potgieter on 20 February 2006

The following director resigned during the year:

- Mr MG Erasmus on 8 June 2006

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	1 Jul	19 Aug	14 Nov	18 Nov	17 Feb	24 Feb	8 Jun
Dlamini, NJ	A	P	P	P	P	P	P
Drue, W	P	P	P	P	P	P	P
Erasmus, MG*	P	P	P	P	P	A	–
Ferreira, CJH	P	P	P	P	P	P	P
Gumede, RW	P	P	P	P	P	P	P
Macdonald, M	P	P	P	P	P	P	P
Mhlongo, NI	P	P	A	A	P	P	P
Miller, JE	P	P	P	P	P	P	P
Mostert, CME	P	P	P	P	P	P	P
Mpinga, K	P	P	P	A	P	A	P
Mthembu, AFB	A	P	A	P	A	P	A
Potgieter, CJ	A	P	A	P	P	P	P
Potgieter, CP**	–	–	–	–	–	P	P
Smith, HJ	P	P	P	P	P	P	P
Van der Walt, JCL	P	P	P	P	P	P	P

P – Present/A – Apology
* Resigned 8 June 2006
** Appointed 20 February 2006

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 2005), Messrs MG Erasmus, M Macdonald, CJ Potgieter, HJ Smith and JCL van der Walt 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 2005/2006 financial year, an executive director chaired the Transformation Committee meetings for the first five months of the year, 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 non-executive directors. At 30 June 2006 the members were:

- Mr HJ Smith – Chairman and Independent Non-executive Director
- Mr CME Mostert – Independent Non-executive Director
- Mr AFB Mthembu – Independent Non-executive Director

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

MEMBER	3 Nov	17 May
Smith, HJ	P	P
Mostert, CME	X	P
Mthembu, AFB	X	P
Van der Walt, JCL*	P	–

P – Present / A – Apology
* No longer a member
X Was not a member

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 non-executive director. External and internal auditors have full access to the Chairman of the Audit Committee. The following directors were members as at 30 June 2006:

- Mr M Macdonald – Chairman and Independent Non-executive Director
- Mr K Mpinga – Independent Non-executive Director
- Mr CJ Potgieter – Non-executive Director
- Mr JCL van der Walt – Independent Non-executive Director
- Mr JE Miller – Chief Executive Officer

Ms Londiwe Mthembu, an outside independent person, was appointed as a member of the Committee as from June 2006.

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

MEMBER	17 Aug	14 Nov	16 Feb	6 Jun
Macdonald, M	P	P	P	P
Miller, JE	P	P	A	P
Mpinga, K	X	X	P	P
Mthembu, LBR	X	X	X	P
Potgieter, CJ	X	X	P	P
Van der Walt, JCL	P	P	P	P

P – Present / A – Apology / X – Was not a member

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 non-executive 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 AFB Mthembu, an independent non-executive director, was appointed as the other member of the committee as from December 2005. The Remuneration Committee meets on a quarterly basis and provides the Board with feedback on its activities.

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

MEMBER	17 Aug	28 Sep	17 Oct	11 Nov	15 Feb	29 May
Mthembu, AFB	X	X	X	X	P	P
Rall, PJ	P	P	P	P	P	P
Van der Walt, JCL	P	P	P	P	P	P

P – Present / A – Apology / X – Was not a member

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).

For the first five months of the year, 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, until the end of November 2005. As from December 2005, after the Board had approved the restructuring of the Board Committees, Mr CME Mostert, an independent non-executive director, chaired the Transformation Committee and Mr Gumede, executive director, Dr Dlamini and Mr NI Mhlongo, independent non-executive directors and Mr W Drue, a non-executive director, were appointed as members. Divisional executives of the major business divisions, as well as the Chairperson of the Employment Equity Forum, 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 Nov	16 Feb
Dlamini, NJ	X	A
Drue, W	X	P
Ferreira, AM*	P	–
Gumede, RW	X	A
Mhlongo, NI	X	P
Mostert, CME	X	P
Miller, JE	P	P
Van der Walt, JCL*	P	–

P – Present / A – Apology /* – No more a member
X – Was not a member

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 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.

CORPORATE GOVERNANCE

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 three 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 risk is an important aspect of GijimaAst's drive to create wealth for all stakeholders (e.g. directors, employees, shareholders, suppliers and community members). 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 practice:

- Strategic risk assessments are conducted on an annual basis in order to ensure that strategic objectives are achieved;
- Risk assessments are performed on all tenders, bids and proposals exceeding a specified value;
- Process risk matrixes are compiled/reviewed during internal audits;
- Registration, tracking and management of risk related incidents;
- Ongoing monitoring and updating of risks;
- Defining, establishing and maintaining risk management policies, procedures and templates;
- Embedding of risk management principles into the day to day activities of all staff and management at GijimaAst;
- Risk management reporting to relevant parties;
- Board acceptance of overall accountability and responsibility for risk management;
- The existence of a risk management department at 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 provides reasonable, but not absolute assurance, against material misstatement and loss;
- Identification and monitoring of key risk areas and key risk indicators on an ongoing basis to ensure effectiveness and efficiency of the internal control system;
- Integration with the health and safety and compliance functions; and
- Separate disclosure to the Group Financial Director and the GijimaAst Audit Committee 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 into 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, is accountable for communicating these risk and control strategies and policies throughout the company, and this process has been in place for the period under review up to the date of approval of the annual report and financial statements. The Board determines the level of risk 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 internal control reports on a quarterly basis.

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

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

As part of the 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

As a corporate entity, GijimaAst has to ensure compliance with the Occupational Health and Safety Act, number 85 of 1993 (the "Act"), and it is the provisions of this Act that are adhered to in the day-to-day activities of GijimaAst at its premises. In support of this objective, GijimaAst has established an occupational health and safety management system that is based on OHSAS 18000. GijimaAst aims to provide and maintain, as far as is reasonably practicable, a working environment that is safe and without material risk to the health of its employees so as to ensure the well-being of its employees and compliance with applicable legislation. 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. In instances where an agreement is signed between GijimaAst and a client and where GijimaAst's service delivery staff is present on the client's site, GijimaAst will participate in the occupational health and safety system of the client.

TRANSFORMATION AND SOCIAL DEVELOPMENT

2005/2006 was a milestone year for GijimaAst. We made substantial progress against each of our transformation goals, namely Black Economic Empowerment, Employment Equity, Skills Development, Enterprise Development and Corporate Social Responsibility. We achieved an AA rating in the Empowerdex BEE ratings; additionally, GijimaAst was

CORPORATE GOVERNANCE

recognised by Financial Mail as the 8th most empowered company out of the top 200 listed companies on the JSE. We achieved these goals by including transformation as an integral part of our business strategy and not isolating it as a distinct programme. A summary of our transformation achievements is listed below:

EQUITY OWNERSHIP

GijimaAst has black equity ownership of 45%. The major black shareholder is the Guma Group, with direct shareholding of 37%. Other institutional shareholders and individual shareholders constitute the additional 8% of black ownership in the company.

MANAGEMENT CONTROL

GijimaAst is committed to the transformation of the management structure in the company. At year end, 43% of the GijimaAst Board was black (6 out of 14), with one black female non-executive director. The resignations after year end resulted in the Board having a 50:50 black to white split. Additionally, the Executive Management team has black representation of 45%, also with one black female executive.

EMPLOYMENT EQUITY

Employment equity is a process aimed at the eradication of all forms of discrimination and the elimination of past imbalances experienced by historically disadvantaged individuals in South Africa. GijimaAst is committed to maintaining 100% compliance with the requirements of the Employment Equity Act and increasing the demographic representation of black and female employees at all levels in the organisation. Currently, 30% of all employees are black and 32% of all employees are female.

PREFERENTIAL PROCUREMENT

GijimaAst has implemented a formal procurement programme that has ensured that a minimum of 45% of all procurement is spent with BEE suppliers. Currently 46.1% of all procurement is from black suppliers.

SKILLS DEVELOPMENT

Members of our permanent staff benefit from occupationally related training/learning, sponsored by the organisation to equip them with the skills and knowledge required for improved performance in their jobs. The learning programmes may be in the form of short learning programmes, skills programmes, learnerships or formal qualifications offered by higher educational institutions.

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

STAKEHOLDER COMMUNICATION

The Board considers balanced and understandable communication of GijimaAst's activities to stakeholders to be essential and strives to present any matters material to a proper appreciation of the Group's position clearly. 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.

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 trade receivables collection days
Average trade receivables after impairment of trade receivables, divided by revenue, times the number of days in the year.

Cash and cash equivalents
Cash on hand and current accounts in bank, net of bank overdrafts together with any liquid investments readily convertible to known amounts of cash and not subject to significant risk of changes in value.

Cash from operating activities per weighted average 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 from continuing operations per ordinary share (cents)
Earnings from continuing operations attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue.

Earnings from discontinuing operations per ordinary share (cents)
Earnings from discontinued operations attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue.

EBITDA
Earnings before interest, tax, depreciation and amortization.

EBITDA (%)
EBITDA as a percentage of revenue.

Effective tax rate (%)
The income statement tax charge as a percentage of profit before tax (and amortisation of historic goodwill in respect of financial years before the adoption of IFRS). (In previous years the derecognition of deferred tax assets included in the tax charge is excluded from the calculation of the effective tax rate.)

Headline earnings
Earnings attributable to equity holders of the parent before exceptional items and related tax amounts.

Headline earnings per ordinary share (cents)
Headline earnings divided by the weighted average number of ordinary shares in issue.

Headline earnings (%)
Headline earnings as a percentage of revenue.

Net asset value per ordinary share (cents)
Ordinary shareholders' funds divided by the number of ordinary shares in issue at year-end.

Number of employees
Permanent employees and contractors employed at year-end.

Operating profit/(loss)
Profit/(loss) before net finance costs, share of profit/(loss) in associates, income tax expense and profit/(loss) from discontinued operations.

Operating profit/(loss) (%)
Operating profit/(loss) as a percentage of revenue.

Operating profit/(loss) per employee
Operating profit/(loss) divided by number of employees.

Return on equity (headline earnings) (%)
Headline earnings as a percentage of ordinary shareholders' funds.

Revenue per employee
Revenue divided by number of employees.


gijimaAst
YOUR COMPLETE ICT PARTNER

FINANCIAL CONTENTS

FINANCIALS

SHAREHOLDERS

STATEMENT OF RESPONSIBILITY

BY THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2006

TO THE MEMBERS OF GIJIMA AST GROUP LIMITED

The directors of the Company are responsible for the preparation of the financial statements of the Company and Group and to maintain a sound system of internal control to safeguard the Group's assets. In presenting the accompanying financial statements, International Financial Reporting Standards have been followed, applicable accounting policies have been used and prudent judgements and estimates have been made.

In order for the directors to discharge their responsibilities, management has developed and continues to maintain a system of internal control aimed at reducing the risk of error or loss in a cost-effective manner. Such systems can provide reasonable but not absolute assurance against material misstatement or loss. The directors, primarily through the Audit Committee which consists of non-executive directors, meet periodically with the external and internal auditors, as well as executive management to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The Group's internal auditors independently evaluate the internal controls and co-ordinate their audit coverage with the external auditors. The external auditors are responsible for reporting on the financial statements. The external and internal auditors have unrestricted access to all records, property and personnel as well as to the Audit Committee. The directors are not aware of any material breakdown in the functioning of these controls and systems during the year under review.

The directors are of the opinion, based on the information and explanations given by management and the internal auditors that the internal accounting controls are adequate, so that the financial records may be relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

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 external auditors have audited the financial statements of the Company and Group and their unqualified report appears on page 47.

Against this background the directors of the Company accept responsibility for the financial statements, set out on pages 48 to 103, for the year ended 30 June 2006, which were approved by the board of directors on 21 September 2006 and are signed on its behalf by:

HJ SMITH	JE MILLER	CJH FERREIRA
Non-executive Chairman	*Chief Executive Officer*	*Group Financial Director*

REPORT OF THE INDEPENDENT AUDITORS

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 103 for the year ended 30 June 2006. 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.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether 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. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion these financial statements present fairly, in all material respects, the financial position of the company and the group at 30 June 2006, and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per J VLIEGENTHART
Chartered Accountant (SA)
Registered Auditor
Director

21 September 2006

GROUP SECRETARY'S CERTIFICATION

FOR THE YEAR ENDED 30 JUNE 2006

I certify, in accordance with the Companies Act, Act 61 of 1973, as amended, that for the year ended 30 June 2006 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

DIRECTOR'S RESPONSIBILITY

Your directors have pleasure in submitting the annual financial statements of the Company and the GijimaAst Group for the year ended 30 June 2006 and report as follows.

NATURE OF BUSINESS

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

GROUP RESULTS

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

The financial statements on pages 52 to 103 set out fully the financial position, results from operations and cash flows of the GijimaAst Group for the financial year ended 30 June 2006.

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 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 – DEBTORS SECURITISATION PROGRAMME

GijimaAst and its subsidiaries (collectively "GijimaAst Group") have entered into a long-term debtors securitisation funding programme ("the Programme"). In terms of the Programme, GijimaAst Group has raised R256 million from various investors in the capital markets at fixed rates for a period of five years.

