Annual Report 2007

GijimaAst

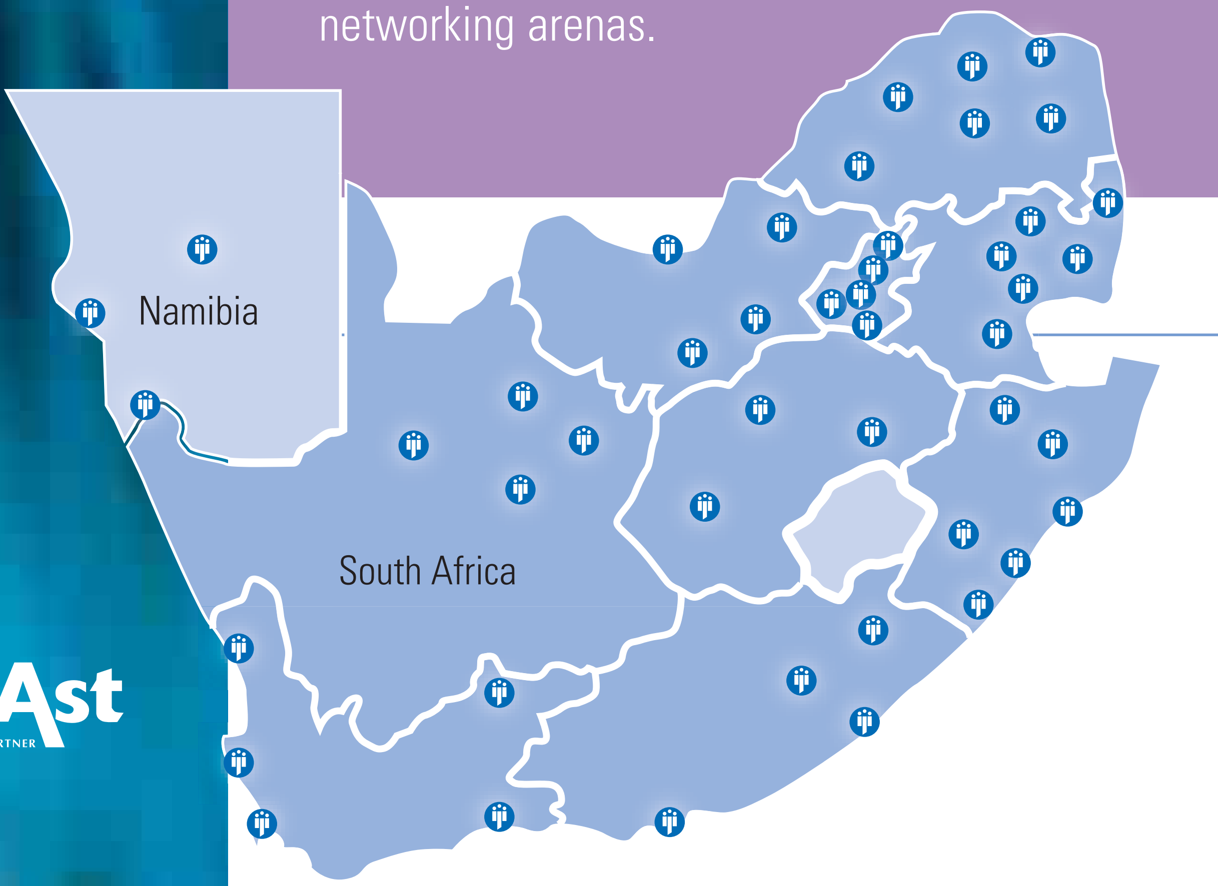
YOUR COMPLETE ICT PARTNER

Contents

GijimaAst
YOUR COMPLETE ICT PARTNER

Who is GijimaAst?

GijimaAst is a proudly empowered South African Information and Communications 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, systems integration and networking arenas.



GijimaAst's competencies and vertical market focus include broad experience and market penetration in the financial services and retail market, 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 geographical footprint, it has the capability and capacity to provide services to large organisations as well as small and medium sized entities. With more than 70 offices and service centres throughout southern Africa, it is well positioned to add value to all 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 serviced by 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 3 200 professionals, GijimaAst's specialised business knowledge in the financial services and retail, mining, manufacturing and telecommunications industries as well as Government, enable 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 Technologies) and 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. Over 45% of GijimaAst's Board of Directors and 50% of the Executive Committee comprise black executives, while approximately 35% of its staff complement is now from HDI groups.

National capability

Eastern Cape
Bisho
East London
Port Elizabeth
Umtata

Free State
Bethlehem
Bloemfontein
Welkom

Gauteng
Johannesburg
Midrand
Pretoria
Vanderbijlpark
Vereeniging

KwaZulu-Natal
Durban
Newcastle
Pietermaritzburg
Port Shepstone
Richard's Bay
Ulundi

Limpopo
Lephalale
Makhado
Polokwane
Thabazimbi
Tshikondeni
Tzaneen

Mpumalanga
Bethal
Ermelo
Middelburg
Nelspruit
Witbank

Northern Cape
Kathu
Kimberley
Kuruman
Upington

North West
Klerksdorp
Mafikeng
Potchefstroom
Rustenburg

Western Cape
Beaufort West
Cape Town
George
Saldanha
Vredendal

Namibia
Rosh Pinah
Walvis Bay
Windhoek

Professional Services

Application Products – A substantial IT services and systems integration group, at the forefront in satisfying the unique business needs of our clients through the application of information and communication technology. A number of vendor application products are supplied and supported by this business unit.

ISS – Provides and integrates the best of breed business services management solutions that create tangible benefits such as improved IT service delivery, while addressing the concerns of ever increasing IT operational costs in the information security, business service management, business optimisation, application performance management and virtualisation environments.

ERP – A centre of excellence in ERP business integration with expertise in the SAP business suite. ERP Solutions provides a complete spectrum of offerings and services including ERP consulting services, planning implementation, operation and ongoing physical support of the system.

Resource Solutions – Focused on recruitment and supply of quality ICT resources to GijimaAst as well as a large section of the ICT market across all industry sectors throughout southern Africa and abroad. Service offerings include permanent placements, recruitment of temporary staff, labour broking/outsourcing, rapid resourcing and executive search.

Asindo HR – Provides integrated, end-to-end business outsourcing solutions and a comprehensive range of human resources services including HR administration, skills development, staff resourcing as well as occupational risk management.

Consulting – Unlocks maximum value from your investment in technology. Using our unique talents and methodologies, our consultancy services range from IT Strategy, programme management to executive information and business intelligence.

Financial Services and Retail – Focused on the delivery of industry specific solutions based on Electronic Payment and Image Solutions, Blue Cube Software and Wincor Nixdorf Solutions.

Microsoft Professional – Solves business problems by providing innovative solutions based on Microsoft technology. We combine business expertise with a deep technical understanding in the development of well architected Microsoft solutions specialising in .Net development, Business Intelligence, Microsoft Business Solutions including Axapta and CRM. We provide website solutions for field service staff, employee self service solutions, portfolio management, among others.

Industrial Solutions – Has a proven track record in supplying and supporting the manufacturing process from raw material input, processing, logistics, financial and human resources, through distribution. Service and solutions offerings include consulting, process automation and MES.

Managed Infrastructure Services

Availability Services – A centre of excellence specialising in the provision of seamless, integrated Infrastructure Support Services according to specific client needs which may include desktop, server and network support services. We provide the entire spectrum of managed services, including logistical planning and procurement, implementation, operation, break-and-fix, and ongoing physical support of hardware and software according to client requirements.

Central Services – Provides all central services to the GijimaAst client base and includes ISMC (customer contact centre, help desk, back office management, operational management and centre and transition management), infrastructure and facilities management (mainframe and open distributed systems and disaster recovery), building automation (CCTV, access control, RFID) and outsource applications.

NEC Philips – The exclusive distributor for NEC Philips products and services in sub-Saharan Africa. NEC Philips is the market leader in PABX, call centre and convergence solutions with over 500 years of combined design, implementation and support skills.

Networks – Responsible for the design, supply, configuration, installation, support and maintenance of all clients' network infrastructure. Comprehensive service and solutions are offered across the spectrum of all platforms, including LANs and campus networks, WANs, Value Added Services, and Applications and Manufacturing Execution Networks. Networks have partnership agreements with major vendors.

Managed Accounts

Managed Accounts' commitment to its nominated clients, to deliver the highest levels of service in line with contracted obligations while embedding GijimaAst as the trusted partner and advisor, is at the core of its *raison d'être*. This cluster is specifically focused on industries, architecture and outsourced accounts.

GijimaAst Mining Solutions International

GMSI designs, builds and integrates Information management technologies and business solutions into the core value chain in the mining, metals and manufacturing markets.

Regions – KwaZulu-Natal & Eastern Cape, Western Cape, Namibia

Professional Services – Focused on the delivery of consulting, application projects, software product implementation and skills related services to the markets within the regions.

Managed Infrastructure Services – Primarily focused on the provision of infrastructure services (typically outsourced services) and other managed services related functions within the regions.

Regional Named Accounts – Focused on our ongoing commitment to our nominated clients within the regions.

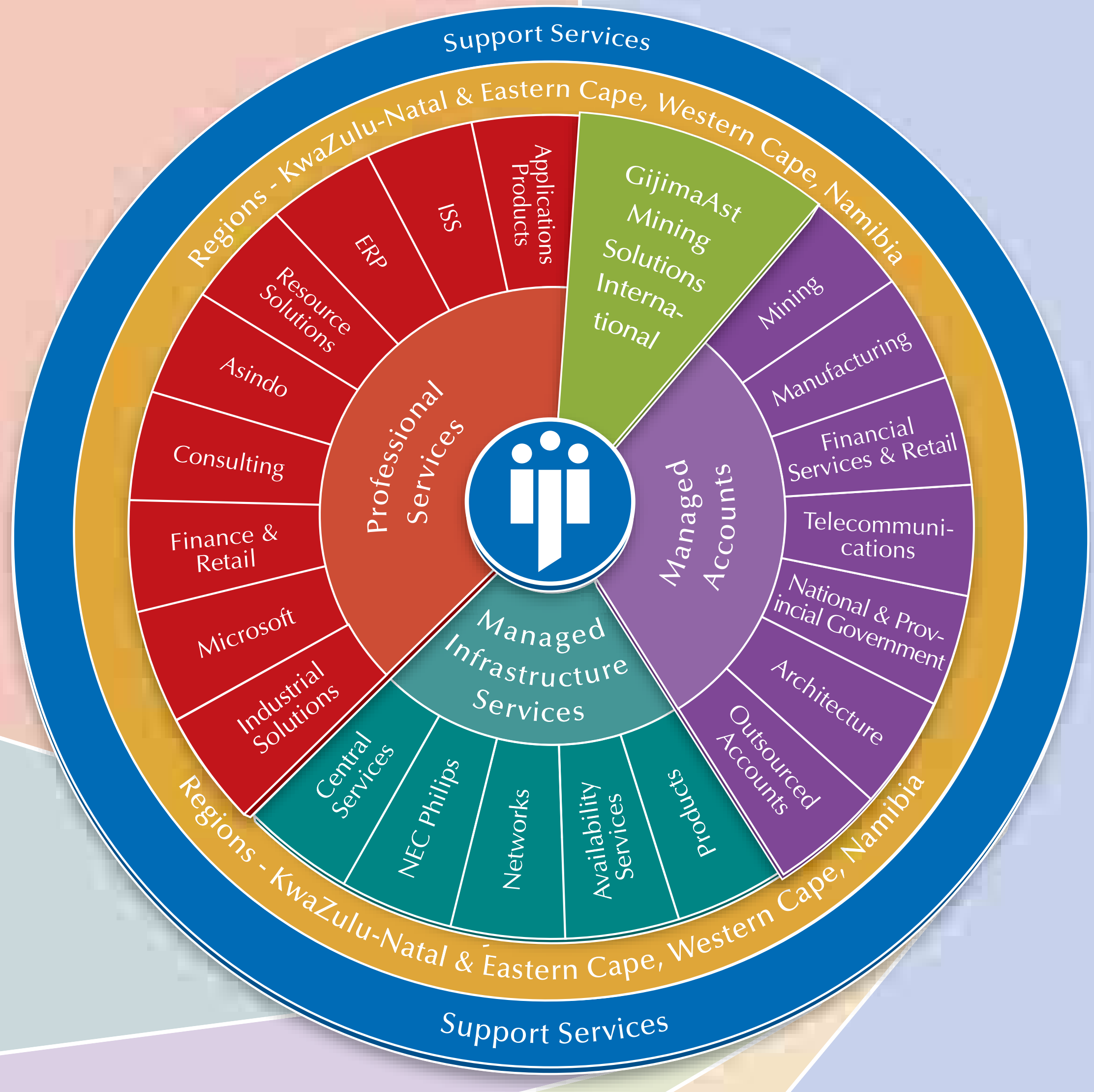
Support Services

Operational Support – Information Management, Continuous Improvement, Campus Support, Bid Centre

Human Resources – Payroll, Administration

Finance – Accounting, Procure-to-Pay, Tax, Treasury, Legal, Order-to-Cash

Market Development and Transformation – Marketing, Communication, Investor Relations, Research, Hospitality, Events, Transformation



Vision

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

Mission

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

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

We will achieve this through

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

Group salient features

for the year ended 30 June 2007

The group salient features have been calculated in accordance with the financial definitions set out on page 79.

	IFRS 30 June 2007 R'000	IFRS 30 June 2006 R'000	IFRS 30 June 2005 R'000	SA GAAP 30 June 2004 R'000	SA GAAP 30 June 2003 R'000
Income statement					
Revenue	**2 017 426**	1 951 041	1 568 783	1 734 652	2 205 612
EBITDA	**120 138**	106 675	86 171	74 284	(24 422)
EBITDA (%)	**5,96**	5,47	5,49	4,28	(1,11)
Operating profit/(loss)	**94 666**	71 721	41 734	(84 922)	(232 483)
Operating profit/(loss) (%)	**4,69**	3,68	2,66	(4,90)	(10,54)
Headline earnings/(loss)	**53 452**	28 252	49 440	(14 018)	(62 239)
Headline earnings/(loss) (%)	**2,65**	1,45	3,15	(0,81)	(2,82)
Balance sheet					
Cash and cash equivalents	**170 446**	174 011	56 841	38 294	36 133
Total assets	**1 011 512**	952 682	888 439	784 515	1 044 146
Ordinary shareholders' funds	**264 154**	264 271	246 775	23 001	124 231
Number of shares in issue	**964 667**	964 667	964 667	184 291	67 311*
Weighted average number of shares	**964 667**	964 667	315 638	153 124	61 323*
Financial statistics					
Headline earnings/(loss) per ordinary share (cents)	**5,54**	2,93	15,66	(9,15)	(101,49)*
Basic earnings per ordinary share (cents) from continuing operations	**5,57**	2,51	(20,42)	(92,51)	(370,95)*
Loss per ordinary share (cents) from discontinuing operations	**–**	(0,14)	(0,12)	–	–
Cash (utilised by)/generated from operating activities per weighted average ordinary share (cents)	**(1,02)**	9,76	0,84	23,78	(85,29)*
Net asset value per ordinary share (cents)	**27,38**	27,40	25,58	12,48	184,56*
Selected returns and ratios					
Effective tax rate (%)	**28,57**	43,67	5,02	172,78	32,99
Current ratio	**1,57**	1,35	1,09	0,89	0,74
Return on equity (headline earnings) (%)	**20,24**	10,69	20,03	(60,94)	(50,10)
Average trade receivables collection days	**64,27**	61,04	63,75**	55,61	48,53
Number of employees	**3 291**	3 373	3 247	3 058	3 498
Revenue per employee	**613**	578	564**	567	631
Operating profit/(loss) per employee	**29**	21	31**	(28)	(66)

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

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

Value added statement

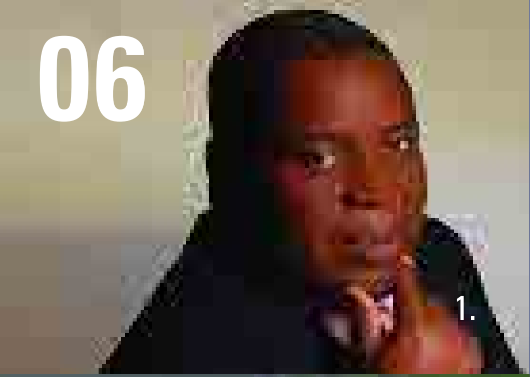
for the year ended 30 June 2007

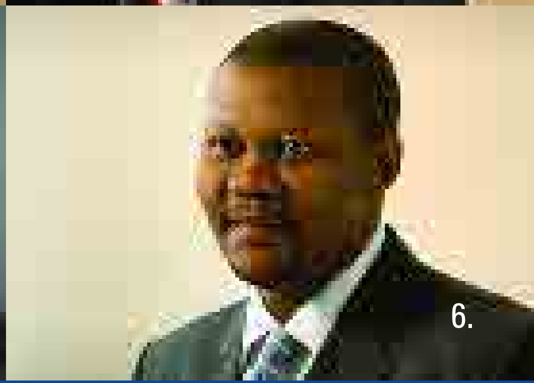
	GROUP 2007 R'000	GROUP 2006 R'000
Wealth creation		
Group revenue	2 017 426	1 951 041
Cost of materials and services	(916 131)	(892 614)
Value added	1 101 295	1 058 427
Net financing cost	(18 701)	(1 847)
Total wealth created	1 082 594	1 056 580
Wealth distribution		
Workforce		
Salaries, wages, bonuses, pension, medical aid, other benefits and contractor fees	966 596	919 808
Attributable to minority shareholders and associates	5 217	15 169
Central and Local Governments	28 700	43 623
Tax	21 706	30 518
Rates and taxes	5 012	3 588
Skills development levy (net of refunds)	1 982	4 359
Regional services levies	–	5 158
Reinvested in the Group	82 081	77 980
Depreciation, amortisation and impairment	25 472	39 954
Profit for the period from continuing operations	56 609	39 345
Loss for the period from a discontinued operation	–	(1 319)
Total wealth distributed	1 082 594	1 056 580
Taxes paid and collected		
VAT	155 414	166 631
PAYE	196 443	198 590

