EOH Integrated Annual Report 2011

EOH

Integrated Annual Report 2011

Systems make it possible . . .
People make it happen

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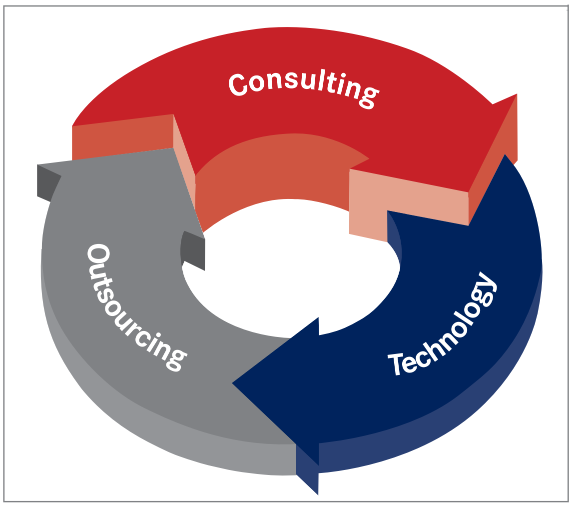
EOH at a glance



Our profile

EOH provides business and technology solutions across all major industry verticals. EOH's business model embraces consulting, technology and outsourcing. These services are applied to provide high-value, end-to-end solutions for its clients.

EOH differentiates itself on the quality of its people and combines best practices with state-of-the-art technologies that ensure the delivery of optimum client solutions. EOH not only designs and builds world-class solutions, but through its outsourcing services, it also runs these systems and solutions on behalf of its clients.

Our vision

EOH's vision is to be the best technology and business solutions company to work for, partner with and invest in.

Our mission

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 in all major industries.

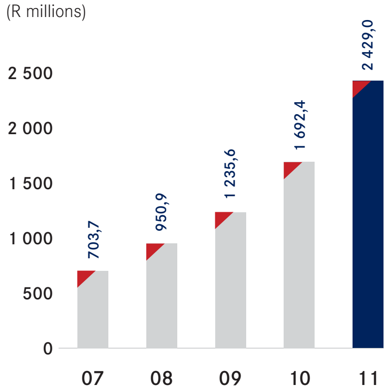
Financial highlights

Revenue	**R2 429,0 million**	up	43,5%
Attributable income	**R147,3 million**	up	51,0%
EPS	**196,4 cents**	up	34,3%
HEPS	**196,1 cents**	up	34,2%
Cash	**R321,5 million**	up	20,6%
Dividend per share	**48 cents**	up	33,3%

		12 months to 31 July 2011	12 months to 31 July 2010	12 months to 31 July 2009	12 months to 31 July 2008	12 months to 31 July 2007
Revenue	(R'000)	**2 428 973**	1 692 421	1 235 568	950 934	703 672
Attributable income	(R'000)	**147 273**	97 511	68 892	60 988	49 038
Earnings per share	(cents)	**196,4**	146,2	106,8	96,2	78,6
Headline earnings per share	(cents)	**196,1**	146,1	108,0	96,8	78,8
Fully diluted earnings per share	(cents)	**172,6**	132,7	92,8	85,7	69,5
Dividend per share	(cents)	**48,0**	36,0	30,0	25,0	20,0
Cash	(R'000)	**321 507**	266 671	206 877	119 140	114 136
Net asset value per share	(cents)	**744,2**	582,2	421,2	328,6	274,1

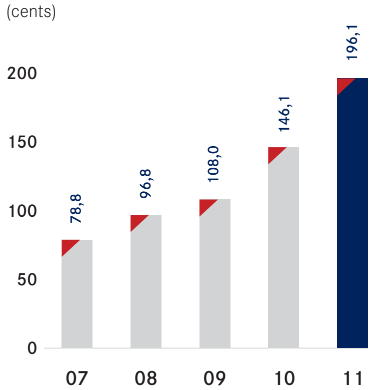
Revenue

(R millions)



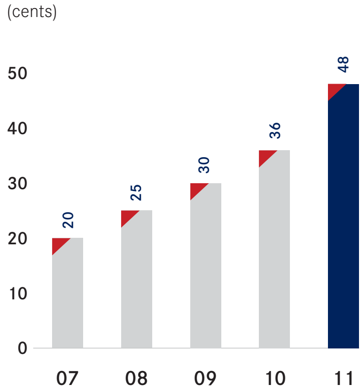
Headline earnings per share

(cents)



Dividend per share

(cents)



Operational overview

About EOH

EOH is a leader in technology and business solutions, the largest implementer of applications in South Africa and the top IT service provider in the region. It has an end-to-end solution offering with a strong black economic profile. EOH operates in South Africa, Africa and the United Kingdom.

EOH was listed on the JSE Limited ('JSE') in 1998 and since then has grown to over 3 200 people, more than 2 500 clients and has seen steady growth in revenue over this period of more than 40% per annum to revenues of over R2,4 billion in the past financial year.

EOH's vision is to be the best technology and business solutions company to work for, partner with and invest in. EOH's credo is

Systems make it possible…

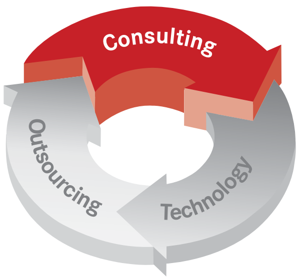
People make it happen

Business philosophy

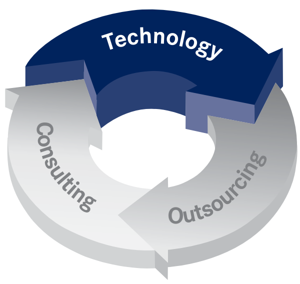
EOH's business philosophy is driven by its five principles, namely Best People, Partner for Life, Right First Time, Sustainable Transformation and Profitable Growth. It is this combination that makes EOH successful in its constant drive to ensure that it understands its clients' needs and meets their expectations.

External recognition

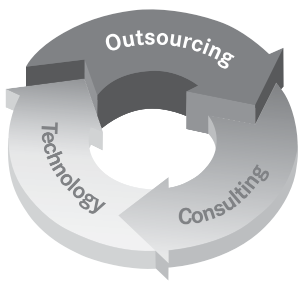
- EOH ranked 4th in the Financial Mail's 2011 Top Company Survey
- Asher Bohbot, CEO, was awarded 2011 IT Personality of the Year award
- EOH is a finalist in the Metropolitan Oliver Empowerment awards 2011



- Business operations improvement
- IT strategy
- IT architecture
- Project management
- Change management



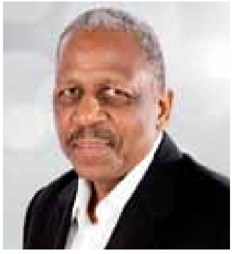
- Enterprise systems
- Information management
- Security management
- IT management and optimisation
- IT development and integration



- Managed services
  - On-site
  - Hosted
  - Cloud
  - Infrastructure, application, technical and office
- Business process outsourcing
- Intelligent infrastructure

Governance structure

Directorate



Dr Nakedi Mathews Phosa
BProc, LLB, Honorary PhD in Law (University of Boston)
Re-appointed 27 February 2008

Chairman

Responsibilities
- Independent Non-executive Chairman of the Board

Asher Bohbot
BSc (Industrial Engineering), MAP
Re-appointed 27 February 2008

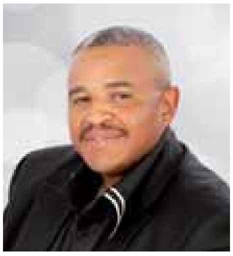
Chief Executive Officer

Responsibilities
- Group Chief Executive Officer
- Member of the Board
- Member of Audit Committee
- Member of Remuneration Committee
- Member of Risk Committee
- Chairman of Executive Committee ('Exco')