As part of implementing the Programme, GijimaAst has sold the trade debtors of certain of its subsidiary entities to an independently owned special purpose entity, GijimaAst Finance (Pty) Ltd ("GijimaAst Finance").

GijimaAst Finance has funded the purchase price paid to GijimaAst Group by issuing 256 of Class A, 60 month secured, non-amortising rated debentures of R1 million each, and 64 of Class B, subordinated unsecured 61 month non-amortising unrated debentures of R1 million each. The Class A debentures have been awarded a zaAA credit rating by CA Ratings and have been issued to investors in the Capital Markets. The Class B debentures have been subscribed for by a subsidiary entity of GijimaAst.

The Class A debentures bear interest at a fixed rate of 10.171% nacq, and the funding raised thereon has replaced the GijimaAst Group's short-term banking and working capital facilities, which bore interest at the prime overdraft rate. The Class B debentures bear interest at variable rates.

The cession of GijimaAst Group's book debts in favour of Standard Bank in respect of banking facilities of approximately R85 million granted to the GijimaAst Group has been released in full, as has the reversionary cession of these book debts granted in favour of Kumba Resources Limited (Standard Bank and Kumba Resources Limited are hereafter referred to as "the Lenders"). All related cross-suretyships provided to the Lenders by other GijimaAst Group companies have also been cancelled. The cession and pledge jointly held by the Lenders in respect of GijimaAst Holdings (Pty) Ltd's entire shareholding in AST Distributed Technology Services (Pty) Ltd has similarly been cancelled.

The Programme constitutes a single indivisible transaction, and the effective date of the programme is 31 July 2006.

The Board of the Company has taken a strategic decision to replace short-term debt facilities with longer-term secured finance in order to meet its projected funding requirements for growth over the next few years. By issuing zaAA rated debentures to investors in the Capital Markets, the GijimaAst Group has been able to secure its anticipated funding requirements for future years at competitive rates on the strength of its debtors book. The Programme has also enabled the GijimaAst Group to secure the release of numerous restrictive covenants and suretyships which have inhibited the GijimaAst Group's ability to apply its balance sheet in an efficient manner.

In addition to retiring its short-term facilities, the GijimaAst Group has applied the funds raised in terms of the Programme to settle various liabilities, including liabilities to the South African Revenue Service and to Kumba Resources Limited. The GijimaAst Group now has funds available to consolidate its shareholding in other interests and to fund its anticipated net working capital and expansion requirements.

DIVIDENDS

To date, it has been the Group's policy not to pay dividends, and all earnings generated by the Group have been 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 2006 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 on page 102.

ACQUISITIONS AND DISPOSALS DURING THE YEAR

GijimaAst entered into agreements in terms of which it acquired the following assets:

- GijimaAst acquired the assets and liabilities of Asindo Human Resources (Pty) Ltd ("Asindo HR") and Asindo Protection Services (Pty) Ltd ("Asindo Protection"). Prior to the transaction Asindo HR was a 100% subsidiary of GijimaAst and Asindo Protection a 100% subsidiary of Asindo HR. These acquisitions were made at NAV against loan accounts.
- GijimaAst acquired 50% of the issued share capital of Sirius Consulting (Pty) Ltd, effective 1 May 2006, for a consideration of R1 380 000 payable in 12 equal monthly instalments of R115 000 each.
- GijimaAst acquired an additional 10% of the issued share capital in Thuso Information Technology (Pty) Ltd ("Thuso") effective 2 July 2005 for R600 000 and following the transaction owns 50% of the issued share capital of Thuso.

GijimaAst entered into an agreement in terms of which it disposed of 70% of its interests in GEM Consulting (Pty) Ltd, GEM Consulting International (Pty) Ltd and GEM Consulting Group (Pty) Ltd, all Australian entities, for a total consideration of A$94 500 effective 30 June 2006.

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 6 to 9.

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

Resignations

Mr MG Erasmus resigned on 8 June 2006.

Appointments

Mr CP Potgieter was appointed on 20 February 2006.

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

INTEREST OF DIRECTORS IN THE CAPITAL OF THE COMPANY

At 30 June 2006, the directors of GIJIMA AST GROUP LIMITED held beneficially in aggregate 364 553 541 GIJIMA AST GROUP LIMITED shares. The following directors held shares in the Company:

As at 30 June 2006

Directors	Direct	Indirect	Total
Drue, W	11 550		11 550
Ferreira, CJH		18 734 343	18 734 343
Gumede, RW		287 439 827	287 439 827
Macdonald, M		995 488	995 488
Mhlongo, NI		47 962 246	47 962 246
Miller, JE	1 322 502		1 322 502
Potgieter CJ	80 142		80 142
Smith, HJ		6 000 000	6 000 000
Van der Walt, JCL	72 059	1 935 384	2 007 443

As at 30 June 2005

Directors	Direct	Indirect	Total
Drue, W	11 550		11 550
Erasmus, MG	1 128 350	159 386	1 287 736
Ferreira, CJH		53 076	53 076
Gumede, RW		266 827 864	266 827 864
Macdonald, M8		495 488	495 488
Mhlongo, NI		41 931 135	41 931 135
Miller, JE	322 502		322 502
Potgieter CJ	80 142		80 142
Smith, HJ		6 000 000	6 000 000
Van der Walt, JCL	72 059	1 935 384	2 007 443

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

SHARE CAPITAL

GIJIMA AST GROUP LIMITED had an issued share capital of 964 666 538 shares on 30 June 2006. During the year no ordinary shares were issued.

PROPERTY, PLANT AND EQUIPMENT

There was no change in the nature of the property, plant and equipment of the Group or in the policy regarding their use.

CAPITAL EXPENDITURE

The capital expenditure for GijimaAst during the period under review was R27.4m, primarily in respect of purchases of income-generating computer equipment. Commitments at 30 June 2006 to incur future expenditure amounted to R2.1m.

EVENTS AFTER BALANCE SHEET DATE

Refer to note 32 of the financial statements.

SPECIAL RESOLUTIONS

No special resolutions were passed during the year ending 30 June 2006.

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

KPMG Inc. was appointed as external auditors of the GIJIMA AST GROUP LIMITED and its subsidiaries in accordance with section 273 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 broker, 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.

FINANCIAL STATEMENTS

Accounting Policies

GIJIMA AST GROUP LIMITED (the "Company") is a company domiciled in South Africa. The consolidated financial statements of the Company for the year ended 30 June 2006 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The financial statements were authorised for issue by the directors on 21 September 2006.

1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). These are the Group's first IFRS consolidated financial statements and IFRS 1 has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 1.

2. Basis of preparation

The financial statements are presented in South African Rand, rounded to the nearest thousand. They are prepared on the historical cost basis except, where otherwise indicated.

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

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

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at 1 July 2004 for the purposes of the transition to IFRS.

The accounting policies have been applied consistently by Group entities.

3. Basis of consolidation

3.1 Subsidiaries

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

3.2 Associates

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

3.3 Joint ventures

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

3.4 Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4. Foreign currency

4.1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to South African Rand at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to South African Rand at foreign exchange rates ruling at the dates the fair value was determined.

4.2 Financial statements of foreign operations

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

4.3 Net investment in foreign operations

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

5. Property, plant and equipment

5.1 Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (refer accounting policy 9).

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

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

5.2 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with accounting policy 5.3.

5.3 Subsequent costs

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

5.4 Depreciation

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The currently estimated useful lives are as follows:

- buildings 50 years
- furniture, fittings and office equipment 6 years
- electronic and computer equipment 3 years
- leasehold improvements 5 years
- mainframe equipment 5 years
- vehicles 4 years

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

6. Intangible assets

6.1 Goodwill and trade name

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. The trade name consists of the Gijima trade name which arose from the acquisition of the information technology business of Gijima and has an indefinite life. In respect of business acquisitions that have occurred since 1 July 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under South African Statements of Generally Accepted Accounting Practice. The classification and accounting treatment of business combinations that occurred prior to 1 July 2004 has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 July 2004 (refer note 1).

Goodwill and trade name is stated at cost less any accumulated impairment losses. Goodwill and trade name is allocated to cash-generating units and is no longer amortised but is tested annually for impairment (refer accounting policy 9). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

6.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

6.3 Client contracts

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

6.4 Other intangible assets

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

6.5 Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

6.6 Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- client contracts — over the period of the individual contracts
- software — 3 – 5 years

7. Financial instruments

7.1 Initial measurement

Financial instruments are initially measured at fair value, which includes directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as set out below (refer 7.2).

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

7.2 Subsequent measurement

7.2.1 Investments

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

Other investments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such a debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

The fair value of financial assets classified as held for trading and available-for-sale is their quoted bid price at the balance sheet date.

Financial instruments classified as held for trading or available-for-sale investments are recognised/derecognised by the Group on the date it commits to purchase/sell the investments. Securities held-to-maturity are recognised/ derecognised on the day they are transferred to/by the Group.

7.2.2 Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (refer accounting policy 9).

7.2.3 Cash and cash equivalents

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

7.2.4 Trade and other payables

Trade and other payables are stated at amortised cost.

7.2.5 Derivative financial instruments

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

Economic hedges

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

8. Inventories

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

9. Impairment

9.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

9.2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (refer accounting policy 8) and deferred tax assets (refer accounting policy 16), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (refer accounting policy 9.3).

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

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

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

9.3 Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

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

9.4 Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

10. Share Capital

10.1 Ordinary share capital

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

10.2 Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

10.3 Dividends

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

11. Interest-bearing borrowings

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

12. Employee benefits

12.1 Defined contribution plans

The Group operates a defined contribution pension plan and a defined contribution provident fund. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

12.2 Share-based payment transactions

The group operates an equity-settled share-based compensation plan for senior employees and executives. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period and a corresponding entry to equity. The expense takes into account the best estimate of the number of shares that are expected to vest.

Non-market conditions such as time based vesting conditions and non-market performance conditions are included in assumptions about the number of notional shares that are expected to vest. At each balance sheet date, the entity revises its estimates on the number of notional shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the notional shares are exercised or share awards vest, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

13. Provisions and accruals

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

13.1 Warranties

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

13.2 Restructuring

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

13.3 Commissions

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

13.4 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

13.5 Leave pay accrual

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

14. Revenue

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods also continuing management involvement with the goods. Early settlement discounts paid to customers have been set-off against turnover.

14.1 Sale of goods and software licences

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

14.2 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.

14.3 Time and material contracts

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

14.4 Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the investment.

14.5 Dividend income

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

15. Expenses

15.1 Operating lease payments

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

15.2 Finance lease payments

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

15.3 Interest paid

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

16. Income tax

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

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Secondary taxation on companies (STC) is recognised in the year dividends are declared, net of dividends received. A deferred taxation asset is recognised on unutilised STC credits when it is probable that such STC credits will be utilised in the future.

17. Earnings per share

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

18. Segment reporting

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

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

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

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

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

20. Comparative figures

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

21. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2006, and have not been applied in preparing these consolidated financial statements:

IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to the Group's financial instruments and share capital.

IFRIC 10 *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 respectively (i.e., 1 July 2004).

FINANCIAL STATEMENTS

Income Statements
for the year ended 30 June 2006

	Note	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
CONTINUING OPERATIONS					
Revenue	3.1	1 951 041	1 568 783	–	–
Other income		2 299	1 518	–	–
Income		1 953 340	1 570 301	–	–
Staff costs and employee benefits	3.13	(919 808)	(799 575)	–	–
Operating costs		(918 299)	(664 656)	108 127	(559 002)
Foreign currency gains	3.6	7 486	20 624	–	–
Other expenses		(11 044)	(4 441)	–	–
Earnings/(loss) before interest, tax, depreciation, amortisation and impairment charges		111 675	122 253	108 127	(559 002)
Impairment charges		(5 000)	(36 082)	–	–
Earnings/(loss) before interest, tax, depreciation and amortisation charges (EBITDA)		106 675	86 171	108 127	(559 002)
Depreciation and amortisation charges		(34 954)	(44 437)	–	–
Operating profit/(loss) before financing costs	3	71 721	41 734	108 127	(559 002)
Financial income		7 289	16 805	–	–
Financial expense		(9 136)	(21 108)	–	–
Net financing costs	4	(1 847)	(4 303)	–	–
Profit/(loss) after financing costs		69 874	37 431	108 127	(559 002)
Share of (loss)/profit of associates	10	(11)	136	–	–
Profit/(loss) before tax		69 863	37 567	108 127	(559 002)
Income tax expense	5	(30 518)	(86 506)	–	–
Profit/(loss) for the period from continuing operations		39 345	(48 939)	108 127	(559 002)
DISCONTINUED OPERATION					
Loss for the period from a discontinued operation, net of tax	6	(1 319)	(368)	–	–
Profit/(loss) for the period		38 026	(49 307)	108 127	(559 002)
Attributable to:					
Equity holders of the parent		22 846	(64 827)	108 127	(559 002)
Minority interest	21	15 180	15 520	–	–
		38 026	(49 307)	108 127	(559 002)
Earnings/(loss) per ordinary share (cents) from continuing operations					
– Basic	7	2.51	(20.42)	–	–
– Diluted	7	2.51	(20.42)	–	–
(Loss) per ordinary share (cents) from discontinued operations					
– Basic	7	(0.14)	(0.12)	–	–
– Diluted	7	(0.14)	(0.12)	–	–

Refer note 7 for headline earnings per share.