Financial highlights

for the year ended 30 June 2007

- Earnings per share up by 122%
- Headline earnings per share up by 89%
- Maiden dividend declared





Board of Directors

1. **Name** Robert Wellington (Matana) Gumede
   Position Executive Chairman
   Date of appointment May 2005
   Qualifications B Juris

2. **Name** Poriki Jonas Bogoshi
   Position Chief Executive Officer
   Date of appointment 1 July 2007
   Qualifications BSc Computer Science

3. **Name** Carlos Jorge Henriques Ferreira
   Position Group Financial Director
   Date of appointment May 2005
   Qualifications BCom (Hons), MBA

4. **Name** Carel Pieter Potgieter
   Position Chief Operating Officer
   Date of appointment February 2006
   Qualifications NDip Public Admin, B Juris, MBL

5. **Name** John Edward Miller
   Position Non-executive Director (retired as Chief Executive Officer on 1 July 2007)
   Date of appointment October 2000
   Qualifications AEP (UNISA)

6. **Name** Nhlanhla Innocent Mhlongo
   Position Alternative Director
   Date of appointment May 2005
   Qualifications Dip Electrical Engineer

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

8. **Name** Jacobus Carolus Lodewiekus van der Walt
   Position Independent Non-executive Director
   Date of appointment April 1999
   Qualifications BSc Eng Industrial

9. **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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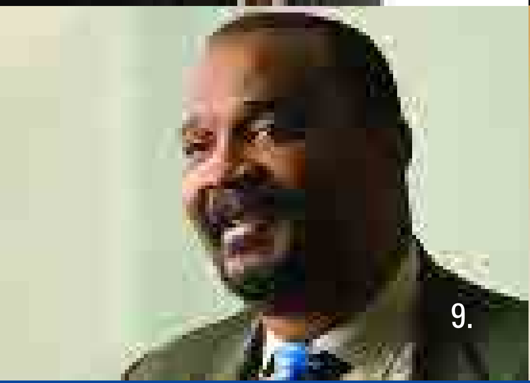
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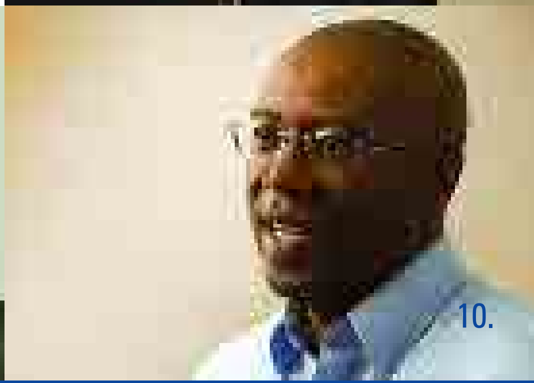
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11.

10. **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

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

Resignations during the year

Name Cornelius Johannes Potgieter
Position Non-executive Director
Date of appointment June 2003
Date of resignation August 2006

Name Warren Drue
Position Non-executive Director
Date of appointment January 2005
Date of resignation August 2006

Name Hans Jurie Smith
Position Independent Non-executive Chairman
Date of appointment March 2003
Date of resignation December 2006

Name Cheslyn Michael Edward Mostert
Position Independent Non-executive Director
Date of appointment June 2005
Date of resignation June 2007

Robert Gumede
Executive Chairman

Executive Chairman's report

Operating profit increased by 32% despite reported income only increasing by 5,3% for the year. Earnings per share more than doubled from 2,51 cents to 5,57 cents. However, both the 2006 and 2007 financial results included a number of significant, unusual income and expense items.

The results are a reflection of the highly competitive market environment in which we operate, with ongoing client pressure to reduce costs and the slow pace of major public sector tender awards for which many Information and Communications Technology ("ICT") players have created capacity.

After completion of the buy-out of the 30% minority interest in DTS for R85 million, including taxes and excluding transaction costs, we retain a strong financial structure with cash balances of R170 million.

Now that the merger of Gijima and AST has been largely bedded down, the DTS minority take-out effected and the business rationalisation mostly completed, we have proposed a maiden dividend of 1,5 cents per share for approval at the Annual General Meeting.

Operational review

Although deal flow was impacted by ongoing delays in major public sector tender awards we have nevertheless concluded a number of substantial projects and outsource contracts in both the public and private sectors. We continue to optimise service delivery and overhead costs to counter ongoing commoditisation pressure in traditional outsourcing. We have significantly reduced our cost structure and have taken steps to eliminate unprofitable and non-core areas of business.

Regulatory changes in the telecommunications industry gained momentum, with new opportunities for ICT service providers including increased connectivity choices and the potential to develop owned bandwidth infrastructure. The Group remains committed to its historic investments in networking and communications capability and will continue to evaluate market dynamics and broaden its footprint in order to benefit from opportunities in the sector.

Our Managed Infrastructure Services division was impacted by client cost reduction pressure, with reported revenue of R1,1 billion, declining by 5,5%. Integration of the field forces and greater use of remote tools have been effective in reducing service delivery cost but were insufficient to fully off-set pressure on margins, with operating profit falling by 8,7% in this division. Our network offering performed well, supported by increasing demand for unified communications. The NEC Philips and Networks competency centres successfully added additional services to sales activities, protecting profitability against decreasing margins on hardware sales.

Our Software and Professional Services division, housing our solutions oriented competency centres, continues to benefit from the restructuring initiated 18 months ago, with revenue increasing by 11,5% and operating profit up by 33%. The Microsoft Professional Services competency centre performed well and made progress in building the foundation for higher margin, repeatable business. ERP Solutions benefited from high levels of activity in the South African SAP environment, with good deal flow in the outsource support environment which commenced late in the financial year and will flow into the next financial year.

Our professional staffing solutions competency centres performed well in a market driven by the general shortage of technical skills.

Our Industry Niche Solutions division delivered revenue growth of 26% but reported a reduced operating profit due to a disappointing performance by the Manufacturing Solutions competency centre. Financial and Retail Services continued to improve operating performance by penetrating the large banks and retaining its leadership in cheque processing with strong annuity revenue. The Mining Solution centre returned lower profits due to

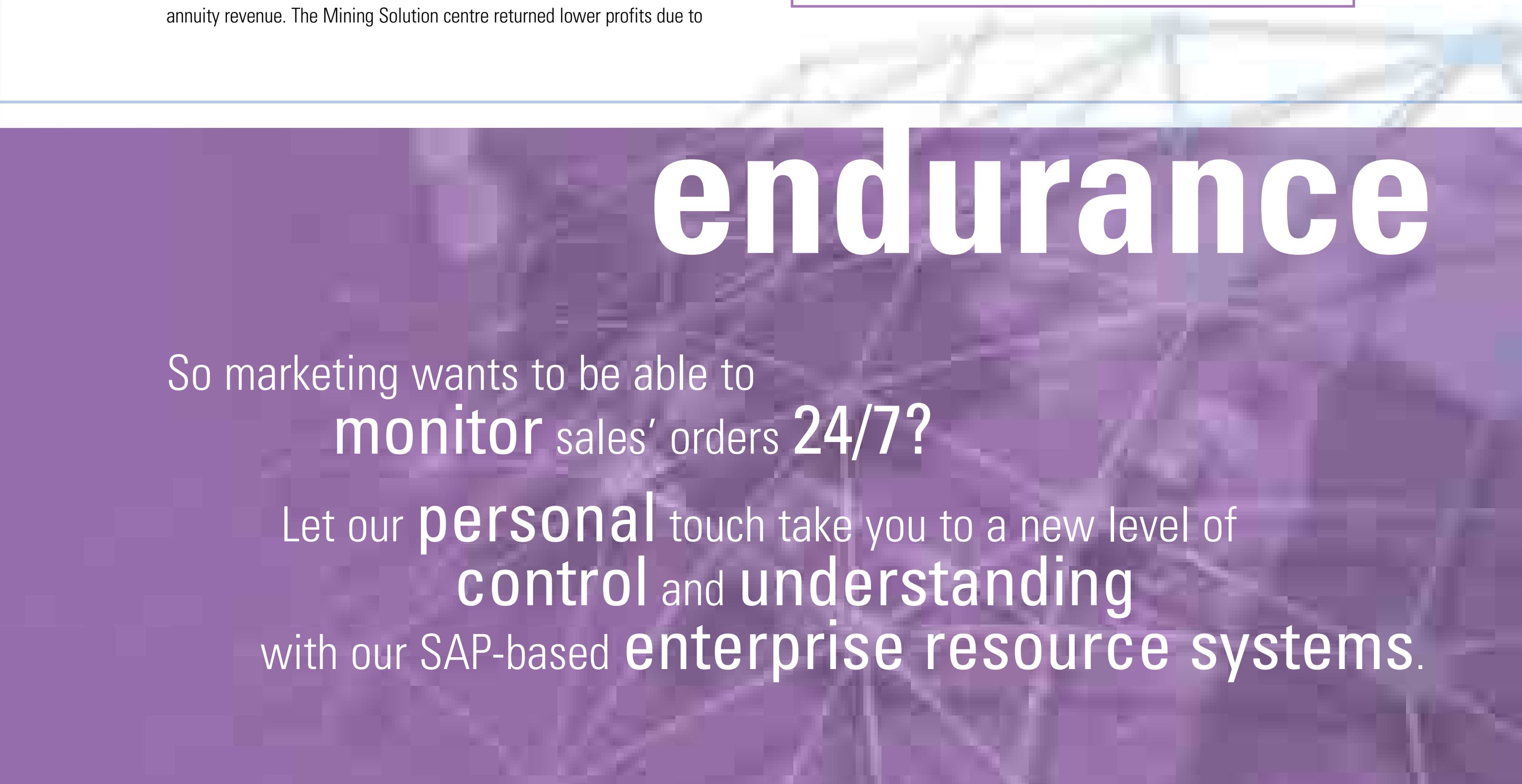
RETIRING CEO'S MESSAGE

John E Miller

Those who followed the history of AST, and then GijimaAst, will know that it has not been an easy ride for the people and, in particular, the executive team as they embarked on extensive programmes to reposition the Group to its rightful place as a leading player in the local ICT arena. We now have a solid base and have retained all but one of the Group's key clients, while we successfully extended our relationships with blue chip South African companies. We have excellent empowerment credentials and a stable work force.

Our company is now stable and competitively positioned in its chosen market segments. We have excellent relationships with world class suppliers, top certifications and our client base includes the majority of the leading companies in South Africa. I believe that GijimaAst's resource pool includes some of the best skills in the industry and we enjoy a leadership position in certain industries including financial services, retail and mining.

I believe that GijimaAst has now reached the point where it needs to embark on the next step of its evolution. The perception of the Group amongst its key stakeholders has done an about turn and we are now favourably viewed as a transformed company with a solid foundation. My successor was hand picked. Jonas Bogoshi is an accomplished executive with excellent understanding of strategy, marketing, positioning and segmentation in the ICT environment. I confidently hand over the baton and wish him every success in delivering the full potential of the Group to all its stakeholders.



"We have maintained our focus on transformation and successfully attracted a growing pool of black talent in an industry where this is characterised as scarce."

INCOMING CEO'S MESSAGE

Jonas Bogoshi

John Miller's contribution to repositioning GijimaAst to its rightful position in the South African ICT industry cannot be underestimated. The quality of his leadership during highly challenging times is undeniable. He played a significant role in building a strong platform for the Company to grow into the future. I acknowledge his role in stabilising the Company and following through with the successful transition of the Company after the merger of Gijima and AST two years ago.

Having spent many years in the South African ICT industry as both service provider and client, I gained valuable insights which enabled me to understand trends and leveraging infrastructure to increase efficiencies. When opportunities opened to join a service provider, an important personal consideration was the empowerment credentials of my potential employer. GijimaAst's impeccable BEE credentials met my criteria.

In my previous capacity as customer in the ICT industry, I was exposed to GijimaAst's service delivery. Its competence and focus on quality made a favourable impression. Having had the opportunity to engage with leaders across the industry, GijimaAst left a sense of leadership and capability. The Group's understanding of the ICT environment, its lateral approach to technology challenges and its impressive client base spanning the significant industry segments paved the way for my decision to join this exciting organisation.

As I embark on my personal journey, which GijimaAst started under the leadership of John Miller, its priorities will not change. The key imperatives for the Group are to ensure cost effective delivery while continuously enhancing competencies and entrenching service excellence. I join a stable ship which is well positioned to participate in market opportunities and I am committed to supporting GijimaAst in delivering profitable growth for the Group as it continues on its exciting journey.

significant research and development expenditure incurred to expand its proprietary software range coupled with the roll-out of its internationalisation programme, establishing a strong base for future growth.

Our corporate support costs showed a reduction of 35% due to tighter cost controls.

Net financing costs of R18,7 million were associated with the R256 million securitisation of trade debtors which was implemented on 31 July 2006. The company is rated one notch above investment grade rating by CA-Ratings and its securitisation vehicle has a zaAA rating.

Cash generated from operations before working capital changes decreased by 27,6% to R86,8 million (2006: R119,8 million), predominately due to short-term provisions paid out during the financial year. High trade and other receivables of R473,6 million, 67% of which were current, were reported due to large levels of procurement of assets on behalf of clients during the months of May and June 2007. The higher net financing costs and taxation paid relating to historic DTS financial structures also contributed to cash utilised by operating activities of R9,9 million compared to cash generated of R96,0 million in 2006.

Restructuring costs and once-off gains

Significant costs totalling R35,6 million were incurred during the year in integrating the now wholly-owned DTS operation into the other Group operations, and in other once-off reorganisation costs.

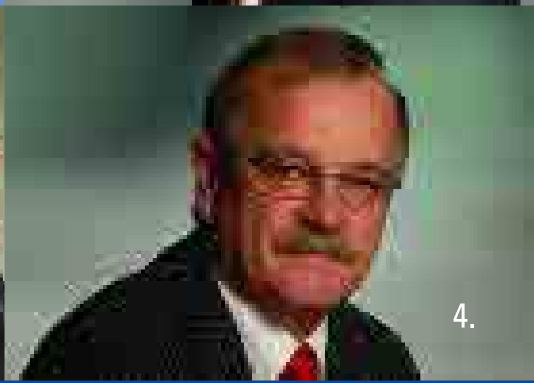
In order to further reduce costs and improve communication and synergies between divisions, we have decided to centralise our Gauteng operations in Samrand. We entered into an arrangement with our present landlord in Samrand to erect an additional office block adjacent to our present premises to house our other Gauteng operations, and entered into a new

10 year lease covering the combined premises. At the same time we sold our entitlement to ownership of 50% of the current and new premises for a combined R47,5 million, yielding a profit of R34,2 million, based on the prior carrying value of the entitlement. This resulted in a cash inflow of R33 million during the year with a further R14,5 million to be received in mid 2008.

Transformation

We have maintained our focus on transformation and successfully attracted a growing pool of black talent in an industry where this is characterised as scarce. We have also implemented a senior staff leadership management training programme with Gordon Institute of Business Science ("GIBS"), coupled with an emerging talent programme for entry level management. Our excellent empowerment credentials are reflected in our AA Empowerdex BEE rating.

Robert Gumede
Executive Chairman



Executive Committee

1. **Name** Robert Wellington (Matana) Gumede
   Position Executive Chairman
   Established Gijima Technologies in 1996
   Qualifications B Juris

2. **Name** Poriki Jonas Bogoshi
   Position Chief Executive Officer
   Joined GijimaAst as CEO on 1 July 2007
   Qualifications BSc Computer Science

3. **Name** Carlos Jorge Henriques Ferreira
   Position Group Financial Director
   Joined Gijima Technologies in February 2002
   Qualifications BCom (Hons), MBA

4. **Name** Carel Pieter Potgieter
   Position Chief Operating Officer
   Joined Gijima Technologies in March 2002
   Qualifications NDip Public Admin, B Juris, MBL

5. **Name** Christopher Mahlangu Mahlakwane
   Position Managing Executive, Competency Centres
   Joined GijimaAst in April 2006
   Qualifications Professional Dip in Management, MBA

6. **Name** Livingstone Chilwane
   Position Managing Executive, Public Sector Operations
   Joined GijimaAst in September 2006
   Qualifications BSc (Hons) Computer Science, MCom Information Systems

7. **Name** Thoko Mnyango
   Position Managing Executive, Group Market Development and Transformation
   Joined Gijima Technologies in 1998
   Qualifications B Juris, Dip Marketing Management

8. **Name** Michael Ferreira
   Position Managing Executive, Human Resources
   Joined the AST Group in May 1999
   Qualifications BCom (Hons) Industrial Psychology, Dip Labour Relations

9. **Name** Pieter Boshoff
   Position Managing Executive, Professional Services
   Joined the AST Group in September 1998
   Qualifications Senior Dip Datametrics (UNISA), BCom Information Systems (UNISA)

Carlos Ferreira
Group Financial Director

Financial review

The Group effectively contained operating costs despite excess demand for skills exerting upward pressure on salary costs

Revenue

Reported income for the year ended 30 June 2007 increased by 5,3% to R2,1 billion. Commoditisation in the managed infrastructure services environment and ongoing pressure from clients to reduce their costs limited revenue growth. In addition, a number of significant deals which were concluded late in the financial year will only contribute to revenue in 2008.