Pumeza Bam
BSc (Biochemistry) PMD
Appointed 15 July 2009

Human Resources Director

Responsibilities
- Human Resources Director
- Member of the Board
- Member of Remuneration Committee
- Member of Exco



Lucky Khumalo
BSc (Computer Science)
Appointed 1 May 2010
(Formerly Executive Director)

Non-executive Director

Responsibilities
- Member of the Board
- Member of Remuneration Committee

John King
BCom, BAcc, CA(SA)
Appointed 1 March 2008

Group Financial Director

Responsibilities
- Group Financial Director
- Member of the Board
- Member of Audit Committee
- Member of Remuneration Committee
- Member of Risk Committee
- Member of Exco

Prof Tshilidzi Marwala
BSc (Mechanical Engineering), MSc (Engineering), PhD
Re-appointed 23 February 2011

Independent Non-executive Director

Responsibilities
- Member of the Board
- Member of Risk Committee

Dion Ramoo
BSc (Industrial Engineering), MAP
Re-appointed 23 February 2011

Executive Director

Responsibilities
- Member of the Board
- Head of Public Sector Consulting
- Member of Exco

Tebogo Skwambane
BA, MBA (Harvard)
Appointed 30 July 2008

Independent Non-executive Director

Responsibilities
- Member of the Board
- Member of Audit Committee
- Member of Risk Committee
- Member of Remuneration Committee

Robert Sporen
BSc (Computer Science)
Re-appointed 23 February 2011
(Formerly Executive Director)

Independent Non-executive Director

Responsibilities
- Member of the Board
- Chairman of Audit Committee
- Chairman of Risk Committee
- Chairman of Remuneration Committee

Jane Thomson
Re-appointed 23 February 2011
Nominated for re-election

Executive Director

Responsibilities
- Member of the Board
- Managing Director of Softworx
- Member of Exco

CEO's operational report

All of us at EOH are very proud of our achievements and we would like to thank our people, clients, partners, vendors and the investor community for their significant contribution to EOH's success.

EOH's business philosophy is driven by five key objectives, namely –

- **Best people**
  To attract, develop and retain the best people in all its chosen skill sets
- **Partner for life**
  To develop lifelong mutually beneficial partnerships with both its clients and technology partners
- **Right first time**
  To ensure excellent, professional planning and execution in all that it does
- **Sustainable transformation**
  To transform and manage diversity
- **Profitable growth**
  To grow in a sensible way in the best interests of its shareholders

Asher Bohbot
Chief Executive Officer

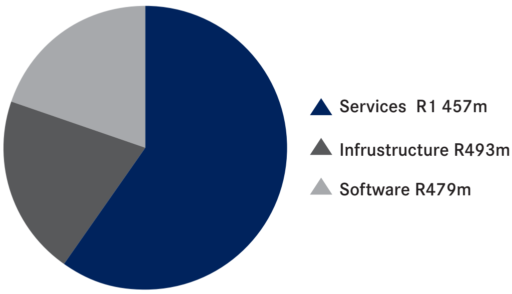
Overview

All of us at EOH are very proud of our achievements and we would like to thank our people, clients, partners, vendors and the investor community for their significant contribution to our success. We would particularly like to thank the families of our staff for their unwavering support of our people, which has enabled us to achieve the results we have.

During the year we increased our revenue by over 43% to R2,4 billion with 60% of our revenue originating from services and the remainder of the revenue shared between software and infrastructure. The most significant area of growth was in services, which increased by 66%.

During the year, a number of businesses joined the EOH family. We grew the managed services business, Microsoft capacity, healthcare solutions, our human resources capability and our cloud services offerings. The nature of these transactions is explained in more detail in the business combinations section of this report and in the notes to the annual financial statements.

Revenue
(R millions)



Financial performance

The statement of financial position is strong with substantial cash resources to support future growth and sustainability. Profit before tax ('PBT') was up by 56,5% to R234,4 million. Earnings per share ('EPS') and headline earnings per share ('HEPS') have grown significantly by 34,3% and 34,2% respectively with cash increasing to R321,5 million. The board declared a dividend of 48 cents per share, which was paid on 31 October 2011.

Operating environment

EOH operates in a fairly sizeable IT market estimated to be approximately R75 billion and growing at about 7,5% per annum. EOH's share of this market remains relatively small despite it growing at more than 43% during the current year. This year has seen clients spending more on IT than in previous years – however, there is no marked increase to catch up on prior years' austerity measures. Nevertheless, there has been a shift from clients providing most of their IT services in-house to outsourcing these services to IT service providers. Whilst the overall spend on IT remains moderate, the growth in the revenues of IT service providers has grown at a more rapid pace.

Cloud computing has taken a prominent position on the CIO's agenda and the opportunities around cloud computing provide new and exciting opportunities. EOH, given its end-to-end service offering and its overall preparedness for cloud computing, is well positioned to grow its service offerings in this area.

Bandwidth, which used to be an inhibitor for remote services, is now more readily available both locally and into the rest of Africa and has become a major enabler for service delivery.

Everything as a Service ('EaaS') is now here and the days of having to spend huge amounts of CAPEX to take advantage of IT enhancements are over. Through hosting capabilities and the sharing of resources and infrastructure, the initial cost of IT is lower and the time to delivery shorter. There is strong pressure on CIOs to deliver more efficient services more cost effectively.

There has been much consolidation in the IT industry with some convergence of technology and IT services as well as the entry of Telcos into the traditional IT space.

Strategy and delivery of strategy

EOH lives by its business philosophy, driven by its focus areas of Best People, Partner for Life, Right First Time, Sustainable Transformation and Profitable Growth. It is this combination that makes EOH successful in its constant drive to ensure that it understands its clients' needs and meets their expectations.

EOH set a number of objectives for 2011 and made good progress on all fronts.

One of EOH's objectives was to grow its managed services business. With the acquisition of TSS Managed Services (Proprietary) Limited ('TSSMS'), EOH now employs more than 1000 people in this area of the business, with a substantial number of clients in both the Public and the Private Sector.

EOH has embraced the cloud computing drive and has a very impressive cloud computing service offering. EOH is well positioned to grow this area even further as it is the leading implementer of applications in Southern Africa, has very strong managed services capabilities, good systems integrations skills, well-defined security services and solutions and its own network infrastructure.

Further penetration into the Public Sector was high on the agenda in 2011 – with the acquisition of TSS Managed Services (Proprietary) Limited ('TSSMS') and a deliberate strategy in a number of the EOH business units, over 20% of EOH's revenue is derived from the Public Sector and the revenue from this sector is expected to grow to 30% over the coming years.

Business Process Outsourcing ('BPO') was also a focus area. EOH has made strong inroads and provides services to a number of clients in the area of human resources, legal services and medical and healthcare corporate services.

EOH has been very active in the community, with its CSI initiatives focusing on education, especially in the area of maths and science education.

People development is always crucial and EOH has further expanded its learnership programmes and leadership development programmes.

Operating model

EOH operates as a fully integrated business in the following broad areas –

Consulting

EOH Consulting Services helps clients to understand and excel in a rapidly changing business environment. EOH helps clients create value and architect change through its range of consulting offerings. EOH draws from both global best practice and hands-on experience to craft solutions and drive their practical implementation. EOH defines IT strategies, operations and governance. EOH optimises its clients' use of their existing assets, reducing costs and leveraging new revenue generating opportunities. EOH aligns IT with business needs and increases effectiveness and agility through cost reduction, standardisation and effective control. EOH sees IT as a driver for business change and ensures that at all times its clients maximise business value through IT.

EOH's core consulting services include –

- Business operations improvement
- IT strategy
- IT architecture
- Project management
- Change management

Technology

Technology has moved from being a back office activity to a source of competitive advantage and a driver of business strategy. The choice of technologies and the manner in which they are implemented can determine how organisations perform in their given markets.