Balance Sheets
as at 30 June 2006

		Group		Company	
	Note	**2006 R'000**	2005 R'000	**2006 R'000**	2005 R'000
Assets					
Non-current assets		**327 973**	331 684	**213 069**	104 942
Property, plant and equipment	8	**57 075**	54 731	**–**	–
Investment in subsidiaries	9	**–**	–	**213 069**	104 942
Intangible assets	14	**101 715**	111 792	**–**	–
Derivative financial instrument	12	**12 076**	9 051	**–**	–
Investment in associate	10	**196**	1 207	**–**	–
Deferred tax asset	15	**156 911**	154 903	**–**	–
Current assets		**624 709**	556 755	**–**	–
Inventories	16	**45 841**	49 210	**–**	–
Short-term loans	18	**4 191**	–	**–**	–
Trade and other receivables	17	**393 548**	393 645	**–**	–
Investments and loans	11	**670**	2 889	**–**	–
Current tax asset		**3 901**	12 949	**–**	–
Cash and cash equivalents	19	**176 558**	98 062	**–**	–
Total assets		**952 682**	888 439	**213 069**	104 942
Equity and Liabilities					
Total shareholders' equity		**305 050**	272 374	**213 069**	104 942
Equity attributable to parent shareholders		**264 271**	246 775	**213 069**	104 942
Minority interest	21	**40 779**	25 599	**–**	–
Non-current liabilities		**184 441**	103 190	**–**	–
Interest-bearing liabilities	22	**140 530**	70 347	**–**	–
Operating lease liability		**22 067**	19 801	**–**	–
Deferred tax liability	15	**21 844**	13 042	**–**	–
Current liabilities		**463 191**	512 875	**–**	–
Trade and other payables	24	**367 483**	395 460	**–**	–
Provisions	25	**53 544**	43 296	**–**	–
Bank overdrafts	19	**2 547**	41 221	**–**	–
Amounts due to vendors	23	**1 380**	–	**–**	–
Current tax liability		**38 237**	32 898	**–**	–
Total equity and liabilities		**952 682**	888 439	**213 069**	104 942

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Cash Flow Statements
for the year ended 30 June 2006

	Note	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
Cash flows from operating activities					
Cash generated from operating activities	33.1	108 342	58 235	–	–
Financial income		7 289	16 805	–	–
Financial expenses		(12 158)	(36 913)	–	–
Dividends paid to minorities		–	(4 500)	–	–
Normal tax paid		(9 338)	(30 988)	–	–
Net cash generated from operations		94 135	2 639	–	–
Cash flows from investing activities					
Vendor payments for past acquisitions	33.2	–	(380)	–	–
Increase in amounts due to vendor		1 380	–	–	–
Cash obtained from acquisition	13	355	2 823	–	–
Acquisition expenses	13	(600)	(3 425)	–	–
Purchase of property, plant and equipment		(27 370)	(16 817)	–	–
Proceeds from the sale of property, plant and equipment		1 551	21 493	–	–
Net cash (utilised in)/generated from investing activities		(24 684)	3 694	–	–
Cash flows from financing activities					
Proceeds from the issue of ordinary shares		–	160 000	–	–
Share issue expenses		–	(3 731)	–	–
Repayments of liabilities		(85 962)	(158 612)	–	–
Proceeds from liabilities		133 681	14 557	–	–
Net cash from financing activities		47 719	12 214	–	–
Net increase in cash and cash equivalents		117 170	18 547	–	–
Cash and cash equivalents at the beginning of the year		56 841	38 294	–	–
Cash and cash equivalents at the end of the year	19	174 011	56 841	–	–

Statements of Changes in Equity
for the year ended 30 June 2006

Group

R'000	Share Capital	Share Premium	Vendor Claims	Distri-butable Reserves	Non-distri-butable Reserves	Total	Minority Interest	Total Equity
Balance at 1 July 2004 (IFRS adjusted)	**184**	**343 457**	**8 207**	**(278 720)**	**(46 617)**	**26 511**	**14 579**	**41 090**
Changes in amounts due to vendors			(8 207)			(8 207)		(8 207)
Dividends of subsidiaries						–	(4 500)	(4 500)
Transfer to non-distributable reserves				(27 840)	27 840	–		–
(Loss)/profit for the period				(64 827)		(64 827)	15 520	(49 307)
Currency translation differences					(10 550)	(10 550)		(10 550)
Total recognised income and expense	–	–	(8 207)	(92 667)	17 290	(83 584)	11 020	(72 564)
New shares issued	780					780		780
Premium on new shares issued during the year		275 923				275 923		275 923
Discount on acquisition (IFRS 3)		30 876				30 876		30 876
Share issue expenses		(3 731)				(3 731)		(3 731)
Balance at 30 June 2005	**964**	**646 525**	**–**	**(371 387)**	**(29 327)**	**246 775**	**25 599**	**272 374**
Recognised income and expense transactions:								
Profit for the period				22 846		22 846	15 180	38 026
Share-based payments				429		429		429
Currency translation differences					(7 208)	(7 208)		(7 208)
Revaluation of land and buildings					1 429	1 429		1 429
Balance at 30 June 2006	**964**	**646 525**	**–**	**(348 112)**	**(35 106)**	**264 271**	**40 779**	**305 050**

FINANCIAL STATEMENTS

Statements of Changes in Equity
for the year ended 30 June 2006

Company

R'000	Share Capital	Share Premium	Vendor Claims	Distri-butable Reserves	Non-distri-butable Reserves	Total	Minority Interest	Total Equity
Balance at 1 July 2004 (IFRS adjusted)	**184**	**358 090**	**8 207**	**1 822**	**–**	**368 303**	**–**	**368 303**
(Loss)/profit for the period				(559 002)		(559 002)		(559 002)
Changes in amounts due to vendors			(8 207)			(8 207)		(8 207)
Total recognised income and expense	–	–	(8 207)	(559 002)	–	(567 209)	–	(567 209)
New shares issued	780					780		780
Share issue expenses		(3 731)				(3 731)		(3 731)
Premium on new shares issued during the year		275 923				275 923		275 923
Discount on acquisition (IFRS 3)		30 876				30 876		30 876
Balance at 30 June 2005	**964**	**661 158**	**–**	**(557 180)**	**–**	**104 942**	**–**	**104 942**
Profit for the period				108 127		108 127		108 127
Balance at 30 June 2006	**964**	**661 158**	**–**	**(449 053)**	**–**	**213 069**	**–**	**213 069**

Note:
The non-distributable reserve consists of currency translation differences and a revaluation of land and buildings.
The distributable reserve consists of net profit/(loss) and share-based payments.

Notes to the Annual Financial Statements
for the year ended 30 June 2006

1 Explanation of transition to IFRS

Basis of preparation

As stated in the accounting policies, these are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out on pages 52 to 59 have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of an opening IFRS balance sheet at 1 July 2004 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP), its old basis of accounting.

An explanation of how the transition from SA GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Cumulative translation differences:

Translation differences that arose prior to the date of transition to IFRS in respect of all foreign entities have been presented as a separate component of equity.

The Group has elected to not reclassify the translation differences of before 1 July 2004 from the non-distributable reserve to retained earnings.

Business combinations:

The Group has applied IFRS 3 prospectively to all business combinations that have occurred since 1 July 2004 (the date of transition to IFRS). Additionally from 1 July 2004, goodwill is no longer amortised but is tested annually for impairment.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under South African Statements of Generally Accepted Accounting Practice. The classification and accounting treatment of business combinations that occurred prior to 1 July 2004 has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 July 2004.

Share-based payments:

The Group applied IFRS 2 to its active share-based payment arrangements at 30 June 2006.

Adjustments:

The depreciation was adjusted as the estimated useful lives and residual values of property, plant and equipment, and software were revised.

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Reconciliation of equity

		Previous GAAP R'000	Effect of transition to IFRS 1 July 2004 R'000	IFRS R'000	Previous GAAP R'000	Effect of transition to IFRS 30 June 2005 R'000	IFRS R'000
1	Explanation of transition to IFRS (continued)						
	Assets						
	Non-current assets	370 374	4 943	375 317	326 763	4 921	331 684
	Property, plant and equipment	85 534	2 371	87 905	50 849	3 882	54 731
	Intangible assets	49 819	2 572	52 391	110 753	1 039	111 792
	Derivative financial instrument	7 640	–	7 640	9 051	–	9 051
	Investment in associate	1 070	–	1 070	1 207	–	1 207
	Deferred tax asset	226 311	–	226 311	154 903	–	154 903
	Current assets	414 141	–	414 141	556 755	–	556 755
	Inventories	37 037	–	37 037	49 210	–	49 210
	Short term loans	–	–	–	–	–	–
	Trade and other receivables	283 312	–	283 312	393 645	–	393 645
	Investments and loans	9 264	–	9 264	2 889	–	2 889
	Current tax asset	–	–	–	12 949	–	12 949
	Cash and cash equivalents	84 528	–	84 528	98 062	–	98 062
	Total assets	**784 515**	**4 943**	**789 458**	**883 518**	**4 921**	**888 439**
	Equity and Liabilities						
	Capital and reserves	23 001	3 510	26 511	243 259	3 516	246 775
	Ordinary share capital	184	–	184	964	–	964
	Share premium	343 457	–	343 457	646 525	–	646 525
	Vendor claims	8 207	–	8 207	–	–	–
	Distributable reserves	(282 230)	3 510	(278 720)	(374 903)	3 516	(371 387)
	Non-distributable reserves	(46 617)	–	(46 617)	(29 327)	–	(29 327)
	Minority interest	14 579	–	14 579	25 599	–	25 599
	Non-current liabilities	291 932	1 433	293 365	101 785	1 405	103 190
	Interest-bearing borrowings	231 740	–	231 740	70 347	–	70 347
	Operating lease liability	16 579	–	16 579	19 801	–	19 801
	Deferred tax liability	43 613	1 433	45 046	11 637	1 405	13 042
	Current liabilities	455 003	–	455 003	512 875	–	512 875
	Trade and other payables	334 563	–	334 563	395 460	–	395 460
	Bank overdrafts	46 234	–	46 234	41 221	–	41 221
	Provisions	71 191	–	71 191	43 296	–	43 296
	Amounts due to vendors	175	–	175	–	–	–
	Current tax liability	2 840	–	2 840	32 898	–	32 898
	Total equity and liabilities	**784 515**	**4 943**	**789 458**	**883 518**	**4 921**	**888 439**

Reconciliation of profit for 2005

	Previous GAAP R'000	Effect of transition to IFRS R'000	IFRS R'000
1 Explanation of transition to IFRS (continued)			
Adjustments:			
Early settlement discounts paid to customers have been set off against revenue. The discontinuing operation has been moved to a separate line item. The depreciation was adjusted as the estimated useful lives and residual values of property, plant and equipment and software were revised.			
Revenue	1 587 302	(18 519)	1 568 783
Other income	1 620	(102)	1 518
Income	1 588 922	(18 621)	1 570 301
Staff costs and employee benefits	(799 575)	–	(799 575)
Operating costs	(683 787)	19 131	(664 656)
Foreign currency gains	20 624	–	20 624
Other expenses	(4 441)	–	(4 441)
Earnings before interest, tax, depreciation, amortisation and impairment charges	121 743	510	122 253
Impairment charges	(36 082)	–	(36 082)
Earnings before interest, tax, depreciation and amortisation charges (EBITDA)	85 661	510	86 171
Depreciation and amortisation charges	(44 415)	(22)	(44 437)
Operating profit before financing costs	41 246	488	41 734
Financial income	16 805	–	16 805
Financial expense	(21 305)	197	(21 108)
Net financing costs	(4 500)	197	(4 303)
Profit after financing costs	36 746	685	37 431
Profit of an associate	136	–	136
Profit before tax	36 882	685	37 567
Income tax expense	(86 196)	(310)	(86 506)
Loss after tax from continuing operations	(49 314)	375	(48 939)
Loss for the period from a discontinued operation, net of tax	–	(368)	(368)
Loss for the period	(49 314)	7	(49 307)
Attributable to:			
Equity holders of the parent	(64 834)	7	(64 827)
Minority interest	15 520	–	15 520
Loss for the period	(49 314)	7	(49 307)
Basic earnings per share (cents)	(20.54)	0.12	(20.42)
Diluted earnings per share (cents)	(20.54)	0.12	(20.42)

There are no material differences between the cash flow statement presented under IFRS and the cash flow statement presented under SA GAAP.