Operating profit

GijimaAst's operating profit increased by 32,0% during the period to R94,7 million (2006: R71,7 million). Although excess demand for skills exerted upward pressure on salary costs, the Group effectively contained staff costs which increased by 5,1% year on year. Operating costs increased by 5,8% to R971,8 million. The reported operating profit included once off gains and losses resulting in a gain of R12,7 million.

Amortisation and depreciation

The depreciation and amortisation charge decreased to R25,5 million (2006: R35,0 million).

Finance costs

Net finance costs of R18,7 million were associated with the R256 million securitisation of debtors which was implemented on 1 August 2006. The Company is rated one notch above investment grade rating by CA-Ratings and its securitisation vehicle has a zaAA rating.

Taxation

An effective tax rate of 28,6% was reported compared to 43,7% in the previous year.

Attributable profit

Reported profit attributable to equity holders of the Company increased by 135,2% to R53,7 million and headline earnings increased by 89,2% to R53,5 million translating into headline earnings per share of 5,54 cents (2006: 2,93 cents).

Dividend

Having largely bedded down the merger of Gijima and AST, effected the DTS minority take-out and mostly completed the business rationalisation, the Board proposes a maiden dividend of 1,5 cents per share for approval at the Annual General Meeting (AGM).

Cash flow

Cash generated from operations before working capital changes decreased by 27,6% to R86,8 million (2006: R119,8 million), predominately due to short-term provisions paid out during the financial year. High trade and other receivables of R473,6 million, 67% of which were current, were reported due to large levels of procurement of assets on behalf of clients during the months of May and June 2007. The higher net financing costs and taxation paid relating to historic DTS financial structures also contributed to cash utilised by operating activities of R9,9 million compared to cash generated of R96,0 million in 2006.

Closing cash balances decreased slightly to R170,4 million (2006: R174 million) despite the R85,0 million consideration paid for the minority interest in DTS.

The current ratio showed a further improvement to 1,57 times (2006: 1,35 times).

Capital expenditure

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

Contingent liabilities

At 30 June 2007 the Group had contingent liabilities in respect of registered performance bonds, bank lease and other guarantees to the value of R2,5 million (2006: R3,3 million).

Income and profit margin

Carel Potgieter
Chief Operating Officer

Chief Operating Officer's report

In line with client imperatives for lower costs, increased innovation and value add, GijimaAst focused on driving quality of service, increased value for money and innovation across all of its operations during the year. While a new Group structure centred around its key clients was implemented late in the previous financial year, this was fine tuned during 2007 to inculcate the client centric culture across all the Group's operations, enabling the next step of the evolution.

The initial client centric structure placed responsibility for delivery with the business units. However, further progress with integration during 2007, including the integration of DTS into the Managed Infrastructure Services environment, enabled GijimaAst to enhance the structure to concentrate delivery still further around its clients. As a result, accountability for key clients was consolidated into a single account management function, all of which report to Livingstone Chilwane, Managing Executive – Managed Accounts. The Account Executives hold the ultimate responsibility for offering an integrated value proposition, clients' service delivery expectations and growth of the accounts. Delivery is delegated to the relevant clusters and business units.

In line with international best practice and the next step of GijimaAst's evolution to complete client centricity, accountability for the Managed Infrastructure and Professional Services clusters was also split into two disparate areas, Managed Infrastructure Services under the leadership of Chris Mahlakwane and Professional Services under the leadership of Pieter Boshoff respectively.

In the 2008 financial year, the business processes will continue to be improved to ensure that they are fully optimised. The design and implementation of the best practice IT service management platform which started in the year under review, will be completed during 2008. GijimaAst's continuous improvement initiatives will also be supported by six sigma projects which will address optimisation of specific areas in each of the operations. These improvements, while supporting value creation for

GijimaAst shareholders, will also benefit the client stakeholder group through improved service delivery and increased innovation of value propositions.

GijimaAst remains acutely aware that the quality of its service offering has, at its foundation, the employees. Through ongoing focus on training and development, GijimaAst will ensure that it remains well positioned, with the undisputed status as service provider with the best skills in the local industry.

Large users of ICT in the local market have taken cognisance of the improvements effected by GijimaAst at all levels. The benefits which are flowing through in terms of service delivery and the ongoing investments to ensure its ability to deliver value to clients are resulting in increased client interest flowing through with new deals and requests for proposals at all levels of the organisation.

Managed Accounts – Livingstone Chilwane

Priorities

Managed Accounts' commitment to its nominated clients, to deliver the highest levels of service in line with contracted obligations while embedding GijimaAst as the trusted partner and advisor, is at the core of its *raison d'être*. Entrenching the client centric approach is a key imperative, which is closely linked to embedding the contract renewals of the past year and also to establishing new nominated accounts.

The cluster remains cognisant of its strategic role in ensuring long lived client relationships with delivery of real value to the client while contributing positively to GijimaAst's profit.

The historical investments in industry capability, including financial services, retail, manufacturing, mining, public sector and telecommunications, will enable GijimaAst to continue refining its value proposition while cementing its position as the leading service provider in the industry.

Trends

Clients across all industry sectors continue to investigate ways to extract better information to support decision making, making more effective use of invested technology infrastructure in a cost effective and innovative manner. In the public sector, heightened levels of infrastructure investment in South Africa are driving its requirement to implement technology to support these investments. The private sector is driven by globalisation to meet international standards, which filter through to ICT infrastructure.

Prospects

GijimaAst has identified a number of opportunities in the market, committing high level resources to leverage the Group's infrastructure, generating new contracts from these opportunities. In the year ahead, the Group is committed to delivering at least one major new name account which will be nurtured into a nominated account.

In its existing nominated accounts, GijimaAst will further entrench the client centric structure, as measured by customer satisfaction; growth and the quality of these relationships. New partnership models with global technology vendors will be explored to ensure the Group's positioning to offer value and innovation.

Chief Operating Officer's report *continued*

Managed Infrastructure Services – Chris Mahlakwane

Priorities

Managed Infrastructure Services Cluster continues to streamline its systems and processes to bring to bear its extensive skills, infrastructure and tools to provide clients with quality service delivery.

Managed Infrastructure Services continually examines its value proposition to ensure relevance of its solutions in the market. As new opportunities arise from technological and regulatory changes so GijimaAst identifies the probable implications to tailor its offering, ensuring its ability to offer clients relevant solutions and compete effectively so as to offer real value across its client base.

Trends

Commoditisation of infrastructure outsourcing is a reality which every player in the segment is forced to contend with. As clients demand increased value for money, GijimaAst has stepped up to the challenge by configuring its infrastructure to benefit from economies of scale presented by its extensive client base to improve the incidence management rates.

Deregulation of the South African telecommunications environment is gaining momentum and GijimaAst is presented with opportunities to leverage its well established presence in both voice and data networks as clients increasingly pursue unified communication solutions.

Prospects

The Managed Infrastructure Services cluster is focused on skills retention, improving its customer satisfaction and profitable growth in the year ahead. While client renewals concluded in the past year ensure a solid base for the future, new deal flow is a high priority.

The cluster's successful retention and growth of its skills pool underpins its ability to support its clients and pursue opportunities. Deepening its pool of skills remains a high priority to support the growth imperative.

GijimaAst is entrenched as a leading player in the outsource environment and will continue to leverage all its resources to enhance its position.

Professional Services – Pieter Boshoff

Priorities

The Professional Services cluster remains focused on cementing its position in the market following a number of landmark contract awards during 2007 which demonstrate the relevance of its value proposition in the market. At the same time, continuous improvement in the operational environment to ensure our capacity to handle new business is a high priority. This will include continued focus on cost containment and efficiencies while remaining cognisant of client centricity, service delivery and customer satisfaction.

Trends

Large technology users are currently making significant investments, with opportunities in the professional services environment as both private and public sector entities prepare for application systems refreshes. This includes the Integrated Financial Management Systems opportunities in government.

As customer demands increase in complexity and specialisation, alignment with global partners is crucial to success in the solutions environment, to provide value propositions which meet global standards. GijimaAst has strong alliances with international players, which it continues to entrench. As application outsourcing increases in complexity, GijimaAst's proven track record as an experienced partner enhances its ability to pursue other prospects in the segment.

"GijimaAst has a **diversified and comprehensive** range of ICT consulting and delivery capabilities... ...the Group has a **solid foundation** from which to develop vertically integrated, **industry focused solutions** for its clients across a **broad spectrum of industries**."

Prospects

GijimaAst's Professional Services environment is geared to securing and delivering large projects in the public and private sector. Accessing the Group's key clients to deliver tangible value is a growth opportunity, particularly in areas of the business which are not currently exposed to nominated accounts.

While experienced skills remain in short supply, creating upward pressure on costs, clients continue to demand greater value for their spend. The Professional Services cluster is committed to leveraging its strong skills pool to deliver greater value to its clients.

The cluster is well positioned to actively participate in opportunities in both public and private sectors.

Human capital

The touch points to our clients are always through our employees. As a company we therefore believe that satisfied employees will result in satisfied clients. The human capital strategy of the organisation focuses on four pillars to ensure growth and development but also change and transformation. These pillars are resource management, people development, employee wellness and transformation. The GijimaAst Human Resources practices support all competency areas to attract and retain scarce skills, remunerate and recognise performance and develop our employees to strengthen the foundation of our diverse business.

Resource management

The staff complement of GijimaAst exceeds 3 000 employees at any given time. The mix between permanent and contracting staff varies according to business needs. All recruitment is channelled through the in-house Resource Solutions which provides both permanent and contracting skills through the huge database that also services our clients. Linked to the specific business needs, projects or outsourcing transactions, more than 80 appointments are made on a monthly basis. This is coordinated through a well defined resource process that makes sure that all new staff receive a proper induction. Remuneration and other staff related costs are managed per entity and account while a close link between revenue and salary bill is maintained. Industry and other market related information is used to benchmark the company against competitors as well as other large ICT employers. We were pleased with our achievement of growing our black component of total resources by 25% during the year and the fact that our leadership team is more than 50% black.

People development

Our focus on the next generation of leaders is a strategic intent and GijimaAst embarked on various levels of interaction with our employees to develop and train our teams. Our initiative with the ISETT SETA and The Tshwane University of Technology to train entry level learners reaped the first benefits when we employed the first group of ICT professionals after an 18 month training programme. The next group of students started in January 2007 and we are looking forward to their completion of the course.

For internal employees, we have embarked on an Emerging Talent Programme where more than 20 junior level employees completed a gruelling programme to acquire basic self awareness and supervisory skills. They graduated in June 2007 and will be monitored and developed going forward. At the middle management level, GijimaAst invested in 30 managers to complete a Management Development Programme with the Gordon Institute of Business Science. They will graduate in October 2007 after completion of the final group assignments. To enhance our service experience to the clients, more than 300 Field Service Engineers were exposed to a professionalism and client interaction programme that was developed internally. To deal with our geographically dispersed workforce, more than 15 e-learning modules are available for staff to brush up on their skills and methodologies.

Employee wellness

Working in the ICT sector exposes our staff to tremendous levels of stress and personal sacrifice. This can result in productivity issues which we endeavour to reduce to a minimum. Apart from highly personalised benefit options, a 24 hour employee assistance helpline, crèche facilities during December, on site financial advice, wellness days and massage services, we also fund and drive the Executive Wellness Programme to ensure that employees at the senior management level are monitored and supported in terms of their well-being.

Internal transformation

Being a relatively young entity, the drive was for the workforce to agree and adopt business values that will enable all of our diverse teams and business units to become a strong united front. More than 70% of employees participated in a process to identify the core values which were introduced to all staff during the year. In addition, the company culture and the way we work were also addressed which culminated in the Beehive Survey that was conducted to determine the activities and focus areas for 2008. All leaders will undergo training by external change consultants to ensure that the internal transformation of the Company supports the business in its future growth and development.

Corporate governance

Corporate Practice and Conduct

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

The directors support the principles of transparency, integrity and accountability advocated by the Code of Corporate Practice and Conduct as set out in the King II report on Corporate Governance, and the Board has set itself the objective of complying with these guidelines throughout. In addition, the Board and the individual directors are in agreement that they have a duty and a responsibility to commit themselves to the principles as set out in the King II report. GijimaAst is committed to the highest level of corporate governance, and the directors are satisfied that the Group has complied with the provisions, governance principles and structures recommended by the King II report. The majority of the Board members are non-executive and independent 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 its sub-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 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.

On 1 January 2007 Mr RW Gumede, an executive director, took over as Chairman of the Board from Mr HJ Smith, who had resigned on 31 December 2006. On 30 June 2007, the Board comprised four executive directors (Messrs RW Gumede, CJH Ferreira, JE Miller and CP Potgieter) and six independent non-executive directors (Messrs M Macdonald, NI Mhlongo, K Mpinga, AFB Mthembu, JCL van der Walt and Dr NJ Dlamini). Mr NI Mhlongo acts as an alternate director for Mr K Mpinga.

Since 30 June 2007 one new appointment was made to the Board, namely:

- Mr PJ Bogoshi on 1 July 2007 as the new Chief Executive Officer replacing Mr JE Miller, who becomes a non-executive director as from 1 July 2007.

The following directors resigned during the year:

- Mr W Drue on 1 August 2006
- Mr CJ Potgieter on 1 August 2006
- Mr HJ Smith on 31 December 2006
- Mr CME Mostert on 7 June 2007

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 and 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 quarterly when practically possible, with additional meetings when necessary, and although specific authority has been delegated to Board committees and management as appropriate, the Board retains full and effective control 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	21 Sep	22 Feb	7 Jun
Dlamini, NJ	P	P	P
Ferreira, CJH	P	P	P
Gumede, RW	P	P	P
Macdonald, M	A	P	P
Mhlongo, NI	P	P	P
Miller, JE	P	P	P
Mostert, CME	P	P	P
Mpinga, K	A	A	P
Mthembu, AFB	A	P	P
Potgieter, CP	P	P	P
Smith, HJ*	P	–	–
Van der Walt, JCL	P	P	P

*P – Present / A – Apology/ *Resigned 31 December 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 2006), Messrs CJH Ferreira, RW Gumede, M Macdonald and Dr NJ Dlamini 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 and Social Responsibility Committee.

During the 2007 financial year independent directors chaired the Audit, Nomination, Remuneration and Social Responsibility 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 for the first six months of the financial year was Mr HJ Smith, who was also the Chairman of the Board. After the resignation of Mr HJ Smith as a director of the Board, Dr NJ Dlamini, an independent non-executive director, was appointed by the Board as Chairperson of the Nomination Committee on 22 February 2007. The majority of the members of the Nomination Committee are independent non-executive directors. At 30 June 2007 the members were:

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

Mr CME Mostert, independent non-executive director, was also a member of the Nomination Committee for the best part of the year. He resigned as director and member of the Nomination Committee on 7 June 2007.

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

Member	19 Jul	8 Feb
Smith, HJ*	P	–
Mostert, CME	P	P
Mthembu, AFB	P	P

*P – Present / A – Apology/ *No longer 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, internal auditors and management 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 persons were members as at 30 June 2007:

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

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

Member	18 Sep	19 Feb	28 May
Macdonald, M	A	P	P
Miller, JE	P	P	P
Mpinga, K	A	A	A
Mthembu, LBR	P	A	P
Van der Walt, JCL	P	P	P

P – Present / A – Apology.

Remuneration Committee

The Remuneration Committee is primarily responsible for formulating the remuneration strategy and policies of the GijimaAst Group and the terms and conditions of employment of executive directors and senior executives, whilst the Board grants final approval of their recommendations.

The following directors were members as at 30 June 2007:

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

Professor PJ Rall, an outside consultant, resigned as a member of the committee in December 2006.

Mr JCL van der Walt, an independent non-executive director, was chairman of the committee for the best part of the 2007 financial year.
Mr AFB Mthembu was appointed by the Board as Chairman of the committee on 22 February 2007 after the Board had restructured the various Board committees. 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	14 Aug	18 Oct	8 Feb	26 Jun
Mthembu, AFB	P	P	P	P
Rall, PJ*	P	P	–	–
Van der Walt, JCL	P	P	P	P

*P – Present / A – Apology / *Resigned in December 2006.*

Transformation and Social Responsibility Committee

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

The following directors were members as at 30 June 2007:

- Dr NJ Dlamini – Independent Non-executive Director
- Mr NI Mhlongo – Independent Non-executive Director
- Mr RW Gumede – Executive Chairman
- Mr JE Miller – Executive Director and Chief Executive Officer

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 twice per year.

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

Executive Committee

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

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.