EOH provides technology services at a strategic, operational and tactical level. EOH is recognised as a leader in both Business Intelligence ('BI') and Enterprise Resource Planning ('ERP') and is the leading implementer of enterprise systems in South Africa. EOH is technology agnostic and applies a best of breed approach to all its technology engagements. EOH's technology offerings include –

- ▲ Enterprise systems
- ▲ Information management
- ▲ Security management
- ▲ IT management and optimisation
- ▲ IT development and integration

Outsourcing

Outsourcing (Managed Services), which has moved up the executive agenda, is considered as a service that should be embraced by business to achieve competitive advantage. In today's world, outsourcing refers to a set of services that range from the most basic to total transformational activities. It is one of the fastest growing services in the IT sector. EOH has a broad outsourcing services offering to suit its clients' needs. EOH's outsourcing services include –

- ▲ Managed services
  - On-site
  - Hosted
  - Cloud
  - Infrastructure, application, technical and office
- ▲ Business process outsourcing
- ▲ Intelligent infrastructure

Business process outsourcing

EOH provides corporate services to enable clients to focus on their core focus areas. EOH's business processing outsourcing offerings include –

- ▲ Financial services
- ▲ Human resources services
- ▲ Healthcare services
- ▲ Corporate legal services
- ▲ Contract management services
- ▲ Education and training services

Approach to client engagements

EOH's approach is to fully understand its clients' business systems requirements, be that for a point or an integrated solution.
EOH works closely with its clients to define their needs, determine the benefits and to develop and implement the solution.
EOH prides itself on its ability to collaborate internally and, where appropriate, with third party vendors.

EOH's typical engagement model is tailored to each client situation and includes the following broad steps –

- ▲ Business consulting
- ▲ Solution crafting
- ▲ Solution delivery
- ▲ Solution management

Business consulting – Diagnose problems against industry and process best practice templates.

Solution crafting – Develop a conceptual blueprint of the proposed changes inclusive of process, structure, technology and operations.

Solution delivery – Develop best practice models detailing process, structure, technology and operations. Put the solution in place through an impact analysis, acceptance testing, change management plan and an effective project plan.

Solution management – Support and manage technology on behalf of its clients through its managed services.

EOH's services and solutions are supported by a change and project management methodology that ensures successful and enduring change every time. This is EOH's Right First Time methodology which is integral to all its product and service engagements.

Operational review

EOH's revenue increased by 43,5% to R2,4 billion, with profit before tax ('PBT') increasing by 56,5% to R234,4 million.
Growth was seen across the group in all major sectors – services, software and infrastructure. The biggest area of growth was in services where the revenue increased from R885,7 million to R1 457,0 million contributing R155,2 million to PBT. Software, which includes software sales and maintenance revenue, increased from R397,9 million to R479,2 million contributing R57,8 million to PBT. Infrastructure products increased by 20,5% from R408,9 million to R492,9 million contributing R21,5 million to PBT. The overall operating margin was up from 8,7% to 9,6% primarily as a result of the increase in the gross profit margin from 35,9% to 37,1%.

EOH has continued to operate in all major industries offering end-to-end solutions to medium and large enterprises. EOH is the technology partner for a range of international vendors in the Africa region. These include CA, Invensys, BlueCoat, F5 and Kofax. EOH is also one of the largest partners for international vendors including Oracle, Microsoft, SAP, Infor, HP, IBM, Syspro, Mimecast and Cognos.

Consulting services

All EOH's business units include an element of consulting services, some directly associated with the product and other consulting services which are product agnostic. EOH helps its clients craft solutions that will enhance their IT capability from which they will derive both efficiency and effectiveness. EOH's consulting capability remains a differentiator from its competitors and continues to be an essential part of its revenue stream.

Technology services

EOH is recognised as the leader in the applications space offering solutions across all the significant business applications. Through the application of its Right First Time methodology, EOH is capable of implementing solutions using a combination of world-class processes, best in class methodologies, effective project management and change management.

This area continues to be the most dominant area of EOH's revenue stream emanating from the sale and implementation of new applications, upgrades, enhancements and re-implementations as well as the sale of the infrastructure products to support these and existing applications.

Outsourcing and BPO

Outsourcing, coupled with BPO, has grown significantly and will continue to be one of EOH's growth areas over the next few years. EOH provides both infrastructure and application managed services to its broad client base and is well positioned to offer its clients a virtualised IT environment through its cloud computing capability. EOH will continue to grow its BPO suite offerings, taking advantage of its IT capability which is the backbone of most business processes.

Sustainability policy

EOH believes the correlation between people, business and the community is inseparable and that a company is fundamentally a social structure. Whilst EOH has included a Sustainability Report for the first time in its Integrated Annual Report, the principles of sustainability have always been part of EOH's philosophy.

EOH recognises the need to provide sustainable solutions for its clients and has always embraced the philosophy of 'Partner for Life' for its people, clients, vendors and other stakeholders.

A comprehensive Sustainability Report is contained in this document which clearly outlines EOH's commitment to sustainability on all fronts.

Transformation

EOH is committed to the empowerment of those who have been economically marginalised and previously disadvantaged. EOH aims to create a work environment that promotes equal opportunities for all and to ensure that the future environment within which it works, reflects the demographics of South African society.

EOH is certified as a Large Enterprise Level 3 Contributor (AA Rating) with BEE Procurement Recognition of 138%.

Refer to the Transformation section in the Sustainability Report for a more comprehensive overview of EOH's commitment to transformation.

Job creation initiative

EOH has embarked on a major job creation initiative to address the issue of the eight million unemployed people in South Africa as it believes that government alone cannot shoulder this responsibility. Unemployment is a major business risk and therefore business needs to lead by example and do more. EOH is creating a team that will work with its top 300 clients and business partners to devise ways and means to generate ideas and meaningful plans to develop and train young people. A new skill is equivalent to a new job.

EOH will work jointly with existing government departments to mobilise existing and new job creation initiatives.

Future plans

EOH's growth strategy will continue to be a combination of organic growth and strategic acquisitions. The main areas of growth will be infrastructure and applications managed services, cloud offerings, enterprise applications, BPO, security and intelligent infrastructure management. Major investments will be made in developing EOH's offerings in Africa.

EOH feels that as a South African enterprise it has the responsibility to actively contribute all it knows and the resources it has to improve Public Sector delivery. EOH also believes that the Public Sector represents a major business opportunity and if done well, could represent a substantial part of its future growth. In this regard, EOH believes that it is able to add value and contribute to improving the service delivery in the health sector, education sector, the municipalities and other government departments.

EOH has the ability, means and the resources to continue to grow aggressively.

Corporate governance report

Corporate governance

The Board of directors ('the Board') is committed to the concept and principles of effective corporate governance. The directors recognise the need for adherence to generally accepted corporate governance practice in all spheres of business activities.

The board of directors

Full details of the directorate are set out on page 4 and 5.

The Board is making good progress with regards to complying with the recommendations of King III. The Board has, however, acknowledged the need to take further steps towards compliance with these recommendations. Currently there are five non-executive directors, of which four are independent.

The appointment of directors is approved by the Board after an extensive search and interview process. The directors bring to the Board a wide range of expertise and experience and in the case of the Non-executive Chairman, an independent perspective and judgement on issues of policy, strategy and performance. The Board believes that appropriate policies are in place to ensure that a balance of power and authority amongst directors exists so that no one director has unfettered powers of decision-making.

In accordance with the company's policy, all directors are subject to retirement by rotation and re-election by shareholders on a regular basis – generally every three years.

The Board is responsible for setting the direction of the group through the establishment of strategic objectives and policies and takes overall accountability for the group by taking responsibility for its management. The Board retains full and effective control over the group and all material decisions are reviewed by the Board.