	2006 Revenue R'000	2006 Operating profit/(loss) R'000	2005 Revenue R'000	2005 Operating profit/(loss) R'000
2 Segment information				
Group				
Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments is based on the Group's management and internal reporting structure.				
In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of our offices.				
Enterprise Application Solutions	661 669	67 012	569 529	42 976
Managed Services	1 289 372	182 875	999 254	188 405
Support Services	–	(174 568)	–	(177 512)
	1 951 041	75 319	1 568 783	53 869
Unallocated items:				
(Loss)/profit on sale of businesses and properties		(406)		4 891
Impairment of assets and investments		(860)		(3 340)
Amortisation of client contracts		(5 818)		(1 568)
Impairment of goodwill		(4 000)		(32 742)
Exchange rate gains on transactions		7 486		20 624
Operating profit		71 721		41 734
Financial income		7 289		16 805
Financial expenses		(9 136)		(21 108)
Share of (loss)/profit in associate		(11)		136
Income tax expense		(30 518)		(86 506)
Loss from a discontinued operation		(1 319)		(368)
Profit/(loss) for the period		38 026		(49 307)

The parent company is registered in South Africa where the main activities of the Group are located at segment level.

		2006 Revenue R'000	2005 Revenue R'000
2	**Segment information (continued)**		
	Mining	**304 472**	301 781
	Manufacturing	**326 010**	307 242
	Telecommunications	**75 030**	64 202
	Financial services and retail	**563 129**	502 441
	Public sector	**574 573**	297 708
	Other	**107 827**	95 409
		1 951 041	1 568 783

	2006 Revenue R'000	2006 Operating profit R'000	2005 Revenue R'000	2005 Operating profit R'000
Geographical segments				
South Africa	**1 872 551**	**72 101**	1 484 816	35 526
Foreign	**78 490**	**(380)**	83 967	6 208
	1 951 041	**71 721**	1 568 783	41 734

		Group 2006 R'000	Group 2005 R'000
3	**Profit/(loss) from operations**		
	Operating profit/(loss) is arrived at after taking into account:		
3.1	**Revenue from**		
	– Sale of goods	**489 172**	345 132
	– Rendering of services	**1 461 869**	1 223 651
		1 951 041	1 568 783
	Revenue from		
	– Sale of goods	**25%**	22%
	– Rendering of services	**75%**	78%
		100%	100%
3.2	**Auditors' remuneration**		
	– Audit fees	**3 025**	2 542
	– Other services	**912**	1 015
		3 937	3 557

	Group 2006 R'000	Group 2005 R'000
3 Profit/(loss) from operations (continued)		
3.3 Depreciation: Property, plant and equipment (refer note 8)		
– Land and buildings - owned	(378)	450
– Computer equipment - owned	18 049	22 230
– Computer equipment - leased	1 239	1 974
– Furniture, fittings and office equipment - owned	2 365	2 693
– Office equipment - owned	2 059	2 110
– Motor vehicles -owned	119	251
– Leasehold improvements	1 452	2 474
	24 905	32 182
3.4 Impairment/amortisation: intangible assets (refer note 14)		
– Amortisation of client contracts	5 818	1 568
– Impairment of previously recognised goodwill	4 000	32 742
– Amortisation of software	4 231	10 686
	14 049	44 996
3.5 Loss/(profit) on disposal of property, plant and equipment	234	(4 684)
3.6 Foreign exchange (gains)		
(Gain) on foreign exchange contracts	(2 238)	(1 677)
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	(5 248)	(18 947)
Total foreign exchange (gains)	(7 486)	(20 624)
The foreign exchange gain resulted mainly from the revaluation of foreign trade debtor and creditor balances and inter group loan accounts and loan balances denominated in Australian dollars, at the spot rate of R5.3186 on 30 June 2006 (30 June 2005: R5.0871).		
3.7 Loss/(profit) on sale/closure of businesses	172	(207)
Tax effect	–	–
Minority interest	–	–
	172	(207)
3.8 (Profit) on sale of investment	(140)	–

	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
3 Profit/(loss) from operations (continued)				
3.9 Impairment of non-current assets and interest in subsidiary company				
Charges for the year				
– Associate company	1 000	–	–	–
– Forward purchase of shares (cost)	–	2 560	–	–
– Fixed assets - computer equipment	–	780	–	–
– Impairment of loans receivable (refer note 9)	–	–	(108 127)	559 002
	1 000	3 340	(108 127)	559 002
3.10 Fees for services				
– Secretarial	280	303	–	–
– Professional	6 561	5 472	–	–
	6 841	5 775	–	–
3.11 Rentals in respect of operating leases				
– Land & buildings	37 100	26 358	–	–
– Furniture, fittings and office equipment	1 960	5 284	–	–
– Computer equipment and software	1 057	7 559	–	–
– Vehicles	188	355	–	–
	40 305	39 556	–	–

2006	Appoint-ments	Resigna-tions	Director's fees R'000	Basic salary R'000	Incentives R'000	Profes-sional services R'000	Retire-ment and other benefits R'000	Total R'000
3. Profit/(loss) from operations (continued)								
3.12 Directors' and key management's remuneration								
Directors' emoluments								
Executive directors (as other services)								
PWJ Bouwer			–	–	–	–	700	700
MG Erasmus *		8 June 2006	–	1 709	1 769	–	1 613	5 091
CJH Ferreira			–	1 597	–	–	–	1 597
RW Gumede			–	2 978	–	–	–	2 978
JE Miller			–	2 449	1 901	–	–	4 350
CP Potgieter **	20 February 2006		–	577	2 667	–	–	3 244
Non-executive directors (as directors' fees)								
Dr NJ Dlamini (Nxasana)			225	–	–	–	–	225
W Drue **			185	–	–	–	–	185
M Macdonald			310	–	–	–	–	310
NI Mhlongo			201	–	–	–	–	201
CME Mostert			241	–	–	1 045	–	1 286
K Mpinga			189	–	–	–	–	189
AFB Mthembu			176	–	–	–	–	176
CJ Potgieter			184	–	–	–	–	184
HJ Smith			740	–	–	–	–	740
JCL van der Walt			462	–	–	–	–	462
			2 926	**9 310**	**6 337**	**1 045**	**2 313**	**21 931**

2005	Appoint-ments	Resigna-tions	Director's fees R'000	Basic salary R'000	Incentives R'000	Profes-sional services R'000	Retire-ment and other benefits R'000	Total R'000
3. Profit/(loss) from operations (continued)								
3.12 Directors' and key management's remuneration (continued)								
Directors' emoluments								
Executive directors (as other services)								
PWJ Bouwer		15 June 2005	–	1 521	1 782	–	1 670	4 973
MG Erasmus			–	1 621	2 032	–	–	3 653
CJH Ferreira	3 May 2005		–	253	–	–	–	253
RW Gumede	3 May 2005		–	496	–	–	–	496
JE Miller			–	2 261	2 400	–	–	4 661
Non executive directors (as directors' fees)								
Dr NJ Dlamini (Nxasana)	9 June 2005		5	–	–	–	–	5
W Drue **	25 January 2005		–	–	–	–	–	–
MH Lekota		25 January 2005	23	–	–	–	–	23
M Macdonald *			100	–	–	–	–	100
NI Mhlongo	3 May 2005		10	–	–	–	–	10
CME Mostert	9 June 2005		5	–	–	–	–	5
K Mpinga	9 June 2005		5	–	–	–	–	5
AFB Mthembu	9 June 2005		5	–	–	–	–	5
CJ Potgieter			60	–	–	–	–	60
HJ Smith			440	–	–	–	–	440
JCL van der Walt			240	–	–	–	–	240
			893	6 152	6 214	–	1 670	14 929

* Balance of Director's fees paid directly to Mittal Steel South Africa Limited

** Director's fees paid directly to Routledge Modise Moss Morris

All directors' remuneration was paid by subsidiary companies.

	Group					
	As at 30 June 2006			As at 30 June 2005		
	Non Beneficial '000	Beneficial '000	Total '000	Non Beneficial '000	Beneficial '000	Total '000
3. Profit/(loss) from operations (continued)						
3.12 Directors' and key management's remuneration (continued)						
Directors' interest in ordinary shares						
Executive directors						
MG Erasmus	–	–	–	159	1 129	1 288
CJH Ferreira	18 734	–	18 734	53	–	53
RW Gumede	287 440	–	287 440	266 828	–	266 828
JE Miller	–	1 323	1 323	–	323	323
Non-executive directors						
W Drue	–	12	12	–	12	12
M Macdonald	995	–	995	495	–	495
NI Mhlongo	47 962	–	47 962	41 931	–	41 931
CJ Potgieter	–	80	80	–	80	80
HJ Smith	6 000	–	6 000	6 000	–	6 000
JCL van der Walt	1 935	72	2 007	1 935	72	2 007
	363 066	1 487	364 553	317 401	1 616	319 017

	2006			2005		
	Basic Salary R'000	Incentives R'000	Total R'000	Basic Salary R'000	Incentives R'000	Total R'000
Key management						
Remuneration	5 598	4 479	10 077	5 588	2 106	7 694

3. **Profit/(loss) from operations (continued)**

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

Of the 38 550 000 approved notional shares, directors and key management were awarded 16 600 000 notional shares as at 30 June 2006. None of these notional shares had vested at year-end.

Directors' share options

On 1 February 2005 Kumba Resources Limited ("Kumba") granted Guma Investment Holdings (Pty) Ltd ("Guma") an option to acquire up to 44 409 958 GijimaAst shares from Kumba at a purchase price of 30 cents per GijmaAst share. During the year Guma exercised this option on 21 December 2005 and acquired 44 409 958 GijimaAst shares from Kumba. Consequently, the indirect, beneficial interests of the directors have increased as reflected below (these shares are included in the above figures for directors' interest in ordinary shares).

	Number of GijimaAst shares '000
Executive director	
RW Gumede	36 145
NI Mhlongo	6 031
CJH Ferreira	2 234
	44 410

		Group 2006 R'000	Group 2005 R'000
3.	**Profit/(loss) from operations (continued)**		
3.13	**Staff costs**		
	Salaries and Wages	866 991	750 895
	– Permanent	681 270	594 393
	– Contractors	185 721	156 502
	Pension costs (refer note 30)	52 817	48 680
		919 808	799 575
	Number of employees employed by business segment at 30 June 2006		
	Enterprise Application Solutions	1 381	1 328
	Managed Services	1 689	1 630
	Support Services	303	289
		3 373	3 247
4	**Net financing costs**		
	Interest received - cash balances	7 223	15 679
	Dividend income received from preference share investments	66	1 126
		7 289	16 805
	Less: financial expense	(9 136)	(21 108)
	– Interest on overdraft	(5 817)	(13 280)
	– Reversal of excess interest provision *	–	17 698
	– Fair value adjustment on derivative instrument	3 022	(2 090)
	– Interest on long term loans	(6 341)	(23 436)
		(1 847)	(4 303)

*Interest provisions of R17.7 million created during 2004 were reversed during the 2005 financial year subsequent to the agreement reached with the South African Revenue Services.

		Group 2006 R'000	Group 2005 R'000
5	**Income tax expense**		
	South African tax	28 984	94 203
	Current tax	22 095	49 855
	– current year	24 001	31 322
	– prior years	(1 906)	18 533
	Deferred tax (refer note 15)	6 889	44 348
	– current year	1 182	(17 119)
	– prior years	5 707	57 744
	– change in tax rate	–	3 723
	Foreign tax	1 440	(9 407)
	Current tax	1 535	(10 443)
	– current year	1 535	(5 407)
	– prior years	–	(5 036)
	Deferred tax (refer note 15)	(95)	1 036
	– current year	(95)	933
	– prior years	–	103
	Secondary Tax on Companies	94	1 710
		30 518	86 506
	Reconciliation of the tax rate		
	Profit/(loss) before tax	69 863	37 567
	Statutory tax rate (%)	29.00	29.00
	Utilisation of assessable losses (%)	–	(0.16)
	Disallowable expenditure (%)	(1.01)	44.27
	Change in tax rate (%)	–	10.10
	Seconday tax on companies (%)	0.13	4.64
	Benefit of tax consolidation regime in Australia (%)	–	(16.88)
	Income not subject to tax (%)	–	(29.51)
	Deferred tax asset not raised (%)	6.79	(1.18)
	Derecognition of deferred tax asset (%)	3.32	–
	Prior year (over)/under provision (%)	5.44	(35.25)
	Effective tax rate before early settlement of deferred tax asset (%)	43.67	5.02
	Early settlement of deferred tax asset (%)	–	225.25
	Effective tax rate (%)	43.67	230.27