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

The King II report describes risk management as *"the identification and evaluation of actual and potential risk areas as they pertain to the company as a total entity, followed by a process of either termination, transfer, acceptance or mitigation of each risk"*. GijimaAst's risk philosophy is to follow an integrated, enterprise-wide approach to risk management that takes into consideration the following aspects of risk management based on the King II report and industry best 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 and 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;
- Setting of a comprehensive system of internal controls to ensure that risks are mitigated and that the Company's strategic objectives are attained;
- Managing, rather than eliminating, risk of failure or opportunity risk;
- Providing 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 views risk not only 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 and system of internal control, which is reviewed regularly for effectiveness. The Board is also responsible for setting risk and control strategies and policies in consultation with executive management. The Board, together with executive management, is accountable for communicating these risk and control strategies and policies throughout the Company, and this process has been in place for the period under review up to the date of approval of the annual report and financial statements. The Board determines the level of risk 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 Audit Committee and GijimaAst Board. Key risk indicators and measurements are identified for each strategic risk. A risk owner and assurance provider is also appointed for each strategic risk facing the

Company. Risk owners report progress on the mitigation of strategic risks to the corporate risk management function on a monthly basis. The mitigation of tactical risks is addressed 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 (no. 85 of 1993) (the "Act"), and the provisions of this Act are adhered to in the day-to-day activities of GijimaAst on 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 members are present on the client's site, GijimaAst will participate in the occupational health and safety system of the client.

Transformation and social development

GijimaAst understands the importance of transformation, not only within the Group, but also the broader society in which it operates. We recognise broad-based black economic empowerment (BEE) as a framework that not only redresses the imbalances of the past, but also drives the future, especially in terms of skills development and the development of small businesses. We continue to support and interact with government and the various sector bodies to ensure that we actively assist the transformation process in South Africa.

GijimaAst's commitment and focus on transformation has ensured that we maintained the AA Empowerdex rating we achieved in the previous financial year. We achieved this goal by including transformation as an integral part of our business strategy and not isolating it as a distinct programme. Our transformation strategy is built on the Broad Based Black Economic Empowerment Act and the Employment Equity Act and is headed by an executive within the Company, ensuring that it enjoys the highest priority in the Company. A summary of our transformation achievements follows:

Equity ownership

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

Management control

GijimaAst is committed to the transformation of the management structure in the company. The GijimaAst Board has improved from 43% black representation in the previous financial year to 50% for the period under review. The Executive Management team also increased its black representation, from 44% to 50%.

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.

GijimaAst has continued to make progress in transforming the Group's workforce profile to better reflect the demographics of the country. In GijimaAst, 31% of our employees are women, with black representation of 35% (up from 30% in the previous financial year). Although we have shown a significant improvement in our employee equity figures, we still have work to do to realise our vision of having an equal representation of employees in the next five years.

Preferential procurement

GijimaAst has implemented a formal procurement policy to ensure that it procures products and services from BEE suppliers. With the BBBEE Act providing a basis on which to measure all suppliers, GijimaAst is continually compiling a database of empowered suppliers based on the generic BBBEE scorecard. The black empowered procurement at GijimaAst was measured as 55,9% during the financial year.

Skills development

Members of our permanent staff benefit from occupation-related training and learning sponsored by the organisation to equip them with 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 and learnerships (in line with the requirements of the Isett Seta) with learners coming predominantly from tertiary institutions and then being mentored into skilled staff over a period of time to become fully-fledged employees with the relevant hands-on experience.

Financial contents

Corporate social investment

As a responsible corporate citizen, we acknowledge the responsibility we have to ensure the development of the communities we serve. The bulk of our corporate social investment (CSI) initiatives are focused on education. GijimaAst has continued its sponsorship of the annual most improved school awards in conjunction with the Department of Education. The beneficiary school for 2006 was St Johns College in the Eastern Cape. GijimaAst has also extended its support of the University of Tshwane's Informatics Department for another year.

Enterprise development

GijimaAst continues to support the development of small, medium and micro enterprises (SMME) as part of its enterprise development initiative. In addition to certification and training given to our SMME partners, we assist them in managing their contracts where necessary. The GijimaAst SMME regional network increases our already substantial footprint, while allowing regional SMMEs to participate in local business.

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 and with institutional and private shareholders based on constructive engagement and mutual understanding of objectives. GijimaAst presents biannual financial results 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.

GijimaAst
YOUR COMPLETE ICT PARTNER

Statement of responsibility

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and the annual financial statements of GIJIMA AST GROUP LIMITED, comprising the balance sheets at 30 June 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

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

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

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

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

Approval of the annual financial statements

The Group annual financial statements and the annual financial statements of GIJIMA AST GROUP LIMITED, as identified in the first paragraph, were approved by the Board of Directors on 28 August 2007 and are signed on their behalf by:

RW GUMEDE
Executive Chairman

CJH FERREIRA
Group Financial Director

Group Secretary's certification

for the year ended 30 June 2007

I certify, in accordance with the Companies Act, Act 61 of 1973, as amended, that for the year ended 30 June 2007 GIJIMA AST GROUP LIMITED has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are true, correct and up to date.

JC RADEMAN
Group Secretary

Report of the independent auditors

TO THE MEMBERS OF GIJIMA AST GROUP LIMITED

Report on the financial statements

We have audited the Group annual financial statements and the annual financial statements of GIJIMA AST GROUP LIMITED, which comprise the balance sheets at 30 June 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 30 to 76.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of GIJIMA AST GROUP LIMITED at 30 June 2007, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

per J VLIEGENTHART
Chartered Accountant (SA)
Registered Auditor
Director
28 August 2007

Directors' report

Your directors have pleasure in submitting the annual financial statements of the Company and the GijimaAst Group for the year ended 30 June 2007 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 30 to 76 set out the financial position, results from operations and cash flows of the GijimaAst Group in full for the financial year ended 30 June 2007.

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.

Dividends

Notice is hereby given that the Board proposed a maiden dividend of 1,5 cents per ordinary share payable to shareholders recorded in the books of the Company at the close of business on Friday, 23 November 2007. The proposed dividends are to be confirmed at the Annual General Meeting to be held on Friday, 9 November 2007. An announcement confirming the payment of the proposed dividends will be made on SENS on Friday, 9 November 2007 and in the press on Saturday, 10 November 2007.

The salient dates are as follows:

Last date to trade *cum* dividend	Friday, 16 November 2007
Securities start trading *ex* dividend	Monday, 19 November 2007
Record date	Friday, 23 November 2007
Payment date	Monday, 26 November 2007

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

Share certificates may not be dematerialised or rematerialised between Monday, 19 November 2007 and Friday, 23 November 2007, both dates inclusive.

Subsidiary undertakings

The interests in subsidiary companies, where considered material in the light of the Group's financial position and results, are set out on page 74.

Acquisitions and disposals during the year

GijimaAst Holdings (Pty) Limited (GijimaAst) entered into agreements in terms of which it acquired the following assets:

- GijimaAst acquired the remaining 30% of the issued share capital of AST Distributed Technology Services (Pty) Limited from Absa Bank Limited, effective 23 November 2006. The net after-tax proceeds to Absa (inclusive of Absa claiming STC credits on the dividend received) and the resulting cost to GIJIMA AST GROUP LIMITED was R85 000 000 (eighty-five million Rand). Following the transaction GijimaAst owns 100% of the issued share capital of AST Distributed Technology Services (Pty) Limited.
- GijimaAst acquired the remaining 50% of the issued share capital in Thuso Information Technology (Pty) Limited (Thuso), effective 3 July 2006, for a consideration of R3 800 000 (three million eight hundred thousand Rand) and following the transaction owns 100% of the issued share capital of Thuso.
- GijimaAst acquired the remaining 40% of the issued share capital held by Liberty Moon Investments 34 (Pty) Limited in AST WebAccess (Pty) Limited for a consideration of R40 (forty Rand), effective 1 January 2007.

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

- GijimaAst entered into an agreement in terms of which it disposed of its remaining 30% interest in GEM Consulting (Pty) Limited, GEM Consulting International (Pty) Limited and GEM Consulting Group (Pty) Limited (Australian entities), for a total consideration of A$213 073 effective 31 January 2007.

- GijimaAst disposed of its 50% interest in GalaxyNet (Pty) Limited, for a total consideration of R582 000, effective 1 July 2006.
- GijimaAst disposed of its 200 ordinary shares held in Naledi Computer Systems (Pty) Limited (Naledi), representing 25% of the total issued share capital of Naledi, effective 1 April 2007, for a consideration of R328 889.
- GijimaAst did a BEE share swap transaction whereby Ombiga Investment Holdings (Pty) Limited acquired 100% in Information Technology Department (Pty) Limited and Information Technology Department (Pty) Limited in return took up 30% in GijimaAst Information Technology Services (Pty) Limited (Namibia entity) for R1,00 per share. As a condition of the proposed transaction, all Information Technology Department (Pty) Limited's clients and contracts were ceded to GijimaAst Information Technology Services (Pty) Limited (Namibia) and Information Technology Department (Pty) Limited and Ombiga Investment Holdings (Pty) Limited and their respective directors signed restraints from having any other IT-related interests. The effective date of the transaction was 11 November 2006.

Board of Directors and management

The names of the directors, as at 30 June 2007, and their personal details appear under the section 'Board of Directors' and 'Directors' details' on pages 6 and 7. The following changes in the Board have taken place since the last annual report:

Resignations:
Mr W Drue resigned on 1 August 2006.
Mr CJ Potgieter resigned on 1 August 2006.
Mr HJ Smith resigned on 31 December 2006.
Mr CME Mostert resigned on 7 June 2007.

Appointments:
Mr PJ Bogoshi was appointed on 1 July 2007.

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

Interest of directors in the capital of the Company

At 30 June 2007, the directors of GIJIMA AST GROUP LIMITED held beneficially in aggregate 358 611 849 GIJIMA AST GROUP LIMITED shares. The following directors held shares in the Company:

	As at 30 June 2007			As at 30 June 2006		
Directors	Direct	Indirect	Total	Direct	Indirect	Total
W Drue				11 550		11 550
CJH Ferreira		18 734 343	18 734 343		18 734 343	18 734 343
RW Gumede		287 439 827	287 439 827		287 439 827	287 439 827
M Macdonald		995 488	995 488		995 488	995 488
NI Mhlongo		47 962 246	47 962 246		47 962 246	47 962 246
JE Miller	1 472 502		1 472 502	1 322 502		1 322 502
CJ Potgieter				80 142		80 142
HJ Smith					6 000 000	6 000 000
JCL Van der Walt	72 059	1 935 384	2 007 443	72 059	1 935 384	2 007 443

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

Directors' report *continued*

Share capital

GIJIMA AST GROUP LIMITED had an issued share capital of 964 666 538 shares on 30 June 2007. During the year no ordinary shares were issued.

Fixed assets

There was no change in the nature of the fixed assets of the Group or in the policy regarding their use. However, in order to further reduce costs and improve communication and synergies between divisions, we have decided to centralise our Gauteng operations in Samrand. We entered into an arrangement with our present landlord in Samrand to erect an additional office block adjacent to our present premises to house our other Gauteng operations, and entered into a new 10 year lease covering the combined premises. At the same time we sold our entitlement to ownership of 50% of the current and new premises for a combined R47,5 million, which amounted to a profit of R34,2 million, based on the prior carrying value of the entitlement. This resulted in a cash inflow of R33 million during the year with a further R14,5 million to be received on 30 June 2008.

Capital expenditure

The capital expenditure for GijimaAst during the period under review was R26,4 million, primarily in respect of purchases of income-generating computer and office equipment to maintain operations. There were no capital commitments as at 30 June 2007 to incur future expenditure.

Events after balance sheet date

No significant events occurred after the balance sheet date.

Special resolutions

The following special resolution was passed during the year at the Annual General Meeting of shareholders held on 10 November 2006:

Resolution

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

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

Reason for and effect of the special resolution

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

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

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

Insurance

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

Accounting policies

GIJIMA AST GROUP LIMITED (the "Company") is a company domiciled in South Africa. The consolidated financial statements of the Company for the year ended 30 June 2007 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 28 August 2007.

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).

2. Basis of preparation

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

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

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

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

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

- Note 12 – business combinations
- Note 13 – measurement of the recoverable amounts of cash-generating units
- Note 14 – utilisation of tax losses
- Note 19 – measurement of share-based payments
- Note 21 – accounting for an arrangement containing a lease
- Note 24 and 28 – provisions and contingencies
- Note 25 – valuation of financial instruments
- Note 26 – lease classification.

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

The accounting policies have been applied consistently by Group entities.

3. Basis of consolidation

3.1 Subsidiaries

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

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

3.2 Special purpose entities

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

3.3 Associates

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

3.4 Joint ventures

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

3.5 Transactions eliminated on consolidation

Intra-group balances and 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 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.

3.6 Acquisition of minorities

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

4. Foreign currency

4.1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the 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. 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.

Accounting policies *continued*

5. Property, plant and equipment

5.1 Owned assets

Items of property, plant and equipment, except for land and buildings, 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 the same manner as owned items of property, plant and equipment.

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 – 7 years
• electronic and computer equipment	3 – 5 years
• leasehold improvements	5 – 11 years
• mainframe equipment	5 – 6 years
• vehicles	4 – 5 years

The depreciation methods, useful lives and residual values are reassessed at 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 identifiable assets, liabilities and contingent liabilities of the acquiree.

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.

Goodwill and trade name are stated at cost less any accumulated impairment losses. Goodwill and trade name are allocated to cash-generating units and are no longer amortised but are 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. The appropriateness of the useful life of the trade name is assessed on an annual basis.

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 normal overheads. Other development expenditure is recognised in profit or loss 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 Software

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, including expenditure on internally generated goodwill and brands, 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 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 Recognition and derecognition

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

7.2 Initial measurement

Financial instruments are initially measured at fair value, which, except for financial instruments at fair value through profit or loss, includes directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as set out below (refer 7.3).

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.

Accounting policies *continued*

7.3 Subsequent measurement

7.3.1 Investments

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

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.

7.3.2 Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses, using the effective interest method (refer accounting policy 9).

7.3.3 Cash and cash equivalents

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

7.3.4 Trade and other payables

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

7.3.5 Derivative financial instruments

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

Economic hedges

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

7.3.6 Interest-bearing borrowings

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

7.4 Offsetting a financial asset and a financial liability

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

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

8. Inventories

Inventories are 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 15), 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). An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

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

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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

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 and there is an indication that the impairment loss has reversed and no longer exists.

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

Accounting policies *continued*

10. Share capital

10.1 Ordinary share capital

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

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. Employee benefits

11.1 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.

11.2 Share-based payment transactions

The Group operates an equity-settled share-based compensation plan for senior employees and executives. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is 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, except for when forfeiture is only due to share prices not achieving the threshold for vesting.

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

12. 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.

12.1 Warranties

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

12.2 Restructuring

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

12.3 Commissions

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

12.4 Onerous contracts

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

12.5 Leave pay accrual

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

13. 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 the sale of goods is measured at the fair value of the consideration received or receivable, net of retentions and allowances, trade discounts and volume rebates. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods. Early settlement discounts paid to customers have been set off against revenue.

Revenue from services rendered is recognised in 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.

13.1 Sale of goods and software licences

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

13.2 Long-term and fixed-price contracts

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

13.3 Time and material contracts

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

13.4 Interest income

Interest income is recognised as it accrues, using the effective interest method.

13.5 Dividend income

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

14. Expenses

14.1 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 the accounting policy applicable to the asset.

Other leases are operating leases and the leased assets are not recognised in the Group's balance sheet. Investment property held under an operating lease is recognised on the Group's balance sheet at its fair value.

14.1.1 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.

14.1.2 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.

14.2 Interest paid

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

Accounting policies *continued*

15. 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 substantively 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, joint ventures and associates 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.

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

16. 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 if settled on an equity basis.

17. 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.

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

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be received primarily through sale rather than through continuing use are classified as held-for-sale. Immediately before classification as held-for-sale, the measurement of the assets (and all assets and liabilities in a disposal group) is 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. An impairment loss on a disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

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

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations 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.

19. Comparative figures

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

20. 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 2007, 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 2008 financial statements, will require extensive additional disclosures with respect to the Group's financial instruments and share capital.

IFRIC 7 *Applying the restatement approach under IAS 29 Financial Reporting in Hyper-inflationary Economies* addresses the application of IAS 29 when an economy first becomes hyper inflationary and in particular the accounting to deferred tax. IFRIC 7, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any impact on the consolidated financial statements.

IFRIC 8 *Scope of IFRS 2 Share-based Payment* addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Group's 2008 financial statements, with retrospective application required. IFRIC 8 is not expected to have any impact on the consolidated financial statements.

IFRIC 9 *Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivatives should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any impact on the consolidated financial statements.

IAS 23 Amendment *Borrowing Costs* allows an entity to elect to use certain exemptions allowed by the amended IAS 23. IAS 23 comes into effect for the Group's 2010 financial statements. The Group has not yet considered the possible impact on the consolidated financial statements.

IFRS 8 *Operating Segments* requires the Group to consider whether the operating segments, as reported, are the same as the business segments currently reported under IAS 14. If not, this will result in a change in the identification of reporting segments in the financial statements. If relevant, any differences in accounting policies will be recorded in the reconciliation between the information in the operating segments and the IFRS income statement and balance sheet of the Group. IFRS 8, which becomes mandatory in the Group's 2008 financial statements, the Group has not yet considered the possible impact on the consolidated financial statements.

IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions* requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the Group's 2008 financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements. The potential effect of the interpretation has not yet been determined for the separate financial statements of the Company.

IFRIC 12 *Service Concession Arrangements* draws a distinction between two types of service concession arrangements, i.e. if the operator receives a financial asset or if the operator receives an intangible asset. IFRIC 12, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any impact on the consolidated financial statements as the Group does not enter into these types of arrangements.

