



Reviewed Condensed Consolidated Interim Results

for the six months ended 31 January 2010

▲ Revenue	up 40,6%
▲ PBT	up 37,7%
▲ EPS	up 30,4%
▲ HEPS	up 29,2%



SYSTEMS make it possible...
...**PEOPLE** make it happen

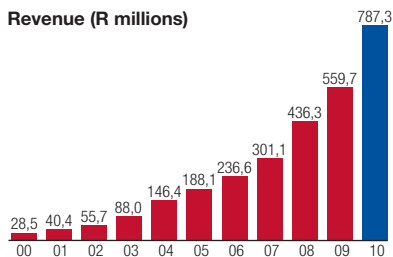
Condensed Consolidated Statement of Comprehensive Income

R'000	Reviewed six months to 31 January 2010	% change	Reviewed six months to 31 January 2009	Audited twelve months to 31 July 2009
Revenue	787 265	40,6	559 742	1 255 067
Cost of sales	(511 571)		(355 317)	(797 421)
Gross margin	275 694		204 425	457 646
Results from operating activities	70 534		47 788	109 456
Investment income	4 112		6 774	10 602
Finance costs	(1 670)		(1 212)	(2 788)
Share of losses of equity accounted investees	–		(66)	–
Net impairment of assets	–		–	(424)
Impairment of investment/loss on disposal of associated companies	–		(303)	(353)
Profit before taxation	72 976	37,7	52 981	116 493
Taxation	(27 602)		(19 724)	(39 961)
Profit for the period	45 374	36,4	33 257	76 532
Other comprehensive income:				
Foreign currency translation differences for foreign operations	(71)		(55)	(879)
Net change in fair value of cash flow hedges	(1 506)		(769)	1 576
Taxation on other comprehensive income	–		–	–
Total comprehensive income for the period	43 797		32 433	77 229
Profit attributable to:				
Owners of the parent	44 886		34 531	77 835
Non-controlling interest	488		(1 274)	(1 303)
Profit for the period	45 374		33 257	76 532
Total comprehensive income attributable to:				
Owners of the parent	43 309		33 707	78 532
Non-controlling interest	488		(1 274)	(1 303)
Total comprehensive income for the period	43 797		32 433	77 229
Total shares in issue	75 817		74 295	75 817
Weighted average number of shares in issue	63 848		64 047	64 477
Diluted number of shares	73 170		72 203	74 221
Earnings per share (cents)	70,3	30,4	53,9	120,7
Diluted earnings per share (cents)	61,3	28,3	47,8	104,9
Headline earnings reconciliation				
Profit after taxation attributable to:				
Ordinary shareholders	44 886		34 531	77 835
Profit on disposal of assets	(199)		(102)	(32)
Net impairment of assets	–		–	424
Impairment of investment/loss on disposal of associated companies	–		303	353
Headline earnings	44 687		34 732	78 580
Headline earnings per share (cents)	70,0	29,2	54,2	121,9
Diluted headline earnings per share (cents)	61,1	27,0	48,1	105,9

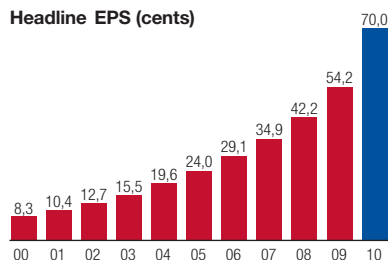
Condensed Consolidated Statement of Financial Position

R'000	Reviewed six months to 31 January 2010	Reviewed six months to 31 January 2009	Audited twelve months to 31 July 2009
ASSETS			
Non-current assets			
Property, plant and equipment	40 859	33 876	37 170
Goodwill and intangible assets	244 031	173 960	215 936
Loans receivable	2 932	4 636	4 833
Deferred taxation assets	25 704	18 230	26 424
Current assets			
Inventory	9 149	8 426	7 872
Trade and other receivables	330 382	233 429	343 455
Trade receivables	302 712	227 744	333 048
Other receivables	27 670	5 685	10 407
Cash and cash equivalents	212 954	183 395	206 877
Total assets	866 011	655 952	842 567
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent	347 251	257 889	308 330
Non-controlling interest	(39)	(498)	(527)
Total equity	347 212	257 391	307 803
Non-current liabilities			
Long-term loans	13	2 257	71
Vendors for acquisition	24 400	23 333	33 333
Deferred taxation liabilities	5 246	4 414	4 434
Current liabilities			
Trade and other liabilities	423 021	301 516	414 542
Deferred revenue	40 986	34 127	41 066
Taxation payable	25 133	32 914	41 318
Total equity and liabilities	866 011	655 952	842 567
Net asset value per share (cents)	458,0	347,1	406,7
Net financial asset value per share (cents)	136,1	113,0	121,9

Revenue (R millions)



Headline EPS (cents)