		Group 2006 R'000	Group 2005 R'000
6	**Loss from a discontinued operation**		
	Bentley West Strategic Consulting (Pty) Ltd was a joint venture with senior management of Bentley West, and aimed to provide strategic consulting services.		
	Results of discontinued operation		
	Revenue	884	16 796
	Other operating expenses	(1 805)	(17 273)
	Financial income	22	–
	Financial expense	(47)	(198)
	Normal tax expense	(373)	307
	Loss for the period	(1 319)	(368)
	Cash flows from discontinued operation		
	Net cash from operating activities	(104)	(433)
	Net cash from investing activities	41	(102)
	Net cash from financing activities	(410)	(1 040)
	Net cash used in discontinued operation	(473)	(1 575)
7	**Earnings per share**		
	Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.		
	Basic earnings/(loss) per share from continuing operations	22 846	(64 827)
	Loss from discontinued operation	1 319	368
	Profit/(loss) from continuing operations attributable to equity holders of the parent	24 165	(64 459)
	Weighted average number of ordinary shares in issue (thousands) (On 3 May 2005 780 million shares were issued)	964 667	315 638
	Basic earnings/(loss) per share (cents)	2.51	(20.42)
	Basic (loss) per share from discontinued operations		
	(Loss) from discontinuing operations attributable to equity holders of the parent	(1 319)	(368)
	Weighted average number of ordinary shares in issue (thousands)	964 667	315 638
	Basic (loss) per share (cents)	(0.14)	(0.12)

		Group 2006 R'000	Group 2005 R'000
7	**Earnings per share (continued)**		
	Diluted earnings per share from continuing operations		
	There is no dilutive effect on the weighted average number of ordinary shares at 30 June 2006 or the prior year, as no potential options or obligations to issue ordinary shares existed at the respective year-ends.		
	Profit/(loss) from continuing operations attributable to equity holders of the parent as calculated above (R'000).	24 165	(64 459)
	Weighted average number of ordinary shares (thousands)	964 667	315 638
	Weighted average number of ordinary shares for diluted earnings per share (thousands)	964 667	315 638
	Diluted earnings/(loss) per share (cents)	2.51	(20.42)
	Diluted (loss) per share from discontinued operations	(0.14)	(0.12)

Headline earnings per share

	Profit before tax R'000	Tax R'000	Discontinued operation R'000	Minority interest R'000	Profit for the period R'000
For the year ended 30 June 2006					
Reconciliation between earnings and headline earnings:					
Per the annual financial statements	69 863	(30 518)	(1 319)	(15 180)	22 846
Adjustments					
Loss on sale of business and property, plant and equipment	406	–	–	–	406
Impairment of goodwill	4 000	–	–	–	4 000
Impairment of investment in associate	1 000	–	–	–	1 000
Headline earnings					28 252
Headline earnings per ordinary share (cents)					2.93
Fully diluted headline earnings per ordinary share (cents)					2.93

	Profit before tax R'000	Tax R'000	Discontinued operation R'000	Minority interest R'000	Net Profit/(loss) R'000
7 Earnings per share (continued)					
For the year ended 30 June 2005					
Per the annual financial statements	37 567	(86 506)	(368)	(15 520)	(64 827)
Adjustments					
Profit on sale of business and property, plant and equipment	(4 891)	–	–	–	(4 891)
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					49 440
Headline earnings per ordinary share (cents)					15.66
Fully diluted headline earnings per ordinary share (cents)					15.66

	Total R'000	Land and buildings R'000	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Vehicles R'000	Leasehold improve-ments R'000
8 Property, plant and equipment							
Group							
– Balance at 1 July 2005	54 731	4 041	39 088	5 011	4 488	305	1 798
– New subsidiaries and businesses	7	–	7	–	–	–	–
– Additions	27 362	18	24 598	697	1 112	9	928
– Revaluation of asset	1 429	1 429	–	–	–	–	–
– Disposals and adjustments	(1 549)	–	(675)	(332)	(135)	(25)	(382)
– Reclassification of asset	–	(178)	–	–	–	–	178
– Depreciation charge	(24 905)	378	(19 288)	(2 365)	(2 059)	(119)	(1 452)
Balance at 30 June 2006	57 075	5 688	43 730	3 011	3 406	170	1 070
At 30 June 2006							
– Cost	286 805	3 895	224 246	19 777	16 376	1 410	21 101
– Revaluation	1 429	1 429	–	–	–	–	–
– Accumulated depreciation	(231 159)	364	(180 516)	(16 766)	(12 970)	(1 240)	(20 031)
Closing net carrying amount	57 075	5 688	43 730	3 011	3 406	170	1 070
Leased assets included above comprise off							
Cost	10 353	–	10 353	–	–	–	–
Accumulated depreciation	(9 982)	–	(9 982)	–	–	–	–
Net carrying amount	371	–	371	–	–	–	–

Land and buildings consist of:

Office Block situated on stand 7565, 2 Bismark Street, Windhoek, Namibia. The land and buildings, acquired in January 2003, at a purchase price of N$3.8 million (including improvements) were revalued by an independent valuer during the year to an amount of N$5.3 million. Bank borrowings to the value of R2.5 million (2005: R2.4 million) are secured on this property (refer note 19).

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

Finance lease assets and interest-bearing finance lease liabilities to the value of R142 million (2005: R251 million) were off-set due to the existence of a legal right of set-off and the intention to settle on a net basis.

		Total R'000	Land and buildings R'000	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Vehicles R'000	Leasehold improve-ments R'000
8	**Property, plant and equipment (continued)**							
	year ended 30 June 2005							
	– Balance at 1 July 2004	87 905	22 542	48 748	6 469	5 068	717	4 361
	– New subsidiaries and businesses	15 158	–	13 335	1 146	677	–	–
	– Additions	16 817	–	15 952	374	412	79	–
	– Disposals and adjustments	(32 187)	(18 051)	(13 963)	(285)	441	(240)	(89)
	– Impairment of assets	(780)	–	(780)	–	–	–	–
	– Depreciation charge	(32 182)	(450)	(24 204)	(2 693)	(2 110)	(251)	(2 474)
	Balance at 30 June 2005	**54 731**	**4 041**	**39 088**	**5 011**	**4 488**	**305**	**1 798**
	At 30 June 2005							
	– Cost	260 985	4 055	200 316	19 412	15 399	1 426	20 377
	– Accumulated depreciation	(206 254)	(14)	(161 228)	(14 401)	(10 911)	(1 121)	(18 579)
	Closing net carrying amount	**54 731**	**4 041**	**39 088**	**5 011**	**4 488**	**305**	**1 798**
	Leased assets included above comprise:							
	Cost	10 401	–	10 353	4	44	–	–
	Accumulated depreciation	(8 008)	–	(7 963)	(1)	(44)	–	–
	Net carrying amount	**2 393**	–	**2 390**	**3**	–	–	–

The carrying value of software (R5.9 million at 30 June 2005), previously disclosed as an item of property, plant and equipment, has been reclassified as an intangible asset, and is amortised over its useful life.

		Company 2006 R'000	Company 2005 R'000
9	**Investment in subsidiaries**		
	Unlisted		
	Shares at cost less amounts written off	–	–
	Loans owing by GijimaAst Holdings (Pty) Ltd	**663 944**	663 944
		663 944	663 944
	Impairment of loans receivable	**(450 875)**	(559 002)
	Net interest in subsidiaries	**213 069**	104 942

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 these agreements, the recoverability of the loan reflected has been impaired until such time as it is reasonably certain that the outstanding balance can be recovered. The loan to GijimaAst Holdings (Pty) Ltd is interest free.

		Group 2006 R'000	Group 2005 R'000
10	**Investment in associate**		
	Balance at 1 July	1 207	1 070
	Share of results before tax	(11)	136
	Interest	–	44
	Impairment of investment	(1 000)	–
	Share of taxation	–	(43)
	Balance at 30 June	196	1 207
		Country of incorporation	% Interest held
	The associate, which is unlisted, is:		
	– Naledi Computers (Pty) Ltd	South Africa	25%
	Naledi provides computer related services, products and technologies.		
	Directors' valuation of shares	196	1 207
11	**Investments and loans**		
	Listed investments at market value	–	865
	Directors valuation – nil (2005 – R865 000)		
	Unlisted investments at cost:	670	2 024
	Directors' valuation of fair value – R670 000 (2005 – R2 024 000)		
		670	2 889
	Included in listed and unlisted investments are shares held by AST Western Australia for AUD 126 036 (2005: AUD 463 303).		
	These represent investments received in lieu of cash for services rendered.		
12	**Derivative financial instrument**		
	Entitlement to purchase a 50% share in property-owning entity at a fixed price by 2013.	12 076	9 051

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.

	Group 2006 R'000	Group 2005 R'000
13 Acquisitions of subsidiaries and businesses		
Details of net assets acquired, and goodwill are as follows:		
Purchase consideration		
– directly attributable acquisition costs paid	600	3 425
– directly attributable acquisition payable in cash	1 380	–
– fair value of shares issued	–	138 942
Total purchase consideration	1 980	142 367
Fair value of net assets acquired	324	(46 322)
Goodwill (refer note 14)	2 304	96 045
The fair value of assets and liabilities arising from the acquisition are as follows:		
Cash	355	2 823
Inventories	–	21 174
Accounts receivable	251	55 976
Intangible assets (refer note 14)	–	7 386
Property, plant and equipment	7	16 125
Deferred tax asset	40	–
Deferred tax liability arising on acquisition (IFRS 3) (refer note 14)	–	(2 142)
Provisions	–	(10 421)
Accounts payable	(977)	(44 599)
Fair value of net assets	(324)	46 322
Goodwill (refer note 14)	2 304	96 045
Total purchase consideration	1 980	142 367

Year ended 30 June 2006

On 2 July 2005 the Group acquired an extra 10% of Thuso Information Technologies (Pty) Ltd for R600 000 and on 1 May 2006 50% of Sirius Consulting (Pty) Ltd for R1 380 000. Subsequent to year-end, GijimaAst acquired the remaining 50% shareholding of Thuso Information Technologies (Pty) Ltd.

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business' work force and the synergies expected to be achieved from integrating the company into the Group.

Year ended 30 June 2005

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. 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. Management reflected provisional values on the initial purchase price allocation calculation performed during the year ended 30 June 2005.

13 **Acquisitions of subsidiaries and businesses (continued)**

The final purchase price allocation was performed in accordance with the definitions as per segment information (refer note 2) and included all South African operations forming part of GijimaAst Holdings (Pty) Ltd. No adjustment to the provisional values were made.

In accordance with the provisions of IFRS 3 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.

14 **Intangible assets**

	Goodwill R'000	Trade name R'000	Group Client contracts R'000	Software R'000	Total R'000
Year ended 30 June 2006					
Balance at 1 July 2005	53 317	46 727	5 818	5 930	111 792
Additions	2 304	–	–	1 668	3 972
Amortisation charge	–	–	(5 818)	(4 231)	(10 049)
Impairment charge	(4 000)	–	–	–	(4 000)
Balance at 30 June 2006	51 621	46 727	–	3 367	101 715
At 30 June 2006					
Cost	88 363	46 727	7 386	18 284	160 760
Accumulated amortisation and impairment	(36 742)	–	(7 386)	(14 917)	(59 045)
Carrying amount	51 621	46 727	–	3 367	101 715
Year ended 30 June 2005					
Balance at 1 July 2004	36 742	–	–	15 649	52 391
Additions	47 175	46 727	7 386	967	102 255
Deferred tax liability created per IFRS 3	2 142	–	–	–	2 142
Amortisation charge	–	–	(1 568)	(10 686)	(12 254)
Impairment charge	(32 742)	–	–	–	(32 742)
Balance at 30 June 2005	53 317	46 727	5 818	5 930	111 792
At 30 June 2005					
Cost	86 059	46 727	7 386	16 616	156 788
Accumulated amortisation and impairment	(32 742)	–	(1 568)	(10 686)	(44 996)
Carrying amount	53 317	46 727	5 818	5 930	111 792

14 **Intangible assets (continued)**

The carrying value of software (R5.9 million at 30 June 2005), previously disclosed as property, plant and equipment, has been reclassified as an intangible asset, and is amortised over its useful life.

The Group adopted the provisions of IFRS 3 during the previous financial year. Amortisation of previously recognised goodwill ceased at 30 June 2004 and goodwill balances are henceforth subject to annual 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) Ltd, the principal acquirer, and no impairment charge eminated.

The cash flow projections were based on the budgeted 2006/2007 results and the four year business plan thereafter. A weighted-average-cost-of-capital rate of 17.31% per annum was used in discounting the projected cash flows.

Client contracts comprised contractually secured contracts at the date of the merger and were amortized over the remaining period of the contractually secured contracts at the date of the merger. Client contracts were fully amortised at 30 June 2006.

Goodwill and trade name

Goodwill consists of R98.3 million (including the indicative trade name valuation of R46.7 million) which arose from the acquisition of the information technology businesses of Gijima. The R98.3 million represents the cost of the acquisition over the fair value of the net assets acquired, after deducting the value of client contracts, adjusted for the impact of the deferred tax implications of IAS 12 and considering the impact of the discounted share price offered at the date of the transaction.

The indicative value of the trade name has been seperately disclosed and was valued using the relief-from-royalty methodology. This approach recognises that intangible assets have value insofar as the use of these intangible assets 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 R2.1m, that arose as a result of the value placed on the client contracts has, in accordance with IAS 12, and IFRS 3, been reflected against the goodwill balance.