The role and responsibilities of the Board are as follows –

- Acting as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the company along sound corporate governance principles.
- Appreciate that strategy, risk, performance and sustainability are inseparable and govern accordingly.
- Providing effective leadership based on an ethical foundation.
- Ensuring that the company is and is seen to be a responsible corporate citizen.
- Ensuring that the company has an independent Audit Committee.
- Responsible for the governance of risk.
- Responsible for information technology ('IT') governance.
- Ensuring that the company complies with applicable laws.
- Acting in the best interests of the company.

The Board meets at least quarterly to consider results and performance and to monitor the strategic direction and to consider any other issues having a material effect on the group. Where a non-executive director is unable to attend a meeting, independent discussions and input is obtained prior to the meeting and imparted at the Board meeting.

During the year under review the attendance at directors' meetings was as follows –

Members	31 Aug 2010	1 Dec 2010	8 Mar 2011	12 Jul 2011
Dr Mathews Phosa (Chair)	No	Yes	Yes	Yes
Asher Bohbot	Yes	Yes	Yes	Yes
Pumeza Bam	Yes	Yes	Yes	No
Lucky Khumalo	Yes	No	Yes	No
John King	Yes	Yes	Yes	Yes
Tshilidzi Marwala	No	Yes	Yes	Yes
Dion Ramoo	Yes	Yes	Yes	Yes
Tebogo Skwambane	Yes	No	Yes	No
Rob Sporen	Yes	Yes	Yes	Yes
Jane Thomson	Yes	No	Yes	Yes
Adri Els (Secretary)	Yes	Yes	Yes	Yes

The roles of Chairman and Chief Executive Officer are separate. The Chief Executive Officer, Asher Bohbot, ensures that the day-to-day business affairs of the group are properly managed. The Chairman manages and chairs the Board meetings. The Board has a company secretary and all directors have access to the advice and services of the company secretary.

Details of the directors' emoluments are set out on page 90 of the integrated annual report.

Board committees

Committees are established to assist the Board in performing its duties and the Board is free to form or disband committees as it deems appropriate. The Board has appointed an Audit Committee, Remuneration Committee, Risk Committee and more recently a Social and Ethics Committee. The objectives of these committees are presented below.

Audit Committee

The group's Audit Committee is chaired by an independent non-executive director. This committee formally meets at least twice a year prior to the publication of the group's interim and final results.

The Audit Committee's responsibilities are varied and include –

- Assisting the Board to fulfil its responsibilities of ensuring that the systems of internal control, accounting practices, management information systems, financial reporting systems and auditing processes are functioning effectively.
- Facilitating the effective communication between the Board, management and the external auditors.
- Facilitating the credibility, objectivity and reliability of published financial reports and ensuring that the financial statements comply with IFRS, thereby providing an objective, independent forum for the resolution of significant accounting and reporting related matters.
- Promoting the overall effectiveness of corporate governance.
- Evaluating the independence and effectiveness of the external auditors and evaluating and considering their involvement in non-audit services.
- Monitoring the ethical conduct of the company, its executives and senior officials.

During the year under review PKF (Gauteng) Inc. were appointed as independent external auditors to the group. The external auditors have unfettered access to the chairman of the Audit Committee and all of its members throughout the year.

During the year under review the Audit Committee meetings were attended as follows –

Members	31 Aug 2010	8 Mar 2011	12 Jul 2011
Rob Sporen (Chair)	Yes	Yes	Yes
Asher Bohbot	Yes	Yes	Yes
John King	Yes	Yes	Yes
Tshilidzi Marwala	No	Yes	Yes
Tebogo Skwambane	Yes	No	No
Adri Els (Secretary)	Yes	Yes	Yes

Risk Committee

The Risk Committee is constituted as a committee of the Board and chaired by a non-executive director. The committee consists of two non-executive directors and the Executive Committee of EOH ('Exco').

The role of the committee is to assist the Board and company implement effective policies and an effective plan for risk management.

The primary responsibilities of the Risk Committee include –

- Overseeing the development and annual review of a policy and plan for risk management.
- Monitoring the implementation of the policy and plan for risk management.
- Making recommendations to the Board concerning the level of risk tolerance.
- Overseeing that the risk management plan is widely disseminated throughout the group.
- Ensuring that the risk management assessments are performed on a continuous basis.
- Ensuring that the frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Ensuring that management considers and implements appropriate risk responses.
- Ensuring that continuous risk monitoring by management takes place.
- Liaising closely with the Audit Committee.
- Expressing the committee's formal opinion to the Board on the effectiveness of the system and process of risk management.

During the year under review the Risk Committee met several times and the attendees were as follows –

Members	31 Aug 2010	8 Mar 2011
Rob Sporen (Chair)	Yes	Yes
Asher Bohbot	Yes	Yes
John King	Yes	Yes
Tshilidzi Marwala	N/A	Yes
Tebogo Skwambane	Yes	No
Adri Els (Secretary)	Yes	Yes

Remuneration Committee

The Remuneration Committee is chaired by a Non-executive Director and comprises of three Non-executive Directors, Chief Executive Officer, Group Financial Director and the Human Resources Director.

The Remuneration Committee is responsible for reviewing and approving the remuneration of directors and senior management as well as recommending the appointment of directors to the Board.

In determining the remuneration of directors and executives, the Remuneration Committee aims to adhere to EOH's remuneration policy which is to provide appropriate packages required to attract, retain and motivate the directors and executives whilst giving due consideration to remuneration levels, both within and outside the group. To meet these objectives, the committee takes advice from external remuneration specialists from time to time.

Corporate governance report (continued)

During the year under review the Remuneration Committee meetings were attended as follows –

Members	1 Dec 2010	12 Jul 2011
Robert Sporen (Chair)	Yes	Yes
Asher Bohbot	Yes	Yes
Pumeza Bam	Yes	No
Lucky Khumalo	No	No
John King	Yes	Yes
Tebogo Skwambane	No	Yes
Adri Els (Secretary)	Yes	Yes

Social and Ethics Committee

A Social and Ethics Committee has recently been established with the following overall roles and responsibilities -

- Social and economic development.
- Promoting good corporate citizenship –
  - promoting equality and the prevention of unfair discrimination;
  - promoting the development of the communities in which it operates;
  - recording sponsorships and donations.
- Overseeing the environment, health and public safety agenda.
- Overseeing consumer relations, including the group's advertising, public relations and compliance with consumer protection laws.
- Ensuring labour and employment practices are sound.

Company Secretary

The Board appoints the Company Secretary whose responsibilities include assisting the chairman in co-ordinating and administering the operation of the Board, providing guidance on the discharge of director responsibilities, implementing governance procedures and ensuring that the group complies with all statutory requirements.

All directors have access to the advice and services of the Company Secretary and, in appropriate circumstances, are entitled and authorised, at the company's expense, to seek independent professional advice concerning the affairs of the group. The Company Secretary is responsible for ensuring that Board procedures and applicable rules and regulations are fully observed. The Company Secretary is Adri Els, CA(SA).

Code of Ethics

All employees of the group are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which in all circumstances is above reproach. To this effect all employees are required to adhere to EOH's 'work life constitution' document. A culture of individual employees assuming personal responsibility for their actions is encouraged, as is a culture of full disclosure. A Code of Ethics has been formally adopted by the Board.

Accountability and accounting

The CEO and Exco are responsible for all group operations. Divisional and group management accounts are prepared monthly, comparing actual results against approved budgets.

Risk management

The Board is responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks.

Internal control

Operational and financial risks are managed through the implementation and maintenance of a system of internal and financial controls designed to provide reasonable assurance as to the integrity and reliability of the financial information presented and to safeguard the group's assets adequately. These internal controls are monitored regularly.

No incidents have come to the attention of the Board that would indicate any material breakdown in these internal controls during the year.

The group's assets are insured against loss, above predetermined self-insurance levels.

Critical business processes

In the case of a disaster, business continuity plans will ensure that the business, both from an information technology and operational viewpoint, continues with the least amount of disruption.

Going concern

The going concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the directors have no reason to believe that the group will not continue as a going concern for the foreseeable future.