IFRIC 13 *Customer Loyalty Programmes*, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any impact on the consolidated financial statements as the Group does not offer these types of programmes.

IFRIC 14 IAS 19 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any impact on the consolidated financial statements as the Group offers its employees defined contribution pension and provident funds.

Income statements

for the year ended 30 June 2007

	Notes	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Continuing operations					
Revenue	2.1	2 017 426	1 951 041	–	–
Other income	2.2	38 797	2 299		
Income		2 056 223	1 953 340	–	–
Staff costs and employee benefits	2.14	(966 596)	(919 808)	–	–
Operating costs		(971 782)	(918 299)	42 317	108 127
Foreign currency gains	2.7	12 562	7 486	–	–
Other expenses		(10 269)	(16 044)	–	–
Earnings before interest, tax, depreciation and amortisation charges (EBITDA)		120 138	106 675	42 317	108 127
Depreciation and amortisation charges		(25 472)	(34 954)	–	–
Operating profit before financing costs	2	94 666	71 721	42 317	108 127
Financial income		12 580	7 289	–	–
Financial expenses		(31 281)	(9 136)	–	–
Net financing costs	3	(18 701)	(1 847)	–	–
Profit before tax		75 965	69 874	42 317	108 127
Income tax expense	4	(21 706)	(30 518)	–	–
Profit after tax		54 259	39 356	42 317	108 127
Share of profit/(loss) of associates	9	2 350	(11)	–	–
Profit after tax from continuing operations		56 609	39 345	42 317	108 127
Discontinued operation					
Loss for the period from discontinued operations, net of tax		–	(1 319)	–	–
Profit for the year		56 609	38 026	42 317	108 127
Attributable to:					
Equity holders of the parent		53 742	22 846	42 317	108 127
Minority interest	20	2 867	15 180	–	–
		56 609	38 026	42 317	108 127
Earnings per ordinary share (cents) from continuing operations					
– Basic	6	5,57	2,51	–	–
– Diluted	6	5,57	2,51	–	–
Loss per ordinary share (cents) from discontinued operations					
– Basic	6	–	(0,14)		
– Diluted	6	–	(0,14)		

Refer to note 6 for headline earnings per share.

Balance sheets

as at 30 June 2007

	Notes	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Assets					
Non-current assets		317 846	327 973	255 386	213 069
Property, plant and equipment	7	61 495	57 075	–	–
Investment in subsidiaries	8	–	–	255 386	213 069
Intangible assets	13	112 905	101 715	–	–
Derivative financial instrument	11	–	12 076	–	–
Investment in associates	9	–	196	–	–
Deferred tax asset	14	143 446	156 911	–	–
Current assets		693 666	624 709	–	–
Inventories	15	41 923	45 841	–	–
Short-term loans	17	–	4 191	–	–
Trade and other receivables	16	473 577	393 548	–	–
Investments and loans	10	–	670	–	–
Current tax asset		7 383	3 901	–	–
Cash and cash equivalents	18	170 783	176 558	–	–
Total assets		1 011 512	952 682	255 386	213 069
Equity and liabilities					
Total shareholders' equity		264 154	305 050	255 386	213 069
Equity attributable to parent shareholders		264 154	264 271	255 386	213 069
Minority interest	20	–	40 779	–	–
Non-current liabilities		305 652	184 441	–	–
Interest-bearing borrowings	21	263 124	140 530	–	–
Operating lease liability		23 080	22 067	–	–
Deferred tax liability	14	19 448	21 844	–	–
Current liabilities		441 706	463 191	–	–
Trade and other payables	23	396 502	367 483	–	–
Provisions	24	41 663	53 544	–	–
Bank overdrafts	18	337	2 547	–	–
Amounts due to vendors	22	–	1 380	–	–
Current tax liability		3 204	38 237	–	–
Total equity and liabilities		1 011 512	952 682	255 386	213 069

Cash flow statements

for the year ended 30 June 2007

	Notes	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Cash flows from operating activities					
Cash generated from operations	32.1	56 159	110 244	–	–
Financial income		12 228	7 289	–	–
Financial expenses		(28 388)	(12 158)	–	–
Normal tax paid		(49 873)	(9 338)	–	–
Net cash (utilised by)/generated from operating activities		(9 874)	96 037	–	–
Cash flows from investing activities					
Acquisition of minorities		(82 702)	–	–	–
Acquisition of subsidiaries and businesses		(2 270)	–		
(Decrease)/increase in amounts due to vendor		(1 380)	1 380	–	–
Cash obtained from acquisition		–	355		
Proceeds on sale of investment		4 365	–		
Proceeds on sale of business		580	–	–	–
Acquisition expenses		–	(600)	–	–
Purchase of software to maintain operations		(8 881)	(1 668)		
Purchase of property, plant and equipment to maintain operations		(26 437)	(27 370)	–	–
Proceeds from the sale of property, plant and equipment		440	1 317	–	–
Net cash utilised by investing activities		(116 285)	(26 586)	–	–
Cash flows from financing activities					
Repayments of long-term borrowings		(133 406)	(85 962)	–	–
Proceeds from long-term borrowings		256 000	133 681	–	–
Net cash generated from financing activities		122 594	47 719	–	–
Net (decrease)/increase in cash and cash equivalents		(3 565)	117 170	–	–
Cash and cash equivalents at the beginning of the year		174 011	56 841	–	–
Cash and cash equivalents at the end of the year	18	170 446	174 011	–	–

Statements of changes in equity

for the year ended 30 June 2007

	Share capital R'000	Share premium R'000	Distributable reserves R'000	Non-distributable reserves R'000	Total R'000	Minority interest R'000	Total equity R'000
Group							
Balance at 1 July 2005	964	646 525	(371 387)	(29 327)	246 775	25 599	272 374
Share-based payment transactions			429		429		429
Currency translation differences				(7 208)	(7 208)		(7 208)
Revaluation of land and buildings (net of tax)				1 429	1 429		1 429
Total income and expense recognised directly in equity	–	–	429	(5 779)	(5 350)	–	(5 350)
Profit for the year			22 846		22 846	15 180	38 026
Balance at 30 June 2006	964	646 525	(348 112)	(35 106)	264 271	40 779	305 050
Share-based payment transactions			1 373		1 373		1 373
Currency translation differences				(17 515)	(17 515)		(17 515)
Revaluation of land and buildings (net of tax)				1 339	1 339		1 339
Decrease in distributable reserves from acquisition			(39 056)		(39 056)	(43 646)	(82 702)
Total income and expense recognised directly in equity	–	–	(37 683)	(16 176)	(53 859)	(43 646)	(97 505)
Profit for the year			53 742		53 742	2 867	56 609
Balance at 30 June 2007	**964**	**646 525**	**(332 053)**	**(51 282)**	**264 154**	**–**	**264 154**
Company							
Balance at 1 July 2005	964	661 158	(557 180)	–	104 942	–	104 942
Profit for the year			108 127		108 127		108 127
Balance at 30 June 2006	964	661 158	(449 053)	–	213 069	–	213 069
Profit for the year			42 317		42 317		42 317
Balance at 30 June 2007	**964**	**661 158**	**(406 736)**	**–**	**255 386**	**–**	**255 386**

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

Notes to the annual financial statements

for the year ended 30 June 2007

	2007 Revenue R'000	2007 Operating profit/(loss) R'000	2006 Revenue R'000	2006 Operating profit/(loss) R'000
1. Segment information				
Group				
Segment information is presented in respect of the Group's business and geographical segments. The primary format – business segments – is based on the Group's management and internal reporting structure.				
In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of our offices.				
Software and Professional Services	623 759	26 939	559 309	20 275
Industry Niche Solutions	314 456	1 754	249 863	5 771
Managed Infrastructure Services	1 079 211	73 588	1 141 869	80 640
Corporate and other	–	(20 248)	–	(31 367)
	2 017 426	82 033	1 951 041	75 319
Unallocated items:				
Profit/(loss) on sale of businesses and properties		290		(406)
Profit on sale of derivative instrument and investments		35 373		–
DTS restructuring and integration costs		(25 638)		–
Retrenchment costs		(9 954)		–
Impairment of assets and investments		–		(860)
Amortisation of client contracts		–		(5 818)
Impairment of goodwill		–		(4 000)
Exchange rate gains on transactions		12 562		7 486
Operating profit		94 666		71 721
Financial income		12 580		7 289
Financial expenses		(31 281)		(9 136)
Income tax expense		(21 706)		(30 518)
Share of profit/(loss) in associate		2 350		(11)
Loss from a discontinued operation		–		(1 319)
Profit for the period		56 609		38 026
The parent company is registered in South Africa where the main activities of the Group are located at segment level.				
Mining	324 208		304 472	
Manufacturing	317 187		326 010	
Telecommunications	82 986		75 030	
Financial services and retail	603 810		563 129	
Public sector	537 886		574 573	
Other	151 349		107 827	
	2 017 426		1 951 041	
Segment information relating to the year ended 30 June 2006 has been restated to compare with current year information, due to organisational changes in the Company.				
Geographical segments				
South Africa	1 927 196	87 389	1 872 551	72 101
Foreign	90 230	7 277	78 490	(380)
	2 017 426	94 666	1 951 041	71 721

	GROUP 2007 R'000	GROUP 2006 R'000
2. Profit from operations		
Operating profit is arrived at after taking into account:		
2.1 Revenue from		
– Sale of goods	484 182	489 172
– Rendering of services	1 533 244	1 461 869
	2 017 426	1 951 041
Revenue from		
– Sale of goods (%)	24	25
– Rendering of services (%)	76	75
	100	100
2.2 Other income		
– Profit on sale of derivative (refer note 11)	34 224	–
– Profit/(loss) on sale of investments (refer note 9)	1 149	(32)
– Other	3 424	2 331
	38 797	2 299
2.3 Auditors' remuneration		
– Audit fees	3 457	3 025
– Other services	1 041	912
	4 498	3 937
2.4 Depreciation: property, plant and equipment (refer note 7)		
– Land and buildings – owned	116	(378)
– Computer equipment – owned	20 606	18 049
– Computer equipment – leased	371	1 239
– Furniture and fittings – owned	1 380	2 365
– Office equipment – owned	886	2 059
– Motor vehicles – owned	21	119
– Leasehold improvements	–	1 452
	23 380	24 905
2.5 Impairment/amortisation: intangible assets (refer note 13)		
– Amortisation of client contracts	–	5 818
– Impairment of previously recognised goodwill	–	4 000
– Amortisation of software	2 092	4 231
	2 092	14 049
2.6 Loss on disposal of property, plant and equipment	290	234

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

	GROUP 2007 R'000	GROUP 2006 R'000
2. Profit from operations *continued*		
2.7 Foreign exchange (gains)/losses		
Loss/(gain) on foreign exchange contracts	2 342	(2 238)
Gain on foreign exchange transactions	(14 904)	(5 248)
Total foreign exchange gains	(12 562)	(7 486)

The foreign exchange gain resulted mainly from the revaluation of foreign trade receivable and payable balances and intra-group loan accounts and loan balances denominated in Australian Dollars, at the spot rate of R5,9852 on 30 June 2007 (30 June 2006: R5,3186).

	GROUP 2007 R'000	GROUP 2006 R'000
2.8 (Profit)/loss on sale of businesses	(580)	172

The profit on sale of business relates to the sale of GijimaAst's 50% interest in GalaxyNet (Pty) Limited on 1 July 2006

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
2.9 Impairment of non-current assets and interest in subsidiary company				
Charges for the year				
– Associate company	–	1 000	–	–
– Reversal of impairment of loans receivable (note 8)	–	–	(42 317)	(108 127)
	–	1 000	(42 317)	(108 127)
2.10 Impairment of current assets				
Charges/(reversals) for the year				
– Reversal of impairment of trade receivables (refer note 16)	(1 194)	(2 356)	–	–
– (Reversal of)/charge for impairment of inventory (refer note 15)	(944)	1 060	–	–
	(2 138)	(1 296)	–	–
2.11 Fees for services				
– Secretarial	568	280	–	–
– Professional	5 955	6 561	–	–
	6 523	6 841	–	–
2.12 Rentals in respect of operating leases				
– Land and buildings	33 584	37 100	–	–
– Equipment	15 980	17 354	–	–
– Office equipment	1 950	1 960	–	–
– Computer equipment and software	197	1 057	–	–
– Vehicles	–	188	–	–
	51 711	57 659	–	–

2. Profit from operations *continued*

2.13 Directors' and key management's remuneration

	Appointments	Resignations	Directors' fees R'000	Basic salary R'000	Incentives R'000	Professional services R'000	Retirement and other benefits R'000	Total R'000
2007								
Executive directors (as other services)								
CJH Ferreira			–	1 800	1 200	–	–	3 000
RW Gumede			–	2 978	–	–	–	2 978
JE Miller *			–	2 449	500	–	–	2 949
CP Potgieter			–	1 800	–	–	–	1 800
Non-executive directors (as directors' fees)								
Dr NJ Dlamini (Nxasana)			213	–	–	–	–	213
W Drue **		1 August 2006	–	–	–	–	–	–
M Macdonald			224	–	–	–	–	224
NI Mhlongo			149	–	–	–	–	149
CME Mostert		7 June 2007	225	–	–	–	–	225
K Mpinga			145	–	–	–	–	145
AFB Mthembu			231	–	–	–	–	231
CJ Potgieter		1 August 2006	11	–	–	–	–	11
HJ Smith		31 December 2006	308	–	–	–	–	308
JCL van der Walt			350	–	–	–	–	350
			1 856	9 027	1 700	–	–	12 583
2006								
Executive directors (as other services)								
PWJ Bouwer		15 June 2005	–	–	–	–	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
			2 913	9 310	6 337	1 045	2 313	21 918

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

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

All directors' remuneration was paid by subsidiary companies.

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

	as at 30 June 2007				as at 30 June 2006			
	Non-beneficial '000	Beneficial '000	Total '000	Share-holding %	Non-beneficial '000	Beneficial '000	Total '000	Share-holding %
2. Profit from operations *continued*								
2.13 Directors' and key management's remuneration *continued*								
Directors' interest in ordinary shares								
Executive directors'								
CJH Ferreira	18 734	–	18 734	1,94	18 734	–	18 734	1,94
RW Gumede	287 440	–	287 440	29,80	287 440	–	287 440	29,80
JE Miller	–	1 473	1 473	0,15	–	1 323	1 323	0,14
Non-executive directors								
M Macdonald	995	–	995	0,10	995	–	995	0,10
NI Mhlongo	47 962	–	47 962	4,97	47 962	–	47 962	4,97
CJ Potgieter	–	–	–	–	–	80	80	0,01
HJ Smith	–	–	–	–	6 000	–	6 000	0,62
W Drue	–	–	–	–	–	12	12	–
JCL van der Walt	1 935	72	2 007	0,21	1 935	72	2 007	0,21
	357 066	1 545	358 611	37,17	363 066	1 487	364 553	37,79

	GROUP					
	2007			2006		
Key management	Basic salary R'000	Incentives R'000	Total R'000	Basic salary R'000	Incentives R'000	Total R'000
Remuneration	6 959	2 307	9 266	5 598	4 479	10 077

Directors' service contracts

None of the service contracts of the executive or non-executive directors contain 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 66 050 000 approved notional shares, directors and key management were awarded 23 100 000 notional shares as at 30 June 2007. None of these notional shares has vested at year-end.