		Group	
		2006	2005
		R'000	R'000
15	**Deferred tax**		
	Balance at 1 July	141 861	189 387
	Current tax	(1 087)	16 186
	Over provision prior years	(5 707)	(57 847)
	Charge on goodwill recognised in equity	–	(2 142)
	Change in tax rate	–	(3 723)
	Balance at 30 June	135 067	141 861

	2006 Assets R'000	2006 Liabilities R'000	2006 Total R'000	2005 Assets R'000	2005 Liabilities R'000	2005 Total R'000
The deferred tax balance comprises the following:						
Capital allowances	243	(5 177)	(4 934)	2	(4 978)	(4 976)
Provisions and other allowances	34 439	–	34 439	38 349	–	38 349
Unrealised foreign exchange item	7 360	(955)	6 405	10 532	–	10 532
Income received in advance	13 173	–	13 173	10 799	–	10 799
Liability arising from the straight lining of operating leases	6 098	–	6 098	9 616	–	9 616
Other	154	–	154	1 247	–	1 247
Deferred tax in international structure	1 630	(75)	1 555	1 535	(75)	1 460
Fair value adjustment	–	(2 819)	(2 819)	–	(2 626)	(2 626)
Calculated tax loss	93 814	–	93 814	82 823	–	82 823
Prepayments	–	(3 181)	(3 181)	–	(1 058)	(1 058)
Section 24C allowances	–	(1 546)	(1 546)	–	(1 290)	(1 290)
Work in progress	–	(8 091)	(8 091)	–	(3 015)	(3 015)
	156 911	(21 844)	135 067	154 903	(13 042)	141 861

Deferred tax liability amounting to R14.8 million was reclassified as a current tax payable as at 30 June 2005. This adjustment resulted from an incorrect interpretation of the tax treatment of a sale-and-leaseback agreement.

The adjustment only affects the timing of the payment of tax and has no effect on retained or current earnings.

		Group 2006 R'000	Group 2005 R'000
16	**Inventories**		
	Work in progress	27 899	10 055
	Finished goods	17 942	39 155
		45 841	49 210
17	**Trade and other receivables**		
	Trade receivables	379 063	395 492
	Impairment of trade receivables	(14 128)	(16 484)
		364 935	379 008
	Prepayments	11 247	4 754
	Other receivables	17 366	9 883
		393 548	393 645

Book debts as at 30 June 2006:

– GijimaAst Holdings (Pty) Ltd, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R271.1 million;

– Graphic Mining Solutions International (Pty) Ltd, a wholly owned subsidiary of GijimaAst Holdings (Pty) Ltd, amounting to R16.3 million;

– AST Distributed Technology Services (Pty) Ltd , a 70% subsidiary of GijimaAst Holdings (Pty) Ltd, amounting to R57.2 million; and

– Thuso Information Technology (Pty) Ltd, a 50% joint venture of GijimaAst Holdings (Pty) Ltd, amounting to R2.1 million.

These are secured by a cession to Futuregrowth Asset Management (Pty) Ltd and Mettle Management (Pty) Ltd in respect of finance facilities granted to GIJIMA AST GROUP LIMITED.

Book debts as at 30 June 2005:

– GijimaAst Holdings (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R284.9 million were secured by a cession to The Standard Bank of South Africa Limited in respect of banking facilities granted to GIJIMA AST GROUP LIMITED. A further reversionary cession of these book debts was in place in favour of Kumba Resources Limited.

		Group 2006 R'000	Group 2005 R'000
18	**Short-term loans**		
	GEM Consulting Group Trust	3 691	–
	Loan to Magoshi Investments (Pty) Ltd	500	–
		4 191	–

The working capital loan to GEM Consulting Group Trust bears interest at the prime overdraft rate of National Australia Bank being 9% at year–end. The loan will be repaid in full upon the equity participants acquiring the remaining 30% in the Trust.

Interest is charged at the prime overdraft rate on the Magoshi loan which is repayable in full at 30 September 2006.

		Group 2006 R'000	Group 2005 R'000
19	Cash and cash equivalents		
	Cash at bank and in hand	176 558	98 062
	Less: Overdrafts	(2 547)	(41 221)
		174 011	56 841

The weighted average effective interest rate on short-term bank deposits was 6.45% (2005: 6.57%). Included in cash and cash equivalents is cash from AST Distributed Technology Services (Pty) Limited of R111m (2005: R85m) of which the GIJIMA AST GROUP has a 70% shareholding. The utilisation of this cash is restricted and is regulated by a shareholders' agreement.

		Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
20	Ordinary share capital				
	Authorised				
	1 300 000 000 ordinary shares of 0.10 cent each	1 300	1 300	1 300	1 300
	Issued				
	964 666 538 ordinary shares of 0.10 cent each	964	964	964	964
	Balance at 1 July	964	184	964	184
	Shares issued during the year	–	780	–	780
	Balance at 30 June	964	964	964	964

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

Some share options are still retained by certain employees. The AST Share Trust has been inactive in the past 3 years as the exercise price of the share options exceeded the market value.

The Trustees are currently in negotiations with the remaining employees to cancel these share options and disolve the Trust.

	Group 2006 R'000	Group 2005 R'000
20 Ordinary share capital (continued)		
Movements in the number of share options outstanding are as follows:		
Balance at 1 July	209	249
Granted	–	–
Exercised	–	–
Lapsed/cancelled	(17)	(40)
Balance at 30 June	192	209

The average strike price of the share options was 539 cents with the share price of 49 cents at year-end.

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

Exercise price	Current '000	2-5 years 2006 '000	Total 2006 '000	Total 2005 '000
R3.01 – R4.00	–	–	–	10
R4.01 – R5.00	20	5	25	25
R5.01 – R6.00	129	33	162	167
R8.01 – R9.00	5	–	5	5
R21.01 – R22.00	–	–	–	–
R22.01 – R23.00	–	–	–	2
R29.01 – R30.00	–	–	–	–
	154	38	192	209

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

	2006 Number of Shares '000	2005 Number of Shares '000
AST Health (Pty) Ltd	6	6
AST Share Trust	12	12
	18	18

20 Ordinary share capital (continued)

Share Linked Bonus Scheme

The company has entered into a share linked payment arrangement with employees. The fair value of the instruments granted is measured using the Black Scholes valuation methodology, taking into account the terms and conditions upon which instruments are granted. The first notional shares under the GijimaAst Share Linked Bonus Scheme were granted on 20 December 2005 and the adoption of IFRS 2 had no impact on previous financial periods.

The details of the grants are as follows:

	2006	2005
Share price at grant date (cents)	50	–
Exercise price (cents)	46	–
Expected volatility	30%	–
Expected dividend yield	3.81%	–
Risk-free interest rate	7.26%	–

The expected volatility of 30 percent is based on the three year volatility of the J097 (Software and Computer) and J090 (Information Technology) index (which matches the life of the option).

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

	2006 R'000	2005 R'000
Employee expenses		
Expense arising from notional shares granted in 2006	429	–
Effect of changes in the fair value of notional shares	–	–
Total expense recognised as employee costs	429	–

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

	Weighted average exercise price 2006 cents	Number of notional shares 2006 '000
Outstanding at 1 July	–	–
Granted during the period	46	38 550
Forfeited during the period	46	(6 450)
Exercised during the period	–	–
Outstanding at 30 June	46	32 100
Exercisable at 30 June	–	–

		Group 2006 R'000	Group 2005 R'000
21	**Minority interest**		
	Balance at 1 July	25 599	14 579
	Share of net profit in subsidiary	15 180	15 520
	Dividend paid	–	(4 500)
	Balance at 30 June	40 779	25 599
22	**Interest-bearing liabilities**		
	Long term loans	140 530	68 790
	Total liability	153 695	103 122
	– Mortgage bond	2 116	2 431
	– Working capital loan	133 681	21 000
	– Other	17 898	79 691
	Less current portion moved to trade and other payables	(13 165)	(34 332)
	– Mortgage Bonds	(488)	(427)
	– Other	(12 677)	(33 905)
	Liabilities under capitalised finance lease agreements	–	1 557
	– Total liability	532	3 386
	– Less current portion moved to trade and other payables	(532)	(1 829)
		140 530	70 347

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 (12.25% at 30 June 2006). The loan is repayable in monthly installments of R58 172 payable until April 2012. The outstanding loan balance of R2 116 378 is secured over land and buildings (refer note 8).

Working capital loans

Working capital loan comprises of a loan from Futuregrowth Asset Management (Pty) Ltd (Futuregrowth) and Mettle Management (Pty) Ltd (Mettle), received on 30 June 2006, repayable in full on 30 September 2007 and bears interest at Jibar plus a margin of 2.95%. This working capital loan was utilised to repay loans from Kumba Resources Limited of R21 million, the outstanding amount due to the South African Revenue Services of R30.7 million and the overdraft balance with Standard Bank of South Africa Limited of R58.5 million (collectively "the lenders"). The full capital amount of R133.7 million was however repaid on 31 July 2006 from the proceeds of the securitisation described in detail in the subsequent events, refer note 32.

22 **Interest-bearing liabilities (continued)**

The newly borrowed working capital loans from Futuregrowth and Mettle are secured by a cession of the book debts of GijimaAst Holdings (Pty) Ltd, Graphic Mining Solutions International (Pty) Ltd, AST Distributed Technology Services (Pty) Ltd and Thuso Information Technology (Pty) Ltd (refer note 17).

The following security was released in full with the repayment of the working capital loans to the lenders:

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

Other liabilities

Finance lease agreements

An outstanding finance lease liability amounting to R17.9 million (2005: R32.4 million), net of set-off against assets (refer note 8), no interest is calculated or repayable as from April 2006 (2005: 2.9%) and is repayable six-monthly in June and December. The loan term is five years.

Other capitalised finance leases amounting to R0.5 million (2005: R3.4 million) have been entered into. Interest on these finance leases is paid at 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 are as follows:

	2006 R'000	2005 R'000
Not later than 1 year	13 209	18 014
Later than 1 year and not later than 5 years	5 221	17 808
Later than 5 years	–	–
	18 430	35 822
Less current portion	(13 209)	(18 014)
	5 221	17 808

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.

23 **Amounts due to vendors**

The outstanding amount on acquisition of Sirius Consulting (Pty) Ltd

30 June 2006	Cash not later than 1 year R'000
Sellers of Sirius Consulting (Pty) Ltd	1 380

30 June 2005

No amounts were due to vendors on 30 June 2005.

	Group 2006 R'000	Group 2005 R'000
24 Trade and other payables		
Trade payables and accruals	**225 755**	218 502
Income received in advance	**46 063**	41 113
Leave pay accrual	**43 022**	37 338
Current portion of long-term liabilities	**13 697**	36 161
Other payables and payroll vendors	**38 946**	62 346
	367 483	395 460

	Total R'000	Commissions R'000	Warrantees R'000	Other R'000
25 Provisions				
Balance as at 30 June 2006				
Balance at the beginning of the year	**43 296**	**4 490**	**1 166**	**37 640**
New provisions created	**69 926**	**2 820**	**44 927**	**22 179**
Provisions utilised	**(59 678)**	**(842)**	**(44 222)**	**(14 614)**
Balance at the end of the year	**53 544**	**6 468**	**1 871**	**45 205**
Balance as at 30 June 2005				
Balance at the beginning of the year	33 136	4 547	1 769	26 820
New provisions created	65 117	13 374	2 836	48 907
Provisions utilised	(54 957)	(13 431)	(3 439)	(38 087)
Balance at the end of the year	43 296	4 490	1 166	37 640

25 Provisions (continued)

Commissions

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

Warrantees

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

Other

Other provisions consist of payroll related provisions and provisions for professional fees.

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 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. No interest rate swap agreements were entered into or existed during the year.

26.2 Fair value of financial instruments

At 30 June 2006 the carrying amounts of cash and short-term deposits, accounts receivable, accounts 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
26	**Financial instruments (continued)**		
26.2	**Fair value of financial instruments**		
	The fair value of the Group's financial assets and liabilities is stated below:		
	Financial assets		
	Cash and cash equivalents	174 011	174 011
	Trade and other receivables	393 548	393 548
	Short-term loans	4 191	4 191
	Derivative financial instrument	12 076	12 076
	Investments	670	670
	Current tax asset	3 901	3 901
		588 397	588 397
	Financial liabilities		
	Trade and other payables, and provisions	421 027	421 027
	Amounts due to vendors	1 380	1 380
	Interest-bearing liabilities	140 530	140 530
	Current tax liability	38 237	38 237
		601 174	601 174

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 receivables.

Trade receivables comprise a large number of customers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Trade receivables are presented net of impairment of trade receivables.

At 30 June 2006 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 forward exchange contracts are designated at Group level as economic 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 28 for detail disclosure of forward exchange contracts.

27 Commitments

Capital commitments

In terms of an agreement with Zenprop Property Holdings (Pty) Ltd ("Zenprop"), the Group would be willing to purchase the two adjacent erven (the "property") abutting into the West boundary of the existing Head Office premises and retain them for the Group's exclusive use and/or future development subject to the following: if the Group does not require Zenprop to develop the property by 31 December 2006, then the Group shall be obliged, at Zenprop's call, to purchase 50% interest in the property at Zenprop's pro-rata capitalised proven cost at that time. Once the Group purchases its interest in the property, it shall be under joint ownership, to be held for development or sale as may be agreed at the time. The amount as at 30 June 2006 amounts to R2.1 million (2005: R1.8 million) and will become due and payable in this event at 31 December 2006.