Dealings in company shares

All dealings in the shares of the company by directors are reported on the JSE Securities Exchange News Service within 48 hours of the trade having been made.

Directors and officers are not permitted to trade in the group's listed shares during cautionary 'closed periods' or financial 'closed periods', which run from the day of the financial half-year and year-end until the publication of the interim and year-end results announcements respectively or during any period during which they are in possession of unpublished price-sensitive information.

Compliance with King III was assessed and results are shown below –

Chapter	Governance element	Comments	Action steps for continuous improvement
1	Ethical leadership and corporate citizenship	No major findings	Code of ethics to be continuously communicated.
2	Board of directors	No major findings	Performance evaluations of the board and individual directors will be conducted under the leadership of the chairman.
3	Audit and risk committee	No major finding	Continue to operate effectively.
4	Governance of risk	No major finding	EOH has initiated a project during 2011 to formalise an integrated risk management framework. During 2012 this framework will be implemented.
5	Governance of information technology	No major finding	IT Governance Charter has been formalised and will be fully implemented in 2012.
6	Compliance with laws, rules, codes and standards	The board ensures compliance with laws and regulations. However, a formal policy needs to be put in place.	Formal policy to be drafted, adopted and rolled out and the status of compliance measured.
7	Internal audit	EOH does not have a formal internal audit function. A shared service finance function is operated at EOH. Controls and procedures are reviewed at a business unit level. Various independent reviews of major controls and reconciliations are performed.	Formalised function to be investigated during the 2012 financial year.
8	Governing stakeholder relationships	The integrated annual report should disclose the nature and outcome of dealings with stakeholders.	The 2012 integrated annual report will be include more disclosure around stakeholder expectations.
9	Integrated reporting and disclosure	No major findings	The results of the year ended 31 July 2011 have been presented this year for the first time as part of the integrated annual report in line with King III recommendations. A sustainability report has been included.

Sustainability report

CEO's message

Asher Bohbot – Chief Executive Officer

Although sustainability reporting is a new area of focus for EOH, the principles of sustainability have long been part of the EOH philosophy. However, in order to provide sustainability solutions to our clients, we must act as a model for change. EOH has committed to rigorous measurement of its own performance and has embarked on a process to report on the core metrics that fall into the three main areas of impact – environmental, social and economic.

EOH believes that the correlation between people and business is absolute and that companies are fundamentally social structures – which is why one needs to create the correct environment for employees. Employees spend a great deal of time at work, and by extension, a great deal of time with their colleagues. For that reason, it is important for employees to get along with each other and for new employees to fit the company culture.

Empowerment is also a priority for the company. Empowerment is still relevant, but it has to be sustainable. If executed without sincerity, it becomes counterproductive.

The company is committed to assisting with the training of teachers and has invested a significant amount of money in training and developing teachers in maths and science. If you improve the quality of teachers, you will improve the maths and science results of students. This is important to EOH because these students are our future employees.

EOH was recently ranked fourth in the Financial Mail's 2011 Top Companies survey.

Technology touches every business and has become entrenched in our everyday lives. EOH has the opportunity to create a positive impact with its clients. EOH's services and technology enables companies around the world to align their business performance with their sustainability performance, increasing their efficiency and their profitability. As sustainability becomes a core element of EOH's strategy, we see vast untapped potential for other companies to benefit from a paradigm shift that is on par with the changes brought about by globalisation.

Further, EOH has embarked on a major job creation initiative to address the issue of the eight million unemployed people in South Africa and it believes that government alone cannot shoulder this responsibility. Unemployment is a major business risk and therefore business needs to lead by example by doing much more. EOH is creating a team that will work with its top 300 clients and business partners to devise ways and means of creating more jobs and to develop and train young people. A new skill is equivalent to a new job. EOH will work jointly with government departments to mobilise existing and new job creation initiatives.

Some of EOH's achievements include –

- Raising its sustainability ambitions with the establishment of new processes aimed at monitoring and improving corporate sustainability.
- Recognised as a Level 3 Contributor to Broad-Based Black Economic Empowerment.
- Over R1,9 million was spent on social responsibility projects.
- Continued investment in energy efficiency measures throughout its various divisions.
- Embarking on a job creation initiative to address the high level of unemployment in South Africa.
- Continued investment in employee training and development, with over R7,5 million spent on employee development during the past financial year.

Sustainability reporting initiative

The report has been prepared in accordance with the Global Reporting Initiatives ('GRI') guidelines. This is the first year that EOH has produced a Sustainability Report and, although conducted in accordance with GRI guidelines, this current report lacks some information required by the GRI.

This Sustainability Report focuses predominantly on issues that EOH and its stakeholders regard as being important for the group and its environment.

During the 2010/2011 financial year, EOH collated relevant sustainability data from its different divisions and activities as part of its 2011 Sustainability Report. It engaged CoZero, a company specialising in sustainability measurement and reporting, to assist with this exercise.

Sustainability strategy

Integrating sustainability into business strategy

Although this is the first year that EOH is publishing a Sustainability Report, integrity and conducting business in an ethical and responsible manner has long been at the core of EOH operations. Processes are being put in place to further assess EOH's overall impact on the environment. EOH firmly believes that embracing opportunities and managing risks from economic, environmental and social developments is an approach that will generate long-term shareholder value. As such, EOH has committed to implementing processes and improving its sustainability performance annually.

A methodical approach

Successful sustainability activities require a methodical approach. During the past financial year, EOH embarked on a data collection programme aimed at providing detailed and standard information across the organisation. The ethical standards of the company are built on the Code of Ethics and the company's core values.

Material issues for EOH are being developed through extensive consultation internally, while also taking into account the views of external stakeholders.

Sustainable governance

The purpose of all governance within EOH is to entrench the group's commitments to all of its stakeholders: employees, shareholders, clients, suppliers and the community at large.

Governance structure

Currently there is no committee or specific Board member with direct responsibility for organisational sustainability. However, the Board has acknowledged that further structures are necessary to fully comply with King III requirements.

Over the past year various committees have been established to target specific areas of interest, for example, the Employment Equity Committee, which is responsible for monitoring the implementation of the Employment Equity Plan.

Additional details on corporate governance can be found in the Corporate Governance Report section of the Integrated Annual Report.

Ethics and core values

EOH is a responsible corporate citizen and all employees of the group are required to adhere to EOH's work life constitution. A culture of individual employees assuming personal responsibility for their actions is encouraged, as is a culture of full disclosure. A Code of Ethics has been formally adopted by the Board.

It is through adherence to these core values and local and international law, that EOH supports and respects the protection of internationally proclaimed human rights and makes sure that EOH is not complicit in any human rights abuses. Any form of discrimination, be it in respect of race, gender, employment or occupation is not tolerated and is effectively dealt with within the normal disciplinary procedures. EOH promotes the elimination of all forms of forced and compulsory labour. EOH supports the fight against corruption in all its forms, including extortion and bribery, and has a zero tolerance policy regarding unethical behaviour.

Stakeholders

The group has daily contact with clients, consumers, suppliers, investors, NGOs and official bodies and is receptive to their expectations and views. An open and continuous dialogue helps the group gain an understanding of stakeholders' expectations and raises employee commitment, thus improving the long-term conditions for a successful business.

No formal process or standard is currently in place to discuss and document sustainability issues raised by stakeholders.
However, EOH is continuously striving to improve dialogue with its stakeholders and establishing new processes aimed at monitoring and improving corporate sustainability. A more consistent approach to documenting and dealing with sustainability issues raised by stakeholders will be implemented in due course.

Stakeholder group	Current and future engagement activities
Clients	Client surveys and seminars.
Employees	Training and development and standard grievance procedures.
Investors	Annual General Meeting. One-on-one meetings, tele-briefings and analyst interviews and presentations.
Suppliers	Supplier audits and supplier questionnaires.
Society	Participation in industry forums and seminars.