	GROUP	
	2007 R'000	2006 R'000
2.14 Staff costs		
Salaries and wages	911 249	866 991
– Permanent	701 209	681 270
– Contractors	210 040	185 721
Pension costs (refer note 29)	55 347	52 817
	966 596	919 808
Number of employees employed by business segment at 30 June 2007		
Software and Professional Services	1 112	1 085
Industry Niche Solutions	497	391
Managed Infrastructure Services	1 398	1 594
Support Services	283	303
	3 290	3 373

		GROUP	
		2007 R'000	2006 R'000
3.	**Net financing costs**		
	Interest received – cash balances	12 580	7 223
	Dividend income received from preference share investments	–	66
		12 580	7 289
	Less: finance costs	(31 281)	(9 136)
	– Interest on overdraft	(976)	(5 817)
	– Interest on debtors securitisation	(23 828)	–
	– Fair value adjustments	(1 390)	3 022
	– Interest on long-term loans	(5 087)	(6 341)
		(18 701)	(1 847)
4.	**Income tax expense**		
	South African tax	13 956	28 984
	Current tax	3 518	22 095
	– current year	3 349	24 001
	– prior years	169	(1 906)
	Deferred tax (refer note 14)	10 438	6 889
	– current year	6 358	1 182
	– prior years	4 080	5 707
	Foreign tax	3 253	1 440
	Current tax	3 343	1 535
	– current year	3 343	1 535
	– prior years	–	–
	Deferred tax (refer note 14)	(90)	(95)
	– current year	(90)	(95)
	– prior years	–	–
	Secondary Tax on Companies	4 497	94
		21 706	30 518
	Reconciliation of the tax rate		
	Profit before tax	75 965	69 874
	Statutory tax rate (%)	29,00	29,00
	Capital gains tax (%)	4,41	–
	Disallowable expenditure (%)	15,55	(1,01)
	Secondary Tax on Companies (%)	5,92	0,13
	Income not subject to tax (%)	(32,04)	–
	Deferred tax asset not raised (%)	0,14	6,79
	Derecognition of deferred tax asset (%)	–	3,32
	Prior year under provision (%)	5,59	5,44
	Effective tax rate (%)	28,57	43,67

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

	GROUP 2007 R'000	GROUP 2006 R'000
5. Loss from a discontinued operation		
Bentley West Strategic Consulting (Pty) Limited, currently dormant, was a joint venture with senior management of Bentley West, and aimed to provide strategic consulting services.		
Results of discontinued operation		
Revenue	–	884
Other operating expenses	–	(1 805)
Financial income	–	22
Financial expense	–	(47)
Loss before tax	–	(946)
Normal tax expense	–	(373)
Loss for the period	–	(1 319)
Cash flows from discontinued operation		
Net cash from operating activities	–	(104)
Net cash from investing activities	–	41
Net cash from financing activities	–	(410)
Net cash used in discontinued operation	–	(473)
6. Earnings per share		
Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.		
Basic earnings per share from continuing operations	53 742	22 846
Loss from discontinuing operation	–	1 319
Profit from continuing operations attributable to equity holders of the parent	53 742	24 165
Weighted average number of ordinary shares in issue (thousands)	964 667	964 667
Basic earnings per share (cents)	5,57	2,51
Basic loss per share from discontinuing operations (refer note 19)		
Loss from discontinuing operations attributable to equity holders of the parent	–	(1 319)
Weighted average number of ordinary shares in issue (thousands)	964 667	964 667
Loss per share (cents)	–	(0,14)
Diluted earnings per share from continuing operations		
There is no dilutive effect on the weighted average number of ordinary shares at 30 June 2007 or the prior year, as no potential options or obligations to issue ordinary shares existed at the respective year-ends.		
Profit from continuing operations attributable to equity holders of the parent as calculated above	53 742	24 165
Weighted average number of ordinary shares (thousands)	964 667	964 667
Weighted average number of ordinary shares for diluted earnings per share (thousands)	964 667	964 667
Diluted earnings per share (cents) from continuing operations (refer note 19)	5,57	2,51
Diluted loss per share (cents) from discontinuing operations	–	(0,14)

6. Earnings per share *continued*

Headline earnings per share

Reconciliation between earnings and headline earnings

	Profit before tax R'000	Tax R'000	Discontinued operation R'000	Minority interest R'000	Net profit/(loss) R'000
For the year ended 30 June 2007					
Per the annual financial statements	75 965	(21 706)	–	(2 867)	51 392
Adjustments					
Share of profit of associates	2 350	–	–	–	2 350
Profit on sale of business and property, plant and equipment	(290)	–	–	–	(290)
Headline earnings					53 452
Headline earnings per ordinary share (cents)					5,54
Diluted headline earnings per ordinary share (cents)					5,54
For the year ended 30 June 2006					
Per the annual financial statements	69 874	(30 518)	(1 319)	(15 180)	22 857
Adjustments					
Share of loss of associates	(11)	–	–	–	(11)
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
Diluted headline earnings per ordinary share (cents)					2,93

7. Property, plant and equipment

Group

	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 improvements R'000
Year ended 30 June 2007							
Carrying amount at 1 July 2006	57 075	5 688	43 730	3 011	3 406	170	1 070
Acquisition of subsidiaries and businesses (refer note 12)	33	–	16	4	13	–	–
Additions	26 437	–	22 904	483	1 972	681	397
Revaluation of land and buildings	2 060	2 060	–	–	–	–	–
Disposals and adjustments	(730)	–	(215)	(539)	(73)	–	97
Reclassification of asset	–	(440)	658	–	(111)	(107)	–
Depreciation charge	(23 380)	(116)	(20 977)	(1 380)	(886)	(21)	–
Carrying amount at 30 June 2007	61 495	7 192	46 116	1 579	4 321	723	1 564
At 30 June 2007							
Cost	312 545	3 455	247 609	19 725	18 177	1 984	21 595
Revaluation	3 489	3 489	–	–	–	–	–
Accumulated depreciation	(254 539)	248	(201 493)	(18 146)	(13 856)	(1 261)	(20 031)
Closing carrying amount	61 495	7 192	46 116	1 579	4 321	723	1 564

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

	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 improvements R'000
7. Property, plant and equipment *continued*							
Leased assets included above comprise:							
Cost	18 607	–	17 814	–	–	793	–
Accumulated depreciation	(9 737)	–	(9 697)	–	–	(40)	–
Carrying amount	8 870	–	8 117	–	–	753	–

Land and buildings consist of:

Office block situated on stand 7565, 2 Bismarck Street, Windhoek, Namibia. The land and buildings, acquired in January 2003, at a purchase price of R3,8 million (including improvements) were revalued by Standard Bank of Namibia Limited on 13 October 2006 to an amount of R7,8 million.

The 'Income Capitalisation' valuation method used was based on the rentals of office space in the immediate proximity of the building, taking into account the general condition of the building at valuation date.

The office block was valued based on market related rental per square metre taking into account the area of office space, storage space and parking, resulting in a market related rental after expenses of R1 million. This was capitalised at 12% over six years.

The carrying amount that would have been recognised had the assets been measured under the cost model would have been R3,5 million.

Finance lease assets and interest-bearing finance lease liabilities to the value of R59 million (2006: R142 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 improvements R'000
Year ended 30 June 2006							
Carrying amount at 1 July 2005	54 731	4 041	39 088	5 011	4 488	305	1 798
Acquisition of subsidiaries and businesses (refer note 12)	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)
Impairment of assets	–	(178)	–	–	–	–	178
Depreciation charge	(24 905)	378	(19 288)	(2 365)	(2 059)	(119)	(1 452)
Carrying amount 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 carrying amount	57 075	5 688	43 730	3 011	3 406	170	1 070
Leased assets included above comprise:							
Cost	10 353	–	10 353	–	–	–	–
Accumulated depreciation	(9 982)	–	(9 982)	–	–	–	–
Carrying amount	371	–	371	–	–	–	–

	COMPANY 2007 R'000	2006 R'000
8. Investment in subsidiary company		
Unlisted		
Shares at cost less impairment losses	–	–
Loans owing by GijimaAst Holdings (Pty) Limited	663 944	663 944
	663 944	663 944
Impairment of loans receivable	(408 558)	(450 875)
Net interest in subsidiary company	255 386	213 069

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

	GROUP 2007 R'000	2006 R'000
9. Investment in associates		
Balance at 1 July	196	1 207
Share of results after tax	2 350	(11)
Foreign currency translation difference	11	–
Impairment of investment	–	(1 000)
Sale of associates	(2 557)	–
Balance at 30 June	–	196

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

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

Directors' valuation of shares	–	196

	GROUP 2007 R'000	2006 R'000
10. Investments and loans		
Unlisted investments at cost:	–	670
Directors' valuation of fair value	–	670

Unlisted investments are shares held by AST Western Australia (Pty) Limited, a wholly owned subsidiary of GijimaAst Holdings (Pty) Limited, which were sold in June 2007, in 2006 the value of the shares were A$126 036.

These represent investments received in lieu of cash for services rendered.

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

	GROUP 2007 R'000	2006 R'000
11. Derivative financial instrument		
Entitlement to purchase a 50% share in property-owning entity	–	12 076

30 June 2007

The Group disposed of its entitlement to purchase a 50% share in the property development entity owning the Samrand Campus for an amount of R33 million in cash and R14,5 million receivable at 30 June 2008 (refer note 26).

A profit on the disposal of this derivative financial instrument of R34,2 million has been recognised in the current year's financial statements (refer note 2.2).

30 June 2006

The derivative financial instrument was recognised in 2006 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 over the period of the option.

12. Acquisitions of subsidiaries and businesses

Details of net assets acquired and goodwill are as follows:

	2007 R'000	2006 R'000
Purchase consideration		
– directly attributable acquisition costs paid	70	600
– directly attributable acquisition payable in cash	3 800	1 380
Total purchase consideration	3 870	1 980
Fair value of net liabilities	531	324
Goodwill (refer note 13)	4 401	2 304

The fair value of assets and liabilities arising from the acquisition are as follows:

	2007 R'000	2006 R'000
Cash	1 600	355
Accounts receivable	2 378	251
Shareholders' loan	500	–
Property, plant and equipment (refer note 7)	33	7
Deferred tax asset	27	40
Accounts payable	(5 069)	(977)
Fair value of net liabilities	(531)	(324)
Goodwill (refer note 13)	4 401	2 304
Total purchase consideration	3 870	1 980

Year ended 30 June 2007

On 3 July 2006 the Group acquired the remaining 50% interest in Thuso Information Technologies (Pty) Limited and its subsidiary for R3,8 million.

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

Year ended 30 June 2006

On 2 July 2005 the Group acquired an additional 10% of Thuso Information Technologies (Pty) Limited for R600 000 and on 1 May 2006 50% of Sirius Consulting (Pty) Limited for R1 380 000.

			GROUP		
	Total R'000	Goodwill R'000	Trade name R'000	Client contracts R'000	Software R'000
13. Intangible assets					
Year ended 30 June 2007					
Balance at 1 July 2006	101 715	51 621	46 727	–	3 367
Additions	13 282	4 401	–	–	8 881
Amortisation charge	(2 092)	–	–	–	(2 092)
Balance at 30 June 2007	112 905	56 022	46 727	–	10 156
At 30 June 2007					
Cost	174 042	92 764	46 727	7 386	27 165
Accumulated amortisation and impairment	(61 137)	(36 742)	–	(7 386)	(17 009)
Carrying amount	112 905	56 022	46 727	–	10 156
Year ended 30 June 2006					
Balance at 1 July 2005	111 792	53 317	46 727	5 818	5 930
Additions	3 972	2 304	–	–	1 668
Amortisation charge	(10 049)	–	–	(5 818)	(4 231)
Impairment charge	(4 000)	(4 000)	–	–	–
Balance at 30 June 2006	101 715	51 621	46 727	–	3 367
At 30 June 2006					
Cost	160 760	88 363	46 727	7 386	18 284
Accumulated amortisation and impairment	(59 045)	(36 742)	–	(7 386)	(14 917)
Carrying amount	101 715	51 621	46 727	–	3 367

The goodwill and trade name that arose from the merger with the businesses of Gijima in May 2005 was subject to an impairment test at year-end based on the cash-generating capability of GijimaAst Holdings (Pty) Limited, the principal acquirer. The recoverable amount of the unit was determined to be higher than its carrying amount and therefore no impairment charge eminated.

The cash-generating capability of GijimaAst Holdings (Pty) Limited was determined by discounting the future cash flows generated from continuing operations and was based on the following key assumptions:

– The cash flow projections were based on the budgeted 2007/2008 results and the four year business plan thereafter. A weighted-average-cost-of-capital rate of 14,76% per annum was used in discounting the projected cash flows.

Client contracts were fully amortised at 30 June 2006.

Goodwill and trade name

Goodwill consists of R102,7 million (including the indicative trade name valuation of R46,7 million) which arose mainly from the acquisition of the information technology businesses of Gijima. The R102,7 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 separately disclosed and was valued using the relief-from-royalty methodology. This approach recognises that intangible assets have value insofar as the use of these intangible assets gives rise to an income stream. The value of these future income streams are based on the income producing capability of the intangible asset, with the after tax net present value of these income streams aggregated to determine the current economic worth of the intangible asset. Factors specific to the Gijima trade name were considered in determining a reasonable royalty rate in the indicative trade name valuation. A royalty rate of 2,0% was deemed appropriate for the indicative Gijima trade name valuation. The useful life of the trade name is estimated to be indefinite. The useful life of the trade name is assessed on a yearly basis based on the most current information available.

Goodwill acquired during the year of R4,4 million arose from the acquisition of the remaining 50% interest in Thuso Information Technologies (Pty) Limited. The goodwill is attributable mainly to the skills and technical talent of the acquired business' work force and the synergies expected to be achieved from integrating the company into the Group.

The recoverable amount of the unit was assessed for impairment based on the future cash flows of competency centres of the smallest cash-generating unit in which it was incorporated.

The cash-generating capability of the unit was determined by discounting the future cash flows generated from continuing operations and was based on the following key assumptions:

– The cash flow projections were based on the budgeted 2007/2008 results and the four year business plan thereafter. A weighted-average-cost-of-capital rate of 14,76% per annum was used in discounting the projected cash flows.

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

	GROUP 2007 R'000	GROUP 2006 R'000
14. Deferred tax		
Balance at 1 July	135 067	141 861
Current year	(6 268)	(1 087)
Over provision prior years	(4 080)	(5 707)
Revaluation of land and buildings	(721)	–
Balance at 30 June	123 998	135 067

	2007 Assets R'000	2007 Liabilities R'000	2007 Total R'000	2006 Assets R'000	2006 Liabilities R'000	2006 Total R'000
The deferred tax balance, all calculated at 29%, comprises the following:						
Capital allowances	21	(6 608)	(6 587)	243	(5 177)	(4 934)
Provisions and other allowances	29 596	–	29 596	34 439	–	34 439
Unrealised foreign exchange item	6 575	(6 183)	392	7 360	(955)	6 405
Income received in advance	8 914	–	8 914	13 173	–	13 173
Liability arising from the straight-lining of operating leases	6 693	–	6 693	6 098	–	6 098
Deferred tax in international structure	1 670	(24)	1 646	1 630	(75)	1 555
Fair value adjustment	–	–	–	–	(2 819)	(2 819)
Calculated tax loss	87 469	–	87 469	93 814	–	93 814
Prepayments	–	(222)	(222)	–	(3 181)	(3 181)
Section 24C allowances	–	(747)	(747)	–	(1 546)	(1 546)
Share-based payment	2 459	–	2 459	–	–	–
Work in progress	–	(5 664)	(5 664)	–	(8 091)	(8 091)
Other	49	–	49	154	–	154
	143 446	(19 448)	123 998	156 911	(21 844)	135 067

	GROUP 2007 R'000	GROUP 2006 R'000
15. Inventories		
Finished goods	23 915	20 409
Impairment of finished goods	(1 523)	(2 467)
	22 392	17 942
Work in progress	19 531	27 899
	41 923	45 841
16. Trade and other receivables		
Trade receivables	457 966	379 063
Impairment of trade receivables	(12 934)	(14 128)
	445 032	364 935
Prepayments	12 256	11 247
Other receivables	16 289	17 366
	473 577	393 548

16. Trade and other receivables *continued*

Trade receivables securitisation

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

– To create a flexible environment whereby the Group can raise external funding using its trade receivables as security.

– To raise funding at an efficient cost.

– To facilitate the recurring funding of the Group's growing operations.

– To enhance profitability and earnings per share by reducing the Group's funding rate.

Mechanics of the structure

An independently owned special purpose entity (SPE), GijimaAst Finance (Pty) Limited (GijimaAst Finance) was incorporated and the Group entered into the sale of existing and future trade receivables, and other agreements with GijimaAst Finance.

The Group maintains the right to manage and administer the collections process.

In terms of the Programme, the Group raised R256 million from various investors in the Capital Markets at a fixed rate for a period of five years. GijimaAst Finance funded the purchase price paid to the Group by issuing 256 million Class A, secured non-amortising zaAA rated debentures, and; 64 million Class B, subordinated, unsecured, non-amortising and unrated debentures. The zaAA Class A debentures were rated by CA Ratings (refer note 21).

The Group and the external funders invested in the debentures issued by the SPE. As security to the Class A debenture holders, a cession in *securitatem debiti* was entered into between GijimaAst Finance and a newly established security trust, whereby all rights are ceded to the security trust. The trustees of the security trust subsequently issued a guarantee to the Class A debenture holders.

Furthermore, the Group has entered into an option agreement with the trustees of the ownership trust to acquire all the option equity in GijimaAst Finance, within 90 days after the termination date of the Programme.

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

The Group's trade receivables include R428 million of SPE South African trade receivables and R256 million of external borrowings by the SPE are included in the total borrowings of the Group (see note 21).

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

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

The aggregate value at year-end of the South African trade receivables which were sold to the SPE consist of the following amounts:

– GijimaAst Holdings (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R404 million;

– Graphic Mining Solutions International (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R20 million; and

– AST Distributed Technology Services (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R4 million.

Trade receivables at 30 June 2006:

The following trade receivables were secured by a cession to Futuregrowth Asset Management (Pty) Limited and Mettle Management (Pty) Limited in respect of finance facilities granted to GIJIMA AST GROUP LIMITED, these have been released in full:

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

– Graphic Mining Solutions International (Pty) Limited, a wholly owned subsidiary of GIJIMA AST GROUP LIMITED, amounting to R16,3 million;

– AST Distributed Technology Services (Pty) Limited, a 70% subsidiary of GIJIMA AST GROUP LIMITED, amounting to R57,2 million; and

– Thuso Information Technology (Pty) Limited, a 50% joint venture of GIJIMA AST GROUP LIMITED, amounting to R2,1 million.

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

	GROUP 2007 R'000	GROUP 2006 R'000
17. Short-term loans		
GEM Consulting Group Trust	–	3 691
Loan to Magoshi Investment (Pty) Limited	–	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 30 June 2006. The loan was repaid in full at 6 February 2007.

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

	GROUP 2007 R'000	GROUP 2006 R'000
18. Cash and cash equivalents		
Cash at bank and in hand	170 783	176 558
Less: Overdrafts	(337)	(2 547)
	170 446	174 011

The weighted average effective interest rate on short-term bank deposits was 9,00% (2006: 6,45%).

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
19. Ordinary share capital				
Authorised				
1 300 000 000 ordinary shares of 0,10 cent each	1 300	1 300	1 300	1 300
Issued				
964 666 538 ordinary shares of 0,10 cent each	964	964	964	964
Balance at 1 July	964	964	964	964
Shares issued during the year	–	–	–	–
Balance at 30 June	964	964	964	964

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

Some share options are still retained by certain employees. The AST Share Trust has been inactive in the past four 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 dissolve the Trust.