	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	30 586	75 608	37 022	143 216

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

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

28 Foreign exchange position

	Foreign currency '000	2006 Rand amount R'000	Fair value R'000	Unrealised loss/(profit) R'000	2005 Unrealised loss/(profit) R'000
The following forward exchange contracts were entered into:					
US Dollars	2 620	17 935	18 806	(871)	(266)
Euro	1 720	14 137	15 764	(1 627)	4
		32 072	34 570	(2 498)	(262)

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 2006 to 31 October 2006.

		2006 R'000	2005 R'000
29	**Contingent liabilities**		
	Bank and other guarantees		
	At 30 June 2006 the Group had contingent liabilities in respect of registered performance bonds, bank, lease and other guarantees split between currencies as set out below.	3 276	2 658

	2006 Foreign currency '000	2006 Rand amount R'000	2005 Foreign currency R'000	2005 Rand amount R'000
South African Rand				
– Standard Bank of South Africa Limited	2 911	2 911	1 457	1 457
Namibian Dollar				
– First National Bank of Namibia Limited	222	222	201	201
Australian Dollar				
– National Australia Bank	27	143	197	1 000
		3 276		2 658

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

30 Retirement benefits

The Group has made provision for pension and provident schemes covering 91% of qualifying permanent employees. The GijimaAst Retirement Scheme was established on 1 September 1999. The fund is a defined contribution fund and is governed by the Pension Fund Act of 1956. The assets of the fund are held independently of the Group's assets in separate trustee administered funds. The total employer contributions are recognised as an expense.

	Group 2006 R'000	Group 2005 R'000
The amounts charged to the income statement are as follows:		
Pension costs	52 817	48 680
Total included in staff costs (refer note 3)	52 817	48 680

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.

Three shareholders and Members of the Board of Directors had significant influence on the operational and economical decision making of the Group by means of significant shareholding in the Group. Mr. RW Gumede and Mr CJH Ferreira, both Executive Directors, indirectly held 29.8% and 1.9% respectively of the issued ordinary shares of the Group at 30 June 2006. Mr NI Mhlongo, a Non-executive Director, indirectly held 5.0% of the issued ordinary shares of the Group at 30 June 2006. The indirect shareholding resulted from Mr Gumede, Mr Ferreira and Mr Mhlongo's indirect shareholding in Guma Investment Holdings (Pty) Ltd, the holding company of Guma Tech (Pty) Ltd, Guma Support (Pty) Ltd and Guma Tech Group (Pty) Ltd. The latter three companies hold the shares in GIJIMA AST GROUP LIMITED.

The only material transaction between Directors and Group subsidiaries or between entities controlled by Directors and other Group subsidiaries was for professional services rendered by Mr CME Mostert as disclosed per note 3.12.

31.1 Subsidiaries

Details of interests in subsidiaries are disclosed on page 102 to 103 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 3.12.

	2006	2005
31.3 Share in joint ventures		
The Group's investment in significant joint ventures is reflected below:		
Percentage shareholding		
Galaxynet (Pty) Ltd	**50%**	50%
Thuso Information Technology (Pty) Ltd	**50%**	40%
Bentley West Strategic Consulting (Pty) Ltd (discontinued operation)	**50%**	50%
Sirius Consulting (Pty) Ltd	**50%**	0%

Thuso Information Technology (Pty) Ltd is a joint venture with Magoshi Investments (Pty) Limited and is a black economic empowerment venture. Galaxynet (Pty) Ltd is a joint venture established with Galaxy Health (Pty) Ltd 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.

Sirius Consulting (Pty) Ltd is a joint venture with senior management of Sirius Consulting and Graphic Mining Solutions International (Pty) Ltd, that provides software solutions in the mining industry.

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

		2006 R'000	2005 R'000
31.3	**Share in joint ventures (continued)**		
	Property, plant and equipment	67	136
	Non-current assets	28	532
	Current assets	4 633	4 705
	Total assets	4 728	5 373
	Provisions for liabilities and charges	–	1 049
	Non-current liabilities	172	–
	Current liabilities	7 000	5 842
	Total liabilities	7 172	6 891
	Net assets	(2 444)	(1 518)
	Revenue	18 309	18 537
	Profit before taxation	113	1 279
	Taxation	(693)	(343)
	Profit after taxation	(580)	936
	Proportionate interest in joint ventures' cash flows		
	Cash (used in)/from operating activities	(1 030)	1 121
	Cash from/(used in) investing activities	29	(134)
	Cash from/(used in) financing activities	1 099	(2 108)
	Net cash inflow/(outflow)	98	(1 121)

32 Subsequent Events

Subsequent to the balance sheet date on 31 July 2006, GijimaAst and its subsidiaries (collectively "GijimaAst Group") entered into a long-term debtors securitisation funding programme ("the Programme"). In terms of the Programme, GijimaAst Group raised R256 million from various investors in the Capital Markets at fixed rates for a period of five years. As part of the Programme, GijimaAst sold the trade receivables of certain of its subsidiaries to an independently owned special purpose entity, GijimaAst Finance (Pty) Ltd ("GijimaAst Finance").

GijimaAst Finance funded the purchase price paid to GijimaAst Group by issuing 256 of Class A, 60 month secured non-amortising rated debentures of R1 million each, and 64 of Class B, subordinated unsecured 61 month non-amortising unrated debentures of R1 million each. The Class A debentures have been awarded a zaAA credit rating by CA Ratings, and have been issued to investors in the Capital Markets. The Class B debentures have been subscribed for by a subsidiary entity of GijimaAst. The Class A debentures bear interest at a fixed rate of 10.171% nacq, and the funding raised thereon has replaced the working capital loan of R133 681 million (refer note 22). The Class B debentures bear interest at variable rates.

On 31 July 2006, the cession of GijimaAst Group's book debts in respect of the working capital loan (refer note 22) has been released in full and these book debts have been ceded in favour of The GijimaAst Securitisation Trust.

The Group agreed terms with Absa Bank to acquire its 30% shareholding in DTS in order for GijimaAst to own 100% of a key contributor to Group profits. The effective date of the transaction was 1 July 2006. A positive impact on earnings per share of 28% to 3,22 cents for the 2006 financial year would have resulted, had the acquisition been effective on 1 July 2005, while headline earnings per share would have increased by 24% to 3,64 cents. By integrating DTS into the Group, GijimaAst is now positioned to maximise its offering for convergence in ICT.

		Group 2006 R'000	Group 2005 R'000
33	**Cash flow information**		
33.1	**Reconciliation of profit before tax to cash generated from operations**		
	Profit before tax	69 863	37 567
	Adjustments for:		
	Amortisation/Impairment	14 909	48 336
	Depreciation	24 904	32 182
	(Profit)/loss on sale of business	172	(4 891)
	Provisions and other non cash flow adjustments	14 308	1 647
	Discontinued operations	(1 319)	(675)
	Financial income	(7 289)	(16 805)
	Financial expense	9 136	21 305
	Share based payments	429	–
	Currency translation differences	(7 208)	(10 550)
	Operating cashflow before working capital changes	117 906	108 116
	Working capital changes		
	Decrease in inventories	3 370	9 001
	(Increase) in accounts receivable	(1 738)	(40 266)
	(Decrease) in accounts payable	(11 196)	(18 616)
	Cash generated from operations	108 342	58 235
33.2	**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		
	– vendor payable/cash paid	–	380
	– fair value of shares issued	–	–
	Total purchase consideration	–	380
	Fair value of net assets acquired	–	–
	Goodwill	–	380

DETAILS OF 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
Access Market International (Pty) Ltd	Pretoria 24/03/2000	2000/005743/07	04/04/2000	100	100	Dormant
Advanced Integrated Mining Solutions (Pty) Ltd	Pretoria 27/05/1996	1996/006529/07	18/05/1999	8	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
Asindo Protection Services (Pty) Ltd	Pretoria 20/10/1998	1998/020871/07	20/10/1998	1000	100	Provision of security systems and 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 Engineering (Pty) Ltd	Pretoria 02/12/1971	1971/013512/07	01/05/1999	100	100	Dormant
AST Health Solutions (Pty) Ltd	Pretoria 17/06/1998	1998/011560/07	01/08/1999	10	100	Dormant
AST Holdings Australia (Pty) Ltd	New South Wales Australia 25/06/1998	ACN083125160	08/06/1999	A$47 086	100	Holding company
AST Identification Solutions (Pty) Ltd	Pretoria 24/05/1999	1999/010719/07	08/06/2001	100	100	Dormant
AST International	Mauritius 07/04/1999	22115/4965	07/04/1999	US$4	100	Trading in computer software, labour broker and financing
AST Mining Canada Incorporated	Ontario Canada 29/11/2001	394917-6	29/11/2001	C$1	100	Mining software consulting
AST Offshore Holdings	Mauritius 01/04/1999	6/99/4515	01/04/1999	US$1	100	Holding company
AST Operations Australia (Pty) Ltd	New South Wales Australia 02/10/1997	ACN080287663	08/06/1999	A$138 259	100	Dormant
AST Property Management (Pty) Ltd	Pretoria 15/07/1997	1997/011382/07	28/01/1998	100	100	Property management
AST Western Australia	New South Wales Australia 21/01/2000	ACN091286305	18/12/2000	A$51 600	100	Management consulting
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

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
Enterprise Solutions (Pty) Ltd	Pretoria 30/07/1991	1991/004075/07	01/10/1997	200	100	Dormant
GijimaAst Holdings (Pty) Ltd	Pretoria 04/11/1998	1998/021835/07	01/04/1999	1	100	Software and IT services
GijimaAst Information Technology Services (Pty) Ltd	Namibia 01/11/1998	99/465	03/03/2000	N$1 000	100	Information technology services
GijimaAst (Pty) Ltd	Perth Australia 05/09/2002	ACN101951017	05/09/2002	A$100	100	Mining software consulting
Graphic Mining Solutions International (Pty) Ltd	Pretoria 27/05/1996	1996/006527/07	01/05/1999	1 000	100	Mining management software
Incito Supply Chain Management (Pty) Ltd	Pretoria 25/01/2001	2001/001659/07	01/05/2002	1 000	100	Dormant
IRMS Integrated Risk Management Solutions (Pty) Ltd	Pretoria 20/01/1998	1998/000790/07	01/05/1998	100	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	22/06/1999	Euro 18 200	100	Holding company
Online Outsource (Pty) Ltd	Pretoria 15/09/1999	1999/020335/07	20/12/2000	100 000	100	Dormant
PLINY (Pty) Ltd	Pretoria 18/09/1995	1995/009976/07	01/10/1996	100	100	Dormant
SIHAN Computer Sevices (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	1998/019443/07	01/07/1998	100	100	Dormant
AST Distributed Technology Services (Pty) Ltd**	Pretoria 28/01/1999	1999/001742/07	01/04/2000	20	70	Desktop services
Joint ventures						
AST WebAccess (Pty) Ltd	Pretoria 06/03/2002	2002/005182/07	01/05/2002	100	60	Dormant
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
GalaxyNet (Pty) Ltd	Pretoria 11/03/1998	1998/004619/07	08/12/1998	4 000	50	Services in the healthcare industry
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
Sirius Consulting (Pty) Ltd	Pretoria 03/01/2006	2006/00954/07	01/05/2006	500	50	Development and maintenance on custom software
Thuso Information Technology (Pty) Ltd*	Pretoria 30/09/1999	1999/021945/07	14/10/1999	100	50	Information technology services
Associates						
GEM Consulting Group (Pty) Ltd	Perth, Western Australia 09/09/1996	ACN075545961	18/12/2000	A$13	30	Management company
Naledi Computer Systems (Pty) Ltd	Pretoria 29/04/1997	1997/006365/07	28/09/2000	1 000	25	Information technology products and services

* As stated in note 13 of the annual financial statements, an extra 10% of the shares of Thuso Information Technology (Pty) Ltd were acquired during the year. Subsequent to year-end, GijimaAst acquired the remaining 50% shareholding.

** Subsequent to year-end, GijimaAst acquired the remaining 30% of AST Distributed Technology Services (Pty) Ltd which became a wholly owned subsidiary.