Condensed Consolidated Statement of Cash Flows

R'000	Reviewed six months to 31 January 2010	Reviewed six months to 31 January 2009	Audited twelve months to 31 July 2009
Net income before tax and separately disclosed items	72 976	52 981	116 493
Non-cash items	15 092	3 280	16 664
Working capital changes	20 022	12 373	1 537
Cash generated by operating activities	108 090	68 634	134 694
Investment income	4 112	6 774	10 602
Finance costs	(1 670)	(1 212)	(2 788)
Taxation paid	(42 093)	(8 516)	(25 927)
Dividend paid	(19 180)	(15 568)	(15 253)
Net cash inflow from operating activities	49 259	50 112	101 328
Net cash inflow from investing activities	11 524*	26 524	19 312
Net cash outflow from financing activities	(54 706)	(12 381)	(32 903)
Net movement in cash and cash equivalents	6 077	64 255	87 737
Cash and cash equivalents at beginning of the period	206 877	119 140	119 140
Cash and cash equivalents at end of the period	212 954	183 395	206 877

* Investing activities include additions and negligible disposals of property, plant and equipment of R9,7 million.

Condensed Consolidated Statement of Changes in Equity

R'000	Share capital	Share premium	Reserves	Retained earnings	Non-con- trolling interests	Total equity
Audited balance at 31 July 2008	628	46 423	7 416	187 540	776	242 783
Profit for the period	–	–	3 291*	33 257	(1 274)	35 274
Other comprehensive income	–	–	(824)	–	–	(824)
Total comprehensive income for the period	–	–	2 467	33 257	(1 274)	34 450
Dividends	–	–	–	(15 568)	–	(15 568)
Other transactions with owners	–	580	(4 854)	–	–	(4 274)
Reviewed balance at 31 January 2009	628	47 003	5 029	205 229	(498)	257 391
Profit for the period	–	–	8 499*	44 578	(29)	53 048
Other comprehensive income	–	–	697	–	–	697
Total comprehensive income for the period	–	–	9 196	44 578	(29)	53 745
Dividends	–	–	–	315	–	315
Other transactions with owners	–	12 870	(11 362)	(5 156)	–	(3 648)
Audited balance at 31 July 2009	628	59 873	2 863	244 966	(527)	307 803
Profit for the period	–	–	8 859*	44 886	488	54 233
Other comprehensive income	–	–	(1 577)	–	–	(1 577)
Total comprehensive income for the period	–	–	7 282	44 886	488	52 656
Dividends	–	–	–	(19 180)	–	(19 180)
Other transactions with owners **	9	889	5 035	–	–	5 933
Reviewed balance at 31 January 2010	637	60 762	15 180	270 672	(39)	347 212

* IFRS 2 adjustment required in terms of share option schemes

** Movement in treasury shares

Commentary

ABOUT EOH

The EOH vision is to be the best technology and business solutions company to work for, partner with and invest in. EOH endeavours to form life-long partnerships by developing business and IT strategies, supplying and implementing solutions and managing enterprise-wide systems and processes for medium to large clients.

Today EOH is regarded as a leader in technology and business solutions. EOH is the largest enterprise applications provider in South Africa and is one of the top 5 IT service providers in the region. EOH has a 'Partner for Life' philosophy which has resulted in excellent relations with its technology partners and clients.

EOH operates in all the major centres of South Africa and in the United Kingdom.

KEY OBJECTIVES

EOH's business philosophy is driven by four key objectives, namely:

Best people – To attract, develop and retain the best people.

Partner for life – To develop lifelong mutually beneficial partnerships with both its customers and technology partners.

Right first time – Excellent, professional planning and execution in all that it does.

Profitable growth – Grow the business while ensuring corresponding growth in the bottom line.



OPERATING MODEL

EOH operates in the areas of consultancy, technology and outsourcing and offers a wide range of solutions to its clients across all major industry verticals.

Consulting

EOH Consulting services include:

- Diagnostic and Analysis;
- IT Strategy and Architecture;
- Business Operations Optimisation;
- Technology Selection;
- Change Management; and
- Project Management.

Technology

EOH's technology offerings are based on best in class software processes and methodologies and include the following:

- Enterprise Applications;
- Enterprise Performance Management;
- Enterprise Security Management;
- Service Management;
- Project and Portfolio Management;
- Software Testing and Quality Management;
- Business Technology Optimisation;
- Network Solutions and Optimisation; and
- Mining and Manufacturing Solutions.

Outsourcing

EOH has a broad range of outsourcing services that it offers to its clients which include:

- Infrastructure Managed Services;
- Technical and Application Managed Services;
- Desktop Managed Services;
- Business Process Managed Services;
- Resourcing; and
- Software as a Service (SaaS).

BASIS OF PREPARATION

The reviewed condensed consolidated interim results have been prepared in accordance with International Financial Reporting Standards, IAS 1 – Presentation of Financial Statements and IAS 34 – Interim Reporting, the South African Companies Act 1973 (Act 61 of 1973) as amended ('Act') and the Listings Requirements of the JSE Limited. The accounting policies have been applied uniformly throughout the Group and have been consistently applied with those in the prior year, except for the changes as noted below, which are supported by reasonable and prudent judgements and estimates.

ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of these interim results are consistent with those applied in the preparation of the Group's annual financial statements for the period ended 31 July 2009, except that during the period under review, the Group adopted the revised IAS 1 – Presentation of Financial Statements. Such adoptions did not have any material effect on the financial performance or position of the Group.

The principal effect of this change is as follows:

- The revised standard affects the presentation of owner changes in equity and comprehensive income.
- The Group Income Statement has been replaced by the Condensed Consolidated Statement of Comprehensive Income.
- Under the revised standard, all owner changes in equity are presented in the Condensed Consolidated Statement of Changes in Equity while all non-owner changes in equity are presented under 'Other Comprehensive Income', a component of the Condensed Consolidated Statement of Comprehensive Income.
- In addition, the titles 'Balance Sheet' and 'Cash Flow Statement' are replaced by 'Statement of Financial Position' and 'Statement of Cash Flows' respectively.

As a result of the above, the disclosure changes are as follows:

- The movement in the effective portion of the cash flow hedge and the related deferred tax is presented under 'Other Comprehensive Income' in the Statement of Comprehensive Income and in the Statement of Changes in Equity, whereas previously it was only disclosed in the Statement of Changes in Equity.

REVIEW OPINION

The condensed consolidated interim results for the six months ended 31 January 2010 have been reviewed by the Group auditors, IAPA Johannesburg, Chartered Accountants (SA) and their review report is available for inspection at the registered office of EOH.

FINANCIAL RESULTS

The board of directors is satisfied with the performance for the period under review. The balance sheet is strong with no debt and substantial cash resources to support future growth and sustainability. The EOH board thanks its people, customers and technology partners for their contribution during the period under review.

EOH has again put in a strong performance with revenue increasing by 40,6% to R787 million and profit before tax up by 37,7% to R73 million. The growth is split between organic growth and growth as a result of recent acquisitions. EPS and HEPS have grown significantly by about 30% with cash in the business remaining high at R213 million.

BUSINESS COMBINATIONS

EOH has again put in a strong performance with revenue increasing by 40,6% to R787 million and profit before tax up by 37,7% to R73 million. The growth is split between organic growth and growth as a result of recent acquisitions. EPS and HEPS have grown significantly by about 30% with cash in the business remaining high at R213 million.

EOH acquired the business of Glacier Consulting, an IBM infrastructure and services business with effect from 1 November 2009. The purchase price of R36 million, to be settled partly in cash and the allocation of EOH shares, has profit warranties totalling R14,5 million (net profit after tax) over an eighteen month period. Goodwill and intangible assets of R30,6 million have been recognised. This acquisition is strategic in nature taking EOH to new clients and increasing EOH's range of services.

SEGMENTAL REPORTING

EOH's revenue is derived from the provision of services (consulting, systems implementation and integration and managed services), software and infrastructure products.

(R000's)	Services		Software		Infrastructure		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	400 644	332 289	190 107	140 550	196 514	86 903	787 265	559 742
Net profit before tax	35 431	30 581	26 936	18 482	10 609	3 918	72 976	59 981

SUBSEQUENT EVENTS/CAPITAL COMMITMENTS

There have been no significant events since the end of the period under review and the date of this report. There was no significant capital expenditure authorised as at 31 January 2010.

TRANSFORMATION

EOH has 34,8% broad-based effective black ownership. 44,6% of EOH's staff are black as is 60% of EOH's board of directors. EOH has an 'AA' BEE rating (Level 3 contributor) and has progressed along all seven pillars of transformation. EOH is committed to inclusive transformation involving all its people and stakeholders.

FUTURE PLANS

EOH will continue to grow organically and by strategic acquisitions which complement its business. In line with this, EOH will be increasing its managed services business – in both infrastructure and application managed services – such services being provided onsite at the client and remotely through its hosting and networking facilities. EOH will also be expanding its Business Process Outsourcing (BPO) suite of offerings and IT security services and solutions.

The EOH brand is gaining traction and the solution offering to its clients is expanding. EOH has a solid customer base of over 2500 clients, a wide spread of offerings, a strong annuity base and a healthy balance sheet. EOH has the ability, the management, the track record and the resources to do this effectively.

DIVIDENDS

It is EOH's practice to consider the declaration of dividends only at the end of each financial year. A dividend of 30 cents per share was paid on 2 November 2009.

Asher Bohbot

Chief Executive Officer

15 March 2010

Registered office

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Executive directors

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Pumeza Bam, Lucky Khumalo, John King, Dion Ramoo, Jane Thomson

Non-executive directors

Dr Mathews Phosa (Chairman), Prof Tshilidzi Marwala, Tebogo Skwambane,

Rob Sporen (Dutch)

Company secretary

Adri Els

EOH Holdings Limited

Incorporated in the Republic of South Africa

(Company registration no: 1998/014669/06)

Share code: EOH ISIN: ZAE000071072

("EOH" or "the Group")

Sponsor

Merchantec Capital

Auditors

IAPA Johannesburg Chartered Accountants Inc.