	GROUP 2007 '000	2006 '000
19. Ordinary share capital *continued*		
Movements in the number of share options outstanding are as follows:		
Balance at 1 July	192	209
Granted	–	–
Exercised	–	–
Cancelled	(136)	(17)
Balance at 30 June	56	192

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

	2007			2006
Exercise price	Current '000	2-5 years '000	Total '000	Total '000
R4,01 – R5,00	–	–	–	25
R5,01 – R6,00	51	–	51	162
R8,01 – R9,00	5	–	5	5
R21,01 – R22,00	–	–	–	–
R22,01 – R23,00	–	–	–	–
R29,01 – R30,00	–	–	–	–
	56	–	56	192

Treasury shares

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

	2007 Number of shares '000	2006 Number of shares '000
AST Health (Pty) Limited	–	6
AST Share Trust	12	12
	12	18

Share linked bonus scheme

The Group has a bonus award scheme with its employees. The bonus award scheme is an incentive based on a conditional right to receive in cash an amount equal to the increase in value of a certain number of notional shares. This cash amount shall be applied wholly and exclusively towards the obligatory subscription and/or purchase of shares in the Company equal in value to the cash award. The Company's Remuneration Committee will determine if the payment is to be applied towards the subscription of new shares or the purchase of existing (issued) shares or any combination of such subscription or purchase. The Company is entitled, with the prior approval of the Remuneration Committee, to settle the amount due by way of a direct cash payment.

The Company and Group do not have a past practice of settling share-based payments in cash and do not have a present obligation at year-end to settle the share-based payment in cash.

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.

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

19. Ordinary share capital *continued*

First notional share issue

The first notional shares under the GijimaAst Share Linked Bonus Scheme were granted on 20 December 2005 and the adoption of IFRS 2 had no impact on previous financial periods.

The details of the grants are as follows:

	2007	2006
Share price at grant date (cents)	50	50
Exercise price (cents)	46	46
Expected volatility (%)	30	30
Expected dividend yield (%)	1,67	3,81
Risk-free interest rate (%)	7,26	7,26

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

Second notional share issue

The second notional shares under the GijimaAst Share Linked Bonus Scheme were granted on 19 November 2006.

The details of the grants are as follows:

	2007	2006
Share price at grant date (cents)	69	–
Exercise price (cents)	53	–
Expected volatility (%)	35	–
Expected dividend yield (%)	2,47	–
Risk-free interest rate (%)	8,20	–

The expected volatility of 35 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.

	2007 R'000	2006 R'000
Employee expenses		
Expense arising from notional shares granted during the year	615	429
Effect of changes in the fair value of notional shares	758	–
Total expense recognised as employee costs	1 373	429

	2007 Weighted average exercise price (cents)	2007 Number of notional shares '000	2006 Weighted average exercise price (cents)	2006 Number of notional shares '000
19. Ordinary share capital *continued*				
The number and weighted average exercise prices of notional shares are as follows:				
Outstanding at 1 July	46	32 100	–	–
Granted during the period	53	27 500	46	38 550
Forfeited during the period	49	(7 075)	46	(6 450)
Exercised during the period	–	–	–	–
Outstanding at 30 June	49	52 525	46	32 100
Exercisable at 30 June	–	–	–	–

	GROUP 2007 R'000	GROUP 2006 R'000
20. Minority interests		
Balance at 1 July	40 779	25 599
Share of net profit in subsidiaries	2 867	15 180
Purchase of remaining interest in AST Distributed Technology Services (Pty) Limited	(43 646)	–
Balance at 30 June	–	40 779

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

	GROUP 2007 R'000	GROUP 2006 R'000
21. Interest-bearing liabilities		
Long-term loans	257 007	140 530
Total liability	262 516	153 695
– Mortgage bond	1 526	2 116
– Securitisation	256 000	–
– Working capital loans	–	133 681
– Other	4 990	17 898
Less current portion moved to trade and other payables	(5 509)	(13 165)
– Mortgage bonds	(519)	(488)
– Other	(4 990)	(12 677)
Liabilities under capitalised finance lease agreements	6 117	–
– Total liability	8 014	532
– Less current portion moved to trade and other payables	(1 897)	(532)
	263 124	140 530

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

21. Interest-bearing liabilities *continued*

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 (14,25% at 30 June 2007 (2006: 12,25%)). The loan is repayable in monthly instalments of R58 172 payable until January 2010. The outstanding loan balance of R1 525 999 (2006: R2 116 378) is secured over land and buildings (refer note 7).

Securitisation

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

The Class B debentures have been subscribed for by a subsidiary entity of GijimaAst Holdings (Pty) Limited.

The Class A debentures bear interest at a fixed rate of 10,171% nacq, and the funding raised thereon has replaced the working capital loan of R133 681 million. The Class B debentures bear interest at variable rates.

On 31 July 2006, the cession of GijimaAst Holdings (Pty) Limited and its subsidiaries' book debts in respect of the working capital loan has been released in full and these book debts have been ceded in favour of the GijimaAst Securitisation Programme (refer note 16).

Working capital loans

Working capital loan comprises a loan from Futuregrowth Asset Management (Pty) Limited (Futuregrowth) and Mettle Management (Pty) Limited (Mettle), received on 30 June 2006, repaid in full on 31 July 2006 and bears interest at Jibar plus a margin of 2,95%.

Other liabilities

Finance lease agreements

Outstanding finance lease liabilities amounting to R5 million (2006: R17,9 million), net of set off against assets (refer note 7), no interest is calculated as from April 2006 and is repayable six monthly in June and December. The loan term is five years.

Other capitalised finance leases amounting to R8 million (2006: R0,5 million) have been entered into and are repayable monthly. The loan terms are five years. Interest on these finance leases is linked to the prime overdraft rate.

The leases are secured by cession over the assets to which they relate (refer to note 7).

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

	2007 R'000	2006 R'000
Not later than 1 year	6 887	13 209
Later than 1 year and not later than 5 years	6 117	5 221
Later than 5 years	–	–
	13 004	18 430
Less current portion	(6 887)	(13 209)
	6 117	5 221

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.

	Cash not later than 1 year R'000
22. Amounts due to vendors	
30 June 2007	
No amounts were due to vendors on 30 June 2007	–
30 June 2006	
The outstanding amount on acquisition of Sirius Consulting (Pty) Limited	
Seller of Sirius Consulting (Pty) Limited	1 380

	GROUP 2007 R'000	2006 R'000
23. Trade and other payables		
Trade payables and accruals	256 554	225 755
Income received in advance	38 004	46 063
Leave pay accrual	45 553	43 022
Current portion of long-term liabilities	7 406	13 697
Short-term loan	10 000	–
Other payables and payroll vendors	38 985	38 946
	396 502	367 483

Trade payables are subject to normal commercial settlement terms.

The short-term loan is repayable on 15 August 2007, it is unsecured and bears interest at Jibar plus 150 basis points.

	Total R'000	Commissions R'000	Warranties R'000	Other R'000
24. Provisions				
Balance as at 30 June 2007				
Balance at the beginning of the year	53 544	6 468	1 871	45 205
New provisions created	45 867	12 971	2 906	29 990
Provisions utilised	(57 748)	(14 014)	(3 275)	(40 459)
Balance at the end of the year	41 663	5 425	1 502	34 736
Balance as at 30 June 2006				
Balance at the beginning of the year	43 296	4 490	1 166	37 640
New provisions created	28 016	2 820	3 017	22 179
Provisions utilised	(17 768)	(842)	(2 312)	(14 614)
Balance at the end of the year	53 544	6 468	1 871	45 205

Commissions

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

Warranties

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

Other

Other provisions consist of payroll related provisions.

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

25. 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 programme 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

25.1 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 current and previous year.

25.2 Fair value of financial instruments

At 30 June 2007 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
The fair value of the Group's financial assets and liabilities is stated below:		
Financial assets		
Cash and cash equivalents	170 446	170 446
Trade and other receivables	473 577	473 577
	644 023	644 023
Financial liabilities		
Trade and other payables, and provisions	438 165	438 165
Interest-bearing liabilities	263 124	263 124
	701 289	701 289

25.3 Liquidity risk management

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

25.4 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.

Cash and cash equivalents are held at major commercial banks subject to predetermined limits per bank.

At 30 June 2007 the Group did not consider there to be any significant concentration of credit risk that had not been adequately provided for.

25. Financial instruments *continued*

25.5 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 27 for detail disclosure of forward exchange contracts.

	Total R'000	Not later than 1 year R'000	Later than 1 year and not later than 5 years R'000	Later than 5 years R'000
26. Commitments				
Capital commitments				
No known future capital commitments exist at year-end.				
Future operating lease commitments				
Land and buildings	129 134	28 260	84 364	16 510

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

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

In order to further reduce costs and improve communication and synergies between divisions, the Group has decided to centralise its Gauteng operations in Samrand. The Group entered into an arrangement with its present landlord in Samrand to erect an additional office block adjacent to its present premises, to house its other Gauteng operations, and entered into a new 10 year lease covering the combined premises. At the same time the Group disposed of its entitlement to purchase a 50% share in the property development entity owning the Samrand Campus (refer note 11).

27. Foreign exchange position

The following forward exchange contracts were entered into.

	Foreign currency '000	Rand amount R'000	2007 Fair value R'000	Unrealised loss R'000	2006 Unrealised profit R'000
Foreign currency					
US Dollars	923	6 573	6 538	35	(871)
Euro	1 709	16 978	16 336	642	(1 627)
		23 551	22 874	677	(2 498)

The forward exchange contracts (FEC) relate to specific foreign trade payable exposures on the balance sheet and were entered into to cover these foreign commitments not yet due. The forward exchange contracts will be utilised for the purposes of trade during the following year. The foreign exchange contracts have maturity dates ranging from 1 July 2007 to 31 January 2008.

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

	2007 R'000	2006 R'000
28. Contingent liabilities		
Bank and other guarantees		
At 30 June 2007 the Group had contingent liabilities in respect of registered performance bonds, bank, lease and other guarantees split between currencies as set out below.	2 523	3 276

	2007		2006	
	Foreign currency and amount '000	Rand amount R'000	Foreign currency and amount '000	Rand amount R'000
South African Rand				
– Standard Bank of South Africa Limited	2 257	2 257	2 911	2 911
Namibian Dollar				
– Standard Bank of Namibia Limited	201	201	222	222
– First National Bank of Namibia Limited	65	65	–	–
Australian Dollar				
– National Australia Bank	–	–	27	143
		2 523		3 276

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

	GROUP 2007 R'000	GROUP 2006 R'000
29. 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.		
The amounts charged to the income statement are as follows:		
Pension costs	55 347	52 817
Total included in staff costs (refer note 2.14)	55 347	52 817

30. Related party transactions

During the year the Group, in the ordinary course of business, entered into various sale and purchase transactions with associates and joint ventures. These transactions occurred under terms that are no less favourable than those agreed with third parties. Services are usually negotiated with related parties on a cost-plus basis allowing a margin ranging from 10% to 25%. Goods are procured on the basis of the price list in force with non-related parties.

Two shareholders and members of the Board of Directors had significant influence on the operational and economical decision making of the Group through means of significant shareholding in the Group. Mr RW Gumede and CJH Ferreira, both executive directors, indirectly held 29,8% and 1,9% respectively of the issued ordinary shares of the Group at 30 June 2007. Mr NI Mhlongo, a non-executive director, indirectly held 5,0% of the issued ordinary shares of the Group at 30 June 2007.

The indirect shareholding resulted from Mr Gumede, Mr Ferreira and Mr Mhlongo's indirect shareholding in Guma Investment Holdings (Pty) Limited, the holding company of Guma Tech (Pty) Limited, Guma Support (Pty) Limited and Guma Tech Group (Pty) Limited. The latter three companies hold the shares in GIJIMA AST GROUP LIMITED.

All intercompany transactions, balances and unrealised surpluses within the operations are eliminated on consolidation.

30. Related party transactions *continued*

30.1 Subsidiaries

Details of interests in subsidiaries are disclosed on page 74 to 76 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.

30.2 Directors

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

30.3 Share in joint ventures

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

	Percentage shareholding	
	2007	2006
	R'000	R'000
Galaxynet (Pty) Limited	–	50%
Thuso Information Technology (Pty) Limited	–	50%
Bentley West Strategic Consulting (Pty) Limited (discontinued operation)	**50%**	50%
Sirius Consulting (Pty) Limited	**50%**	50%

The remaining 50% shareholding in Thuso Information Technology (Pty) Limited was purchased by the Group during the current year (refer note 12). Galaxynet (Pty) Limited is a joint venture established with Galaxy Health (Pty) Limited to provide administrative services in the healthcare industry, the 50% shareholding in Galaxynet (Pty) Limited was sold during the year (refer note 2.8).

Bentley West Strategic Consulting (Pty) Limited is a joint venture with senior management of Bentley West and aims to provide strategic consulting services. Bentley West's services were discontinued in the 2006 financial year (refer note 5).

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

Notes to the annual financial statements *continued*

for the year ended 30 June 2007

30. Related party transactions *continued*

30.3 Share in joint ventures *continued*

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:

	2007 R'000	2006 R'000
Property, plant and equipment	–	67
Non-current assets	–	28
Current assets	547	4 633
Total assets	547	4 728
Non-current liabilities	–	172
Current liabilities	1 876	7 000
Total liabilities	1 876	7 172
Net assets	(1 329)	(2 444)
Revenue	518	18 309
Profit before taxation	251	113
Taxation	(73)	(693)
Profit after taxation	178	(580)
Proportionate interest in joint ventures' cash flows		
Cash from operating activities	768	(1 030)
Cash used in investing activities	–	29
Cash used in financing activities	–	1 099
Net cash inflow	768	98

31. Subsequent events

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

	GROUP	
	2007 R'000	2006 R'000
32. Cash flow information		
32.1 Reconciliation of profit before tax to cash generated from operations		
Profit before tax	75 965	69 874
Adjustments for:		
Amortisation/impairment	2 092	15 909
Depreciation	23 380	24 905
(Profit)/loss on sale of business and property, plant and equipment	(290)	406
Profit on sale of investment	(1 149)	–
(Decrease)/increase in provisions	(14 395)	15 055
Non-cash flow movement as a result of operating lease	1 013	2 266
Movement on impairment expense	(1 194)	(2 356)
Discontinued operations	–	(1 319)
Financial income	(12 580)	(7 289)
Financial expense	31 281	9 136
Profit on sale of derivative financial instrument	(34 224)	–
Proceeds on sale of derivative financial instrument	33 000	–
Share-based payments	1 373	429
Currency translation differences	(17 515)	(7 208)
Cash generated from operation before working capital changes	86 757	119 808
Working capital changes:		
Decrease in inventories	3 918	3 370
Increase in accounts receivable	(57 266)	(1 738)
Increase/(decrease) in accounts payable	22 750	(11 196)
Cash generated from operations	56 159	110 244