Global Reporting Initiative™

The Global Reporting Initiative ('GRI') provides all companies and organizations with a comprehensive sustainability reporting framework that is widely used around the world.

Material disclosures

These material matters were identified in consultation with divisional management using GRI guidelines –

	Issue	Description of issue	Response
Environmental	Waste management	Avoidance, minimisation, management and disposal of general and hazardous waste from EOH operations.	All hazardous IT waste is disposed of responsibly and/or recycled. Paper waste is recycled. Processes are still required to sort, monitor and recycle general waste. Reduction strategies still to be decided.
Environmental	Climate change	Risks associated with the increase in global temperatures and the resultant climatic effects.	Risk and related opportunities, as a result of climate change will be assessed annually but are likely to have minimal impact on EOH's sustainability.
Environmental	Energy and greenhouse gases	Improve energy efficiency. Promote renewable energy use.	Developing an energy and greenhouse gas data collection and monitoring system. Strategy on reduction to be considered once accurate data is available.
Social performance	Corporate Social Investment ('CSI') (projects and donations)	Approval and implementation of projects and donations.	EOH has contributed in excess of R1,9 million to CSI projects during the past year. Progress and implementation is monitored continuously.
Social performance	Stakeholder engagement	Consultation with all interested and affected parties.	Process to engage relevant stakeholders to be more formalised.
Social performance	Employment opportunities	Preference for recruiting from areas surrounding current operations. Employment equity is actively addressed across the organisation.	Employment targets and recruitment strategy is guided by the Employment Equity Plan and monitored by the Employment Equity Committee. EOH has a specific performance management process and an 'EOH Connect' initiative.

	Issue	Description of issue	Response
Employees	Safe workplace	Inadequate awareness of health and safety issues.	EOH has a Health and Safety Policy and at the very least complies with the standards as set by the Occupational Health and Safety Act of South Africa.
	Healthy employees	High prevalence of HIV in South Africa. High incidence of TB in South Africa, specifically in lower income households.	EOH is establishing wellness centres in its two major nodes – Johannesburg and Cape Town.
	Training and development	Initiatives to increase levels of education of employees.	Continuous training and development of employees is provided through the EOH academy. Further financial assistance is also available to employees who wish to enhance their career paths. A learnership development programme is being further expanded.
	Employment equity	Achieving and exceeding regulatory and legislative targets.	EOH has achieved at BBBEE Level 3 status.
	Employee relations	Freedom of association.	All employees are free to air their views through whatever forum.
	Decent wages and benefits	Wages, retirement funds, medical schemes.	Wages are competitive and market related. Employees are offered highly competitive benefits, such as medical aid, annual bonuses, maternity and paternity leave, family responsibility leave and study assistance.
Economic performance	Economic value generated and distributed	Transparency in disclosure to stakeholders.	This sustainability report clearly indicates revenue, operational costs, taxes paid to the fiscus, interest payments, payments to employees and retained income. Detailed financial results are shown in EOH's Annual Financial Statements.
	Black economic empowerment	Complying with and exceeding on all transformation requirements.	EOH was awarded a Level 3 BBBEE status. EOH is also classified as a Value Adding Vendor, which enhances its BEE recognition to 138%. This means any company procuring goods or services from the EOH subsidiaries can claim 138% of their spend as BEE spend.
Ethics and governance	Code of Ethics	Code of Ethics to convey and entrench the core values of the group.	The Board has formally adopted a Code of Ethics.
	Black ownership and control	Regulatory compliance in South Africa.	EOH is a black-owned and controlled company and is currently 37% black owned.
	Fraud prevention	Reduce the impact of fraud on the group's resources.	Fraud and corruption is dealt with in the employee handbook. Any cases of fraud and corruption will be effectively dealt with via the normal disciplinary procedures.
	Risk management	Integrated risk management to identify and manage all risk in the organisation.	Risk management is integral to all strategic, business planning and day-to-day activities and is co-ordinated by the Risk Committee, which reports directly to the Board.

Economic sustainability

EOH's sustainability programmes strengthen the company's competitiveness in numerous ways. Investments in efficient, eco-friendly technology reduces costs and improves the company's profile in the field of sustainability. A sustainable profile also enhances EOH as a preferred employer.

Condensed consolidated statement of comprehensive income

Figures in Rand thousand	Audited 2011	% change	Restated 2010
Revenue	2 428 973	43,5	1 692 421
Cost of sales	(1 528 392)		(1 085 309)
Gross margin	900 581		607 112
Results from operating activities	232 879		147 899
Investment income	9 157		8 213
Finance costs	(7 646)		(6 353)
Impairment of investment/loss on disposal of associated companies	–		–
Profit before taxation	234 390	56,5	149 759
Taxation	(85 986)		(51 980)
Profit for the period	148 404	51,8	97 779
Other comprehensive income:			
Foreign currency translation differences for foreign operations	1 742		(3 821)
Total comprehensive income for the period	150 146		93 958
Profit attributable to:			
Owners of the parent	147 273		97 511
Non-controlling interest	1 131		268
Profit for the period	148 404		97 779
Total comprehensive income attributable to:			
Owners of the parent	149 015		93 690
Non-controlling interest	1 131		268
Total comprehensive income for the period	150 146		93 958
Total number of shares in issue (000's)	95 389		79 737
Weighted average number of shares in issue (000's)	74 985		66 686
Diluted number of shares (000's)	85 342		73 486
Earnings per share (cents)	196,4	34,3	146,2
Diluted earnings per share (cents)	172,6	30,1	132,7
Headline earnings reconciliation			
Profit after taxation attributable to:			
Ordinary shareholders	147 273		97 511
Profit on disposal of assets	(254)		(81)
Net impairment of assets	–		–
Impairment of investment/loss on disposal of associated companies	–		–
Headline earnings	147 019		97 430
Headline earnings per share (cents)	196,1	34,2	146,1
Diluted headline earnings per share (cents)	172,3	29,9	132,6

Financial performance highlights -

- ▲ Revenue up 43,5%
- ▲ PBT up 56,5%
- ▲ EPS up 34,3%
- ▲ HEPS up 34,2%
- ▲ Dividend up 33,3%
- ▲ Cash up 20,6%

EOH generates value for shareholders through dividends and share price appreciation. During the past five years, the share price has increased by approximately 300% with the corresponding JSE all share index increasing by approximately 36% over the same period. Thus, over the five year period, EOH has generated a significantly higher yield than most of its competitors. The directors of EOH declared an ordinary dividend of 48 cents per EOH share, which was paid on 31 October 2011.

The impact of non-financials

In the past, sustainability reports were mainly of interest to Socially Responsible Investment ('SRI') analysts. However, today there is an increasing demand for transparency from the financial market. This is highlighted, for example, by the Academy of Business in Society ('EABIS') "Sustainable Value – Research Project".

While analysis of ESG data has been undertaken since the 1990s, more recently it has been taken up by the investment community, both on the sell side by analysts and on the buy side in the form of institutional investor initiatives. It is now generally accepted that the integration of ESG information into investment decisions enhances asset managers' and financial analysts' ability to evaluate risks.

The financial crisis has emphasised the need for improved decision-making (i.e. encouraging long-term sustainable decisions), and as a consequence, increases the need for better ESG information. One of the reasons for the lack of interest among traditional analysts in ESG factors is that they are often not quantified and comparable. This is being changed through the development of key performance indicators ('KPIs') and reporting methods, an area in which GRI is becoming the foremost standard.

Investments yield more efficient operations

Over the past years, EOH has made investments that have generated improvements in environmental performance. For example, investigating the use of energy efficient lighting as well as energy efficient infrastructure in the data centres it uses.

Economic implications of climate change

Climate change poses more opportunities than threats to EOH. EOH operates within a low risk sector and is unlikely to be directly targeted by climate change regulations in the short term. However, EOH is a user of third party travel services, and its staff travel extensively to meet and service client needs. Thus, EOH is indirectly exposed to any increase in costs related to travel as a result of climate change regulations.