SHAREHOLDER INFORMATION

ANALYSIS OF SHAREHOLDINGS

Range	Number of shareholders	Number of shares	Number of members as a %	% of total shares issued
1 – 1 000	2 270	705 568	46.55	0.07
1001 – 5 000	918	2 395 995	18.83	0.25
5 001 – 10 000	422	3 370 190	8.65	0.35
10 001 – 100 000	956	33 495 687	19.61	3.47
100 001 – 1 000 000	234	76 977 450	4.80	7.98
> 1 000 000	76	847 721 648	1.56	87.88
TOTALS	**4 876**	**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 & Bodies Corporate	1 946	919 427 940	39.91	95.31
Public & Individuals	2 930	45 238 598	60.09	4.69
TOTALS	**4 876**	**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	10	364 565 310	0.21	37.79
Directors	9	364 553 541	0.19	37.79
Staff share scheme	1	11 769	0.02	0.00
Public	4 866	600 101 228	99.79	62.21
TOTALS	**4 876**	**964 666 538**	**100.00**	**100.00**

SHAREHOLDING OVER 1%

Registered/Beneficial Holder	Number of Shares	% of shares held
Guma Tech (Pty) Ltd	169 817 449	17.60
Guma Support (Pty) Ltd	123 503 600	12.80
Guma Investment Holdings (Pty) Ltd	44 409 958	4.60
Guma Tech Group (Pty) Ltd	15 437 950	1.60
Allan Gray Asset Managers	220 040 159	22.81
Stanlib Asset Managers	64 436 528	6.68
Finsource Asset Managers	57 358 561	5.95
Coronation Asset Managers	33 088 475	3.43
Metropolitan Asset Managers	21 829 103	2.26
Cadiz Holdings Limited	21 034 537	2.18

JSE LIMITED PERFORMANCE

Number of shares traded	242 950 844
% of total issued shares	25.18%
Value of shares traded	R145 921 475
Priced quoted (cents per share):	
• Highest	85
• Lowest	44
• Closing	49
Market capitalisation at year-end	R472 686 604
Price earnings ratio	5.98
Earnings yield	16.72

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
	2005	2	80	42	46 829 671	22 111 000
	2005	3	66	50	80 373 812	46 619 836
	2005	4	59	48	60 891 040	32 947 670
	2006	1	85	53	73 908 879	51 183 757
	2006	2	62	44	27 777 113	15 170 212
Monthly	2005	July	61	50	29 529 806	16 112 645
	2005	August	66	56	20 928 084	12 981 454
	2005	September	62	51	29 915 922	17 525 737
	2005	October	59	54	20 157 956	11 346 914
	2005	November	57	49	21 918 278	11 824 690
	2005	December	55	48	18 814 806	9 776 066
	2006	January	85	53	43 974 289	31 225 981
	2006	February	75	60	20 991 528	14 583 622
	2006	March	65	56	8 943 062	5 374 154
	2006	April	62	50	6 422 753	3 763 539
	2006	May	62	54	10 845 868	6 141 514
	2006	June	58	44	10 508 492	5 265 159

SHAREHOLDERS' DIARY

ANNUAL GENERAL MEETING	10 November 2006
REPORTS AND FINANCIAL STATEMENTS	
Annual results announcements (published)	27 September 2006
Publication of annual report (mailed to shareholders)	19 October 2006
FINANCIAL YEAR-END	30 June 2007

ADMINISTRATION

SECRETARY AND REGISTERED OFFICE

J C Rademan (B. Com)
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)
3 Simmonds Street
Johannesburg, 2001
(PO Box 61344, Marshalltown, 2107)

SPONSOR

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

REGISTERED AUDITOR

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

ATTORNEYS

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

TRANSFER OFFICE/TRANSFER SECRETARIES

Link Market Services SA (Pty) Limited
(Registration number 2000/007239/07)
5th Floor, 11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)
(PO Box 10629, Centurion, 0046)

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 eighth 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 Friday, 10 November 2006 at 11:00, 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 2006 were received and adopted as correct, these being the annual financial statements with respect to the state of affairs, the business and the profit or loss of the Company and its subsidiaries.
3. To elect the directors of the company ("the directors") in the place of the following persons, who in accordance with the provisions of the company's articles of association retire by rotation and, being eligible, offer themselves for re-election:

   ROTATION

   3.1 NJ Dlamini

   3.2 CJH Ferreira

   3.3 RW Gumede

   3.4 M MacDonald

   CONFIRM APPOINTMENT

   3.5 CP Potgieter

   The abridged *curricula vitae* for each of the above directors appear on pages 112 of the annual financial statements of the Company in respect of its financial year ended 30 June 2006.
4. To ratify the directors' emoluments for the year going forward.
5. To resolve that the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended ("the Companies Act"), the Articles of Association of the company and the listings requirements of the JSE Limited ("JSE"), when applicable.
6. To resolve that the directors of the company be and are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the companies act, the Articles of Association of the company, the JSE listings requirements, when applicable, and the following limitations, namely that:
   - the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
   - any such issue will only be made to "public shareholders" as defined in the listings requirements of the JSE and not related parties, unless the JSE otherwise agrees;
   - the number of shares issued for cash shall not in the aggregate in any one financial year exceed 15% (fifteen per cent) of the company's issued share capital of ordinary shares, as calculated in terms of section 5.52 of the JSE Listings requirements;
   - this authority is valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
   - a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of shares in issue prior to the issue; and

- in determining the price at which an issue of shares may be made in terms of this authority post the listing of the company, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the jse of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the company.

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

7. To confirm and approve that no dividends will be declared for the financial year ended 30 June 2006.
8. To ratify the appointment of the company's auditors, KPMG Inc.

SPECIAL RESOLUTION

1. To resolve that the directors be and hereby are authorised, by way of general approval and in terms of Article 6.6.10 of the Articles of Association, to acquire, on behalf of the company or its subsidiaries, ordinary shares issued by the company ("ordinary shares"), in terms of Sections 85 and 89 of the Companies Act and the JSE listings requirements, provided that –

- any such acquisition of ordinary shares ("the acquisition") shall be implemented on the open market of the JSE, through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited) and in accordance with the company's articles of association;
- such general authority shall only be valid until the next annual general meeting but not beyond 15 months from the date of passing this special resolution;
- an announcement will be published as soon as the company has cumulatively acquired 3% of the ordinary shares in issue as from the date of this approval, and for each 3% thereof in aggregate acquired thereafter, containing full details of such acquisition;
- in terms of this general authority, the acquisition may not exceed, in aggregate in any one financial year, 20% of the company's issued share capital of that class as at the beginning of the financial year;
- in determining the price at which the ordinary shares issued by the company are repurchased by it in respect of the acquisition in terms of this general authority, the maximum price at which such ordinary shares may be repurchased will not be greater than 10% above the weighted average of the market value of ordinary shares for the five business days immediately preceding the date of the acquisition of such ordinary shares;
- only one agent is appointed at any point in time to effect the acquisition in terms of this resolution;
- the company may only undertake an acquisition of ordinary shares if after such acquisition it still complies with paragraphs 3.37 to 3.41 of the listings requirements of the JSE concerning member spread requirements;
- the company or its subsidiary may not repurchase ordinary shares pursuant to the acquisition during a prohibited period as defined in paragraph 3.67 of the listings requirements of the JSE; and
- if the case of an acquisition by a subsidiary of the company, the authority shall be valid only if:
  - the subsidiary is authorised by its Articles of Association;
  - the shareholders of the subsidiary have passed a special resolution authorising the acquisition; and
  - the number of ordinary shares to be acquired is not greater than 10% of the number of issued shares in the company.

NOTICE OF ANNUAL GENERAL MEETING TO MEMBERS

REASON FOR AND EFFECT OF THE SPECIAL RESOLUTION

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

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

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

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

OTHER DISCLOSURE IN TERMS OF SECTION 11.26 OF THE JSE LISTINGS REQUIREMENTS

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

- directors and management – pages 6 to 9 and 22 to 24;
- major shareholders – page 105
- directors interests in securities – page 74 (refer note 3.12)
- share capital of the company – page 89 (refer note 20).

LITIGATION STATEMENT

In terms of Section 11.26 of the listings requirements of the JSE, the directors, whose names are given on page [insert page numbers] of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page [insert page numbers] of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE listings requirements.

MATERIAL CHANGE

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

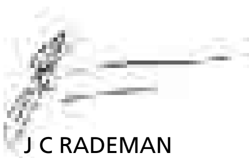
VOTING AND PROXIES

Members who have not dematerialised their shares or who have dematerialised their shares with “own name” registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. A proxy need not be a member of the company. A proxy form, in which the relevant instructions for its completion are set out, is attached for the use of holders of certificated shares and ‘own-name’ dematerialised shareholders that wish to be represented at the annual general meeting. Completion of a proxy form will not preclude such a shareholder from attending and voting (in preference to that shareholder’s proxy) at the annual general meeting. Proxy forms must be forwarded to reach the company’s registered office or the transfer secretaries, Link Market Services (PTY) Ltd, 5th Floor, 11 Diagonal Street, Johannesburg or PO Box 4844, Johannesburg, 2000 by 15:00 on Wednesday, 8 November 2006.

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

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

By order of the board



J C RADEMAN
Group Secretary

Centurion
20 October 2006

ABRIDGED CURRICULUM VITAE OF DIRECTORS

DIRECTORS AVAILABLE FOR RE-ELECTION

Name: Dr. Nobuhle Judith Dlamini
Position: Independent Non-Executive Director
Date of appointment: June 2005
Qualifications: MBChB (Ntl), 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 HSBC before founding her own company, Mbekani Health & Wellbeing (Pty) Ltd. 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: Carlos Jorge Henriques Ferreira
Position: Group Financial Director
Date of appointment: May 2005
Qualifications: B.Com (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 four 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 Group Financial Director.

Name: Robert Wellington (Matana) Gumede
Position: Executive Deputy Chairman
Date of appointment: May 2005
Qualifications: B Juris

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 2005.

Name: Malcolm Macdonald
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 limited.

Name: Carel Pieter Potgieter
Position: Chief Operating Officer
Date of appointment: 20 February 2006
Qualification: NDP in Public Admin, B-Iuris, MBL.

Background:
Carel Potgieter has brought significant hands-on information and communication technology ("ICT") experience to the board of directors of GijimaAst. He has been active in the ICT industry since 1984 and his experience includes application design, development, implementation and support. All aspects of data and voice networks (including call centre technology), and general computer hardware sales and support. Carel was involved in the management of various business units within Q Data Limited, Centera (Proprietary) Limited and Persetel Q Data Holdings Limited. He was instrumental in the formation of black economic empowerment companies in the information technology industry including Phambili Information Technologies (Proprietary) Limited and Gijima Support Services (Proprietary) Limited. He joined GijimaAst through the merger of certain businesses of Gijima InfoTechnologies Afrika (Proprietary) Limited and AST Group Limited. He was previously the Chief Executive Officer of Gijima Support Services (Proprietary) Limited. In May 2006, he was appointed as Chief Operating Officer to GijimaAst, a newly created position.

FORM OF PROXY

GIJIMA AST GROUP LIMITED
(incorporated in the Republic of South Africa)
(Registration number 1998/021790/06)
(Share code: gij) (ISIN: ZAE000064606)
("GijimaAst" or "the company")

Only for use by GijimaAst shareholders holding certificated shares, nominee companies of Central Securities Depository Participants ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected "own-name" registration at the annual general meeting of shareholders of the Company to be held at 11:00 on Friday, 10 November 2006, in the Boardroom (DTSG25) of the Company, Block B, Samrand Offices, 47 Landmarks Avenue, Kosmosdal, Samrand, Centurion ("the meeting").

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

I/We ______________________________

(please print)

of (address) ______________________________

being a member/s of the company holding ______________ ordinary shares in the company, appoint

(see note 1)

1. ______________________________ or failing him,

2. ______________________________ or failing him,

3. the chairman of the annual general meeting,

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

Proposed ordinary resolutions number of GijimaAst shares

	For	Against	Abstain
1. adoption of the auditor's report			
2. adoption of the annual financial statements			
3.1 reappointment of NJ Dlamini			
3.2 reappointment of CJH Ferreira			
3.3 reappointment of RW Gumede			
3.4 reappointment of M Macdonald			
3.5 confirm appointment of CP Potgieter			
4. ratification of the directors' emoluments for the year going foreward			
5. placing the unissued shares under the control of the directors			
6. general authority to issue shares for cash			
7. approval that no dividend be paid for the year			
8. confirmation of the reappointment of the auditors proposed special resolution			
9. to grant a general authority to directors to buy back shares of the company			

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

Signed at on ______________________________ 2006

Signature ______________________________

Assisted by (where applicable) ______________________________

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

INSTRUCTIONS

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting". Any such deletion must be initialled by the shareholder. The person present at the meeting whose name appears first on this form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the meeting as he/she deems fit, in respect of the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his proxy.
3. Any alteration or correction to this form of proxy must be initialled by the relevant signatory/ies.
4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity (such as power of attorney or other written authority) must be attached to this form.
5. The completion and lodging of this form of proxy by shareholders holding certificated shares, nominee companies of CSDPs or brokers and shareholders who have dematerialised their shares and who have elected "own-name" registration, will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Shareholders who have dematerialised their shares through a CSDP or broker other than in "own-name" registration and who wish to attend the meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend.
6. Proxy forms must be lodged with or posted to the Company's business address (c/o Mr J C Rademan, Company Secretary, Block C, Samrand Offices, 47 Landmarks Avenue, Kosmosdal, Samrand or PO Box 10629, Centurion, 0046) or the transfer secretaries, Link Market Services (Pty) Ltd, 5th Floor, 11 Diagonal Street, Johannesburg or PO Box 4844, Johannesburg, 2000, so as to be received by 15:00 on Wednesday, 8 November 2006.
7. The chairman of the meeting may accept or reject a proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.

... Logging off