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
Directly owned						
Advanced Software Technologies International Holdings	Mauritius 01/04/1999	6/99/4516	01/04/1999	US$7	100	Holding company
A-Fin Capital (Pty) Limited	Pretoria 13/07/2001	2001/014884/07	19/07/2001	100	100	Dormant
Asindo Human Resources (Pty) Limited	Pretoria 16/07/2001	2001/015127/07	01/10/2002	100	100	Human resource outsource services
AST Distributed Technology Services (Pty) Limited**	Pretoria 28/01/1999	1999/001742/07	01/04/2000	20	100	Dormant
AST Holdings (Australia) (Pty) Limited	New South Wales Australia 25/06/1998	ACN 083125160	08/06/1999	A$47 086	100	Holding company
AST International	Mauritius 07/04/1999	22115/4965	07/04/1999	US$4	100	Dormant
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 Property Management (Pty) Limited	Pretoria 15/07/1997	1997/011382/07	28/01/1998	100	100	Property management
AST Western Australia (Pty) Limited	New South Wales Australia 21/01/2000	ACN 091286305	18/12/2000	A$51 600	100	Dormant
Centenary Services (Pty) Limited	Pretoria 23/09/1994	1994/007606/07	01/06/1999	120	100	Dormant
GijimaAst (Pty) Limited	Perth Australia 05/09/2002	ACN 101951017	05/09/2002	A$100	100	Mining software consulting
GijimaAst Holdings (Pty) Limited	Pretoria 04/11/1998	1998/021835/07	01/04/1999	1	100	Software and IT services
GijimaAst Information Technology Services (Pty) Limited	Namibia 01/11/1998	99/465	03/03/2000	N$1 000	100	Information technology services
GijimaAst Electronic Security Systems (Pty) Limited	Pretoria 20/10/1998	1998/020871/07	20/10/1998	1 000	100	Security systems and services
Graphic Mining Solutions International (Pty) Limited	Pretoria 27/05/1996	1996/006527/07	01/05/1999	1 000	100	Mining management software
Matsema International B.V.	Rotterdam Netherlands 22/06/1999	BV 24294429	22/06/1999	Euro 18 200	100	Holding company
Thuso Information Technology (Pty) Limited*	Pretoria 30/09/1999	1999/021945/07	14/10/1999	100	100	Dormant
VAST Automation (Pty) Limited	Pretoria 24/03/2000	2000/005755/07	31/03/2000	4 400	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
Joint ventures						
Access Market International (Pty) Limited	Pretoria 24/03/2000	2000/005743/07	04/04/2000	100	50	Dormant
Bentley West Strategic Consulting (Pty) Limited	Pretoria 12/10/1999	1999/022929/07	02/11/1999	240	50	Dormant
Lechabile AST (Pty) Limited	Pretoria 19/05/1998	1998/009515/07	28/08/1998	1 000	50	Dormant
Shwemso Communications (Pty) Limited	Pretoria 25/05/1999	1999/010796/07	25/11/1999	100	40	Dormant
Sirius Consulting (Pty) Limited	Pretoria 03/01/2006	2006/000954/07	01/05/2006	500	50	Development and maintenance on custom software
Deregistered companies						
Advanced Integrated Mining Solutions (Pty) Limited	Pretoria 27/05/1996	1996/006529/07	18/05/1999	8	100	Dormant
AST Abraxas IT Solutions (Pty) Limited	Pretoria 09/09/1999	1999/019925/07	16/09/1999	100	100	Dormant
AST Business Communications (Pty) Limited	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) Limited	Pretoria 09/09/1999	1999/019942/07	09/09/1999	100	100	Dormant
AST Computer Services (Pty) Limited	Pretoria 17/05/1999	1999/010180/07	17/05/1999	1 000	100	Dormant
AST Consulting (Pty) Limited	Pretoria 25/01/1999	1999/001425/07	25/01/1999	1 000	100	Dormant
AST Enterprise Engineering (Pty) Limited	Pretoria 02/12/1971	1971/013512/07	01/05/1999	100	100	Dormant
AST Health Solutions (Pty) Limited	Pretoria 17/06/1998	1998/011560/07	01/08/1999	10	100	Dormant
AST Identification Solutions (Pty) Limited	Pretoria 24/05/1999	1999/010719/07	08/06/2001	100	100	Dormant
AST Operations (Australia) (Pty) Limited	New South Wales Australia 02/10/1997	ACN080287663	08/06/1999	A$138 259	100	Dormant
AST WebAccess (Pty) Limited	Pretoria 06/03/2002	2002/005182/07	01/05/2002	100	100	Dormant
Benefic Computers (Pty) Limited	Pretoria 17/01/2000	2000/000266/07	02/02/2000	100	100	Dormant
Camagu Technology Holdings (Pty) Limited	Pretoria 10/12/1999	1999/027443/07	29/06/2001	100	100	Dormant
Emthonjeni Resourcing (Pty) Limited	Pretoria 23/07/2001	2001/015965/07	08/08/2001	1 000	49	Dormant

Details of subsidiary companies *continued*

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 Competency Centre (Pty) Limited	Pretoria 14/12/1990	1990/007526/07	07/08/1997	100	100	Dormant
Enterprise Solutions (Pty) Limited	Pretoria 30/07/1991	1991/004075/07	01/10/1997	200	100	Dormant
Incito Supply Chain Management (Pty) Limited	Pretoria 25/01/2001	2001/001659/07	01/05/2002	1 000	100	Dormant
IRMS Integrated Risk Management Solutions (Pty) Limited	Pretoria 20/01/1998	1998/000790/07	01/05/1999	100	100	Dormant
Marknet Occupational, Health and Safety Systems 2000 (Pty) Limited	Pretoria 10/04/2000	2000/006818/07	30/09/2001	100	100	Dormant
Online Outsource (Pty) Limited	Pretoria 15/09/1999	1999/020335/07	20/12/2000	100 000	100	Dormant
PLINY (Pty) Limited	Pretoria 18/09/1995	1995/009976/07	01/10/1996	100	100	Dormant
SIHAN Computer Services (Pty) Limited	Pretoria 07/10/1999	1999/022607/07	15/10/1999	100	100	Dormant
SX Holdings (Pty) Limited	Pretoria 18/12/1997	1997/022097/07	01/07/1998	99	100	Dormant
SX Investment Holdings (Pty) Limited	Pretoria 16/03/1998	1998/004894/07	01/07/1998	99	100	Dormant
WorkForce Solutions (Pty) Limited	Pretoria 30/09/1998	1998/019443/07	01/07/1998	100	100	Dormant

Changes in GijimaAst's effective shareholding during the year refers to:

**Thuso Information Technology (Pty) Limited – On 03/07/2006 GijimaAst Holdings (Pty) Limited acquired the remaining 50% shareholding.*

***AST Distributed Technology Services (Pty) Limited – On 23/11/2006 GijimaAst Holdings (Pty) Limited acquired the remaining 30% shareholding.*

Shareholder information

	Number of shareholders	Number of shares	Number of members as %	% of total shares issued
Analysis of shareholdings				
Range				
1 – 1 000	2 227	713 678	40,42	0,07
1001 – 5 000	1 050	2 955 420	19,06	0,31
5 001 – 10 000	596	4 834 602	10,82	0,50
10 001 – 100 000	1 297	45 841 472	23,55	4,75
100 001 – 1 000 000	252	81 662 205	4,57	8,47
1 000 001 and more	87	828 659 161	1,58	85,90
Total	**5 509**	**964 666 538**	**100,00**	**100,00**
Analysis of ordinary shareholders				
Type				
Institutions and bodies corporate	1 208	882 092 986	21,93	91,44
Public and Individuals	4 301	82 573 552	78,07	8,56
Total	**5 509**	**964 666 538**	**100,00**	**100,00**
Summary of shareholder spread				
Shareholder type				
Non-public	7	358 623 618	0,13	37,18
Directors	6	358 611 849	0,11	37,18
Staff share scheme	1	11 769	0,02	0,00
Public	5 502	606 042 920	99,87	62,82
Total	**5 509**	**964 666 538**	**100,00**	**100,00**

Registered/beneficial holder	Number of shares	% of shares held
Shareholding over 1%		
Guma Tech (Pty) Limited	169 817 449	17,60
Guma Support (Pty) Limited	123 503 600	12,80
Guma Investment Holdings (Pty) Limited	44 409 958	4,60
Guma Tech Group (Pty) Limited	15 437 950	1,60
Allan Gray Asset Managers	246 223 796	25,52
Stanlib Asset Managers	79 694 552	8,26
Metropolitan Asset Managers	24 979 303	2,59
Cadiz Asset Managers	18 994 871	1,97
Investec Asset Managers	10 615 100	1,10

JSE Limited performance	
Number of shares traded	360 494 173
% of total issued shares	37,37
Value of shares traded	R314 515 888
Priced quoted (cents per share)	
– Highest	125
– Lowest	44
– Closing	111
Market capitalisation at year-end	R1 070 779 857,18
Price earning ratio (%)	19,9245
Earning yield (%)	5,0189

History – share trading

Period	Year	Quarter/ month	High (cents)	Low (cents)	Volume traded	Value traded (Rand)
Quarterly	2003	4	140	70	35 933 550	34 423 996
	2004	1	125	74	30 861 517	34 626 451
	2004	2	91	55	10 997 034	7 888 473
	2004	3	87	54	16 163 877	10 543 000
	2004	4	74	48	15 429 899	9 786 000
	2005	1	85	36	20 386 323	11 340 000
	2005	2	80	42	46 829 671	22 111 000
	2005	3	66	50	80 373 812	46 619 836
	2005	4	59	48	60 891 040	32 947 670
	2006	1	85	53	73 908 879	51 183 757
	2006	2	62	44	27 777 113	15 170 212
	2006	3	66	49	47 577 486	27 718 164
	2006	4	75	64	48 612 563	34 685 143
Monthly	2006	July	58	49	11 005 401	6 089 052
	2006	August	60	54	13 570 693	7 727 487
	2006	September	66	57	23 001 392	13 901 625
	2006	October	73	64	20 403 859	14 392 619
	2006	November	72	68	7 824 097	5 461 367
	2006	December	75	67	20 384 607	14 831 157
	2007	January	94	75	68 987 827	61 229 604
	2007	February	96	82	53 844 118	49 087 305
	2007	March	93	85	32 534 974	28 358 482
	2007	April	101	89	26 983 604	26 032 996
	2007	May	108	94	36 763 518	37 565 027
	2007	June	122	104	44 846 755	49 507 303

Shareholders' diary

ANNUAL GENERAL MEETING	9 November 2007
REPORTS AND FINANCIAL STATEMENTS	
Annual results announcements (published)	29 August 2007
Publication of annual report (mailed to shareholders)	18 October 2007
FINANCIAL YEAR-END	30 June 2008

Financial definitions

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

Notice of Annual General Meeting to members

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

Notice is hereby given that the ninth Annual General Meeting of members of GijimaAst will be held in the Boardroom (DTSG25) of the Company at Block B, Samrand Offices, 47 Landmarks Avenue, Kosmosdal, Samrand, Centurion on Friday, 9 November 2007 at 10:00, to conduct the following business:

1. To confirm that the auditors' report was received and adopted as correct.

2. To confirm that the annual financial statements of the Company and the Group for the year ended 30 June 2007 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 *(refer page 84)*
   3.1 JE Miller
   3.2 K Mpinga
   3.3 AFB Mthembu

   Confirm appointment *(refer page 85)*
   3.4 PJ Bogoshi

   The abridged *curricula vitae* for each of the above directors appear on pages 84 and 85 of the annual financial statements of the Company in respect of its financial year ended 30 June 2007.

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 the payment of a maiden dividend of 1,5 cents per ordinary share for the financial year ended 30 June 2007 as was declared by the Board of Directors.

8. To reappoint KPMG Inc. as auditors of the Company until the next Annual General Meeting.

Special resolution

9. 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
   - in the case of an acquisition by a subsidiary of the Company, the authority shall be valid only if:
     – the subsidiary is authorised by its Articles of Association;
     – the shareholders of the subsidiary have passed a special resolution authorising the acquisition; and
     – the number of ordinary shares to be acquired is not greater than 10% of the number of issued shares in the Company.

Reason for and effect of the special resolution

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

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

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

- the Company and the Group would, in the ordinary course of business, be able to repay its debts for a period of 12 months after the date of the 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;

Notice of Annual General Meeting to members *continued*

- 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 – page 6;
- Major shareholders – page 77;
- Directors interests in securities – page 31; and
- Share capital of the Company – page 62.

Litigation statement

In terms of section 11.26 of the Listings Requirements of the JSE, the directors, whose names are given on pages 6 and 7 of the annual report of which this notice forms part, are aware of the following legal or arbitration proceedings (pending and threatened), that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position:

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

The plaintiffs instituted legal action in respect of a sale of shares transaction concluded between the plaintiffs and the defendants alleging that damages were suffered by the plaintiffs. Plaintiffs are claiming an amount of R8,4 million. To date, no court date has been set and according to the Company's external legal counsel, on the basis of the present summons, the plaintiffs have no prospect of success.

Employee service years

A claim for recognition of prior service years in the calculation of a severance package was instituted by a former employee. On 7 May 2007 a ruling was handed down by the Labour Appeal Court indicating that such service years should be recognised. GijimaAst has unsuccessfully lodged an appeal against this ruling in the High Court and is busy with an appeal process to the Constitutional Court. A limited number of employees previously retrenched may claim similar recognition of such service years.

Directors' responsibility statement

The directors, whose names are given on pages 6 and 7 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.

Special resolution

10. To consider and, if deemed fit, to pass with or without modification, the following special resolution:

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

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

 "That article 22.3 of the Articles of Association of the Company be deleted in its entity and replaced with the following new article 22.3:
 'The Company may transmit any dividend or other payment payable in respect of a share by ordinary post to the address of the holder thereof recorded in the register or such other address as the holder thereof may previously have given to the Company in writing or by electronic funds transfer directly into a bank account nominated in writing to the Company by the holder.'

Reason for and effect of the special resolution

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

Voting and proxies

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. A proxy need not be a member of the Company. A proxy form, in which the relevant instructions for its completion are set out, is attached for the use of holders of certificated shares and 'own-name' dematerialised shareholders that wish to be represented at the Annual General Meeting. Completion of a proxy form will not preclude such a shareholder from attending and voting (in preference to that shareholder's proxy) at the Annual General Meeting. Proxy forms must be forwarded to reach the Company's registered office or the transfer secretaries, Link Market Services (Pty) Limited, 5th Floor, 11 Diagonal Street, Johannesburg or PO Box 4844, Johannesburg, 2000 by 15:00 on Wednesday, 7 November 2007.

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

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

By order of the Board

JC RADEMAN
Group Secretary

Centurion
18 October 2007

Abridged curriculum vitae of directors

DIRECTORS AVAILABLE FOR RE-ELECTION

John Edward Miller

Age: 67
Position: CEO
Date of appointment: October 2000
Qualification: AEP (Unisa)

Background

John joined what became the IT industry in 1961. He has extensive sales, marketing and general management experience in the ICT industry, also as Managing Director of Unisys Africa, a position he held for six years. Prior to this, John was an Executive Director of Unidata, Managing Director of Compusons (then the Computer Associates distributor for South Africa) and National Sales Director of ICL. John was appointed to AST as the Sales Director in October 2000. In December 2002 John was appointed CEO AST Group and took the lead in implementing a vigorous Business Improvement Programme. John was also instrumental in finalising the black economic empowerment deal that resulted in the merger with Gijima in May 2005. John has resigned as CEO effective 30 June 2007 and is now Non-executive Director of GijimaAst.

Kalaa Mpinga

Age: 45
Position: Independent Non-executive Director
Date of appointment: June 2005
Qualifications: BSc (Agricultural Economics) McGill University, Canada, MSc (International Agricultural Development) The University of California at Davis (UCD)
Nationality: Democratic Republic of Congo.

Background

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

Andrew Fana Bambaphansi Mthembu

Age: 49
Position: Independent Non-executive Director
Date of appointment: June 2005
Qualifications: BSc (Chemistry, Biology) from University of Botswana and Swaziland, BSc (Civil Engineering) from University of Calgary, Canada, MSc (Construction Management) from University of Reading, UK

Background

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

CONFIRM APPOINTMENT OF DIRECTOR

Poriki Jonas Bogoshi

Age: 41
Position: Chief Executive Officer
Date of appointment: 1 July 2007
Qualification: BSc (Computer Science)

Background

Jonas entered the ICT industry in 1990 as a systems engineer for IBM after completing his BSc (Computer Science) degree at the University of Cape Town. He has more than 18 years experience in the ICT industry, having worked for multinationals in the private sector as well as the public sector. He played a significant role as an advisor to government at SITA (State Information Technology Agency) where he was the Chief of Strategic Services and was part of the Executive Management team responsible for the turnaround at SITA before joining GijimaAst. Jonas has held senior managerial positions in the sales and marketing divisions of IBM, Cisco and SITA. Jonas joined GijimaAst as CEO on 1 July 2007.

Administration

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

Merchant bank and advisor
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)

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

Attorneys
Routledge Modise Moss Morris
(Registration number 1992/006150/21)
2 Pybus Street
Sandton 2196
(PO Box 78333, Sandton City 2146)

Edward Nathan (Pty) Limited
(Registration number 2004/005665/07)
150 West Street, Sandown 2146
(PO Box 783347, Sandton 2146)

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

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

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

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

Form of proxy

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

Only for use by GijimaAst shareholders holding certificated shares, nominee companies of Central Securities Depository Participants (CSDPs), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected "own-name" registration at the Annual General Meeting of shareholders of the Company to be held at 10:00 on Friday, 9 November 2007, in the Boardroom (DTSG25) of the Company, Block B, Samrand Offices, 47 Landmarks Avenue, Kosmosdal, Samrand, Centurion (the meeting).

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

I/We ____________________
(Please print)

Of (address) ____________________

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

1. ____________________ or failing him,

2. ____________________ or failing him,

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

	Number of GijimaAst shares		
Proposed ordinary resolutions	**For**	**Against**	**Abstain**
1. Adoption of the auditor's report			
2. Adoption of the annual financial statements			
3. Election of directors:			
3.1 Re-election of JE Miller			
3.2 Re-election of K Mpinga			
3.3 Re-election of AFB Mthembu			
3.4 Confirm appointment of PJ Bogoshi			
4. Ratification of the directors' emoluments for the year going forward			
5. Placing the unissued shares under the control of the directors			
6. General authority to issue shares for cash			
7. Approval of payment of a dividend as declared by the directors			
8. Confirmation of the reappointment of the auditors			
Proposed special resolutions 9. Grant a general authority to directors to buy back shares of the Company			
10. Amendments to articles of association Grant a general authority to directors to declare and pay interim dividends			

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

Signed at ____________________ on ____________________ 2007

Signature ____________________

Assisted by (where applicable) ____________________

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

Notes to the form of proxy

Instructions

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the Annual General Meeting". Any such deletion must be initialled by the shareholder. The person present at the meeting whose name appears first on this form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the Annual General Meeting, if he is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the meeting as he/she deems fit, in respect of the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his proxy.

3. Any alteration or correction to this form of proxy must be initialled by the relevant signatory/ies.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity (such as power of attorney or other written authority) must be attached to this form.

5. The completion and lodging of this form of proxy by shareholders holding certificated shares, nominee companies of CSDPs or brokers and shareholders who have dematerialised their shares and who have elected "own-name" registration, will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Shareholders who have dematerialised their shares through a CSDP or broker other than in "own-name" registration and who wish to attend the meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend.

6. Proxy forms must be lodged with or posted to the Company's business address (c/o Mr JC Rademan, 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) Limited, 5th Floor, 11 Diagonal Street, Johannesburg or PO Box 4844, Johannesburg 2000, so as to be received by 15:00 on Wednesday, 7 November 2007.

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.

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