Further, EOH is a user of electricity with facilities that consume large amounts of electricity and any climate change regulations will increase the cost of energy.

Value for stakeholders

The financial value generated by EOH benefits a long line of stakeholders: employees in the form of salaries and other benefits, the state and municipalities in the form of tax revenues, suppliers in the form of payments for delivered goods and services, clients and consumers in the form of high-quality products and services, and shareholders in the form of dividends and share appreciation.

EOH's involvement in community-based projects contributes to local economies, and as a leading Black Economic Empowerment group, its operations in South Africa helps the country develop economically, while leading the way in transformation.

Clients

EOH delivers high-quality products and services to its clients that fulfil their needs and expectations.

Suppliers

EOH strives to maintain transparent and long-term relationships with its suppliers to guarantee high quality, as well as financial stability for both parties. In the 2010/2011 financial year, EOH spent 89% of its total measured procurement spend on local BEE compliant suppliers.

Employees

EOH has over 3 200 employees to whom it pays salaries. As a principle, the group pays competitive remuneration to its employees. During the 2010/2011 year, the group spent in excess of R917 million on employee compensation. EOH also provides various other benefits to employees, including managing contributions to life assurance, healthcare, disability cover and retirement provision.

EOH employees are offered the opportunity to develop in terms of competence, as well as financially within the company.

Sustainability report (continued)

The group invests significant resources in competence development to strengthen employees' abilities to build a career within the group. During the past financial year, the group spent R7,7 million on skills development.

Society

By paying taxes, EOH contributes to the national economy and to economic prosperity. During the past financial year, EOH paid R85,9 million in taxes. Further, EOH invested R1,9 million, 28% more than the required 1% of net profit after tax, in social economic development initiatives.

Product and services responsibility

Safe products and services are of the utmost importance for clients and consumers, as well as for EOH. The group works systematically to ensure that its products and services meet all the requirements imposed by applicable legislation and its clients.

Client satisfaction

At EOH, client satisfaction is the responsibility of all employees. EOH considers client satisfaction as crucial to success and the project and account managers ensure that client satisfaction is achieved.

Social responsibility

EOH is certified as a Large Enterprise Level 3 Contributor (AA Rating) with BEE procurement recognition of 138% and a Value Adding Vendor. EOH has made significant contributions to the Maths and Science Centre as part of its CSI initiatives focused on education projects. This initiative is aimed at providing technical support for maths and science teachers at a number of schools. EOH has also been supporting several businesses as part of its Enterprise Development programme.

EOH's black shareholding is in excess of 37% of which 7,5% are black women. 60% of the Board members are black and 53% of EOH's staff is black. EOH feels that as a South African company, it has the responsibility to actively contribute all it knows and the resources it has to improving public sector delivery. EOH also believes that the Public Sector represents a major business opportunity and if done well, could form a substantial part of its future growth. In this regard, EOH believes that it is able to add value and contribute to improving the service delivery in the health and education sectors, the municipalities and other government departments.

Health and safety

The provision of a healthy and safe work environment in which all employees have the opportunity to generate value, is a fundamental requirement of South African law and one which EOH takes seriously.

EOH continuously pursues health and safety activities that aim to reduce the risk of accidents and reinforce safety awareness, thereby also increasing productivity. Efforts in the area are based on national legislation and industry standards. Health and safety initiatives such as first aid kits at all locations, staff trained in first aid techniques and incident registers are in place. EOH has a health and safety manager responsible for ensuring compliance with all relevant health, safety and environmental legislation.

Safety performance

In the past year, EOH has commenced collecting data to monitor key health and safety performance indicators.

Environmental responsibility

Policy statement

As a minimum, the group complies with all applicable environmental legislation. However, the group has yet to formally adopt a policy at Board level.

Climate and energy

In the past, climate change was not formally addressed or managed at Board level. During the 2010/2011 financial year, it was decided to commence a process to collect climate change data and to engage with CoZero to assist with this process.

Emission sources

In accordance with the GHG Protocol, the reporting of both direct emissions and indirect emissions resulting from purchased electricity is compulsory. All other indirect emissions are reported on a voluntary basis. As many voluntary emissions as possible have been included.

Water

EOH is considered a small user of water. However, the minimisation of water usage is encouraged throughout the group.

Waste

Most operational sites employ the services of external recycling contractors to sort and recycle waste. All waste disposed of in this way is sorted, weighed, recorded and then recycled.

Scope 1 Emissions - Direct

Scope 1 Greenhouse gas emissions resulting from the following activities have been calculated and included in this report –

- Vehicles and/or equipment owned or controlled that consume petrol.
- Vehicles and/or equipment owned or controlled that consume diesel.

Total Scope 1 emissions for EOH

2011 tonnes CO_2e	2010 tonnes CO_2e
261,3	Unknown

Direct emissions by EOH broken down by type

Description	Total consumption 2011	Metric tonnes of CO_2e emissions 2011	Metric tonnes of CO_2e emissions 2010
Fuel usage: From vehicles and equipment owned or controlled by EOH. (Litres of fuel)* *Assuming average rate of R8,94 per litre for the 2011 financial year	113 520	261,3	Not available

Scope 1 – Specific exclusions

Source	Scope	Why the source is excluded
GHG gas refills of air conditioning and/or refrigeration equipment	1	Insufficient data available

Scope 2 – Emissions – Indirect

Scope 2 Greenhouse gas emissions resulting from the purchased electricity have been calculated and included in this report.

Indirect emissions by EOH

Description	Total consumption 2011	Metric tonnes of CO_2e emissions 2011	Metric tonnes of CO_2e emissions 2010
Purchased electricity (KWh)	4 098 673	4 221,6	Unknown

Scope 3 – Emissions – Optional

The following Scope 3 Greenhouse gas emissions resulting from the following activities have been calculated and included in this report –

- Business travel in commercial airlines.
- Business travel in rental vehicles.
- Upstream emissions resulting from the purchase of fossil fuels.
- Employee travel in private vehicles for business purposes.
- Hotel accommodation for business purposes.

Calculations have been done and the emissions included in the report are based on the data that was readily available.

Scope 3 – Emissions by EOH broken down by type

Description	Total consumption 2011	Metric tonnes of CO_2e emissions 2011	Metric tonnes of CO_2e emissions 2010
Business travel on commercial airlines Passenger kilometres	8 891 210	1 011,7	Not available
Business travel in rental vehicles Kilometres	231 026	44,0	Not available
Purchased fossil fuels (emissions as a result of purchasing fuel such as refinement and transport emissions)	Petrol and diesel consumption	46,6	Not available
Employee travel in private vehicles for business purposes. (Estimated fuel consumption petrol litres)	1 379 815	3 176,0	Not available
Hotel accommodation (bed nights)	2 612	49,6	Not available

Scope 4 – Specific exclusions

Source	Scope	Why the source is excluded
Employee commute	3	Information not available
Outsource activities such as shipping, courier services, and printing services	3	Information not collected for this report
End-use products sold by the company	3	Information not collected for this report
Emissions resulting from the generation and disposal of waste	3	Insufficient information

Transformation

Commitment

EOH is committed to the empowerment of those who have been economically marginalised and previously disadvantaged through discriminatory practices. EOH aims to eradicate all forms of discrimination and imbalances, to create a work environment that promotes equal opportunities for all, and to ensure that the future environment within which we work reflects the demographics of South African society. EOH acknowledges and accepts that it has an important role to play in normalising our society through a positive intervention programme, in order to redress the imbalances created by previous practices, arising from all forms of discrimination, including race, gender and disability.


EmpowerLogic
Your Logical Empowerment Solution

Broad Based Black Economic Empowerment Verification Certificate

A Consolidated Verification Certificate Issued to

EOH Holdings Limited and subsidiaries

Level 3 Contributor

Measured Entity (Full List of Entities Listed on Page 2 of Certificate)

Company Name	EOH Holdings Limited and subsidiaries
Registration Number	1998/014669/06
VAT Number	4180202386
Address	Block D, Gillooly's View Office Park 1 Osborne Lane Bedfordview 2007

BEE Status

BBBEE Status Level	Level 3
Element Points Obtained	EO: 22.01 points; MC: 9.18 points; EE: 6.36 points; SD: 5.79 points; PP: 20 points; ED: 15 points; SED: 5 points
Black Ownership	37.47% Black Ownership; 7.53% Black Women Ownership
Value Adding Vendor	Yes
BEE Procurement Recognition	138%
Issue Date	02/12/2011
Expiry Date	01/12/2012
Certificate Number	ELC2680GENBB
Version	Final
Applicable Scorecard	Codes - Generic
Applicable BBBEE Codes	Generic Codes Gazetted on 9 February 2007

BEE Procurement Recognition Levels

Level	Qualification	%
1	≥ 100 Points	135%
2	≥ 85 but < 100	125%
3	≥ 75 but < 85	110%
4	≥ 65 but < 75	100%
5	≥ 55 but < 65	80%
6	≥ 45 but < 55	60%
7	≥ 40 but < 45	50%
8	≥ 30 but < 40	10%
Non-Compliant	< 30	0%

EmpowerLogic (Pty) Ltd
Reg. No. : 1995/000523/07
BBBEE Verification Agency

Per Eric Ackroyd CA(SA)
Member - Verification Committee

SANAS Accredited sanas
BVA018

Enquiries
Tel: 086 111 4003
Fax: 086 505 7284
verification@empowerlogic.co.za
www.empowerlogic.co.za

This certificate is the result of an independent and impartial verification of the BBBEE status of the measured entity measured against the Codes of Good Practice on Broad Based Black Economic Empowerment. The objective of our verification is to verify the validity and accuracy of the BBBEE status represented by the measured entity. EmpowerLogic is not responsible for ensuring completeness of information provided to support the BBBEE status.

Ownership

EOH is a listed company whose shares are held by both private individuals and public entities. The combined effect of the above and the merger of black-owned Mthombo IT Services ('M-IT') and TSSMS with EOH, and EOH's broad-based employee participation scheme, the Mthombo Empowerment Trust, has resulted in a 37,4% black ownership of the total shareholding of the company.

Management and control

EOH has a Board consisting of 10 directors, five of whom are non-executive directors. Executive directors consist of three white and two black members one of whom is female. Non-executive Directors consist of one white and four black members one of whom is female. Dr Nakedi Mathews Phosa is the Chairman.

Participation by black people at Board level is as follows –

- Participation by black directors – 60%
- Participation by black female directors – 20%

Exercisable voting rights of black board members using the adjusted recognition for gender	50%
Representation of black executive directors using the adjusted recognition for gender	40%
Black people at senior top management using the adjusted recognition for gender	50%
Black people at other top management using the adjusted recognition for gender	15%

Employment equity

EOH complies with the requirements of the Employment Equity Act and through a process of continuous improvement of its employment equity profile, EOH's PDI staff complement is 53%.

% Black management

Top managers	35,0%
Senior management	21,1%
Middle management	42,8%
Junior management	79,5%

Skills development

EOH's skills development policy meets the aims and objectives of the Skills Development Act and is implemented by the business units.

EOH Academy, the group's in-house training division, plays a vital role in developing employees through its various training initiatives. Employees also attend external training programmes and seminars in line with their functional requirements and to uplift their personal skills.

EOH has a Graduate Recruitment Programme, whereby final year students are recruited post-graduation. These learners' life and work skills are developed through a training programme focused on preparing them for the challenges of a professional environment. They are permanently employed for a two-year period and receive on-the-job training during this time.

Preferential procurement

EOH has developed and implemented policies and procedures to increase and maintain procurement from black-owned and black-controlled enterprises. The verified measured procurement spend with BBBEE suppliers is currently 89,6%.

Enterprise development

Enterprise development means monetary or non-monetary contributions made to beneficiary entities, with the objective of contributing to the development, sustainability, financial and operational independence of those beneficiaries. Total enterprise development contributions by EOH for the past three financial years totalled R9,9 million, more than the required 3% of net profit after tax.

Socio-economic development

EOH recognises the need for the group to contribute to the transformation and economic growth of the community at large in terms of access to ICT and Corporate Social Investment. EOH's CSI strategy is to contribute to community based organisations ('CBOs') focused on education and training.

Black Economic Empowerment strategy

37,4% of EOH is effectively black owned. EOH has a Black Economic Empowerment ('BEE') Plan that is based on a ten-point strategy –

- Equity participation process.
- Board structure.
- Management development programmes.
- Employment and mentorship programmes.
- Joint ownership.
- Collaborative partnerships.
- Client involvement.
- Supplier participation.
- Corporate social investment initiative.
- Meeting minimum regulatory requirements.

The current profile is as follows –

- 37,4% broad-based effective black ownership in EOH.
- 53% black employee profile.
- Staff in excess of 3 200.
- Six black directors, including two executives and four non-executives of which one is the Non-executive Chairman.

EOH believes that the most effective way to achieve broad-based empowerment is to involve its BEE employees. This has been accomplished through the Mthombo Trust.

Employee relations

The group provides equal employment opportunities and has a strong culture of internal promotion and upliftment of its people.

The group has an employment equity plan which was compiled in consultation with employee representatives and which is lodged with the Department of Labour in line with the required reporting dates each year. The major objectives adopted in this plan are –

- The promotion of equal opportunities and fair treatment in employment.
- The promotion of affirmative action measures to redress any disadvantages in employment experienced by designated groups.

An Employment Equity Committee, amongst other responsibilities, monitors the implementation of the Employment Equity Plan. The training and development of employees forms an important component of the plan and attention is focused on accelerating the development of previously disadvantaged groups.

EOH has an established and well-recognised policy of encouraging employee involvement on a wide range of issues. Various participative structures are designed to achieve good employer/employee relationships through effective sharing of relevant information, consultation and the identification and resolution of conflict. The purpose is to ensure that all employees are afforded an equal opportunity for reward and progress based on ability and merit.

Community involvement – Maths Centre Programme

To demonstrate its commitment to capacity building and economic development, EOH undertook to financially support a numeracy and natural science programme with the Maths Centre for Professional Teachers, commonly known as the Maths Centre, for three years starting in April 2010. This is a multi-million rand sponsorship.

The Maths Centre is a non-profit organisation of excellence in mathematics, science, technology and entrepreneurship education spread across all provinces. The centre's primary objective is to equip teachers, learners and parents with learning materials and programmes in order to develop a higher competency and performance in these learning areas.

The programme is being rolled out in 13 Gauteng based schools in Katlehong and Thokoza, over a three year period. Three of the schools are special needs schools, one of which is a school for the blind. EOH's support has enabled the Maths Centre to produce teaching aids, books and other learning materials in braille.

The programme aims to –

- Ensure curriculum coverage in each grade.
- Identify teacher gaps and improve teachers' conceptual knowledge.
- Enhance teaching and learning methodology.
- Supply textbooks and other materials to schools.
- Identify learner gaps and plan for enhancement.
- Maximise use of teaching time.
- Create an effective and conducive learning environment for impact in performance.
- Ensure ongoing quality assessment tasks.
- Improve management and delivery of teaching, learning and assessment.

Apart from financially supporting Maths Centre's activities in the 13 schools, EOH's business units and staff participate actively by –

- Offering learners extra lessons.
- Coaching and mentoring students and teachers.
- Upgrading facilities at needy schools.
- Providing stationery and other maths and science focused equipment to learners.

Independent auditors' report to the shareholders of EOH Holdings Limited

Report on the annual financial statements

We have audited the annual financial statements of EOH Holdings Limited, which comprise the consolidated and separate statements of financial position as at 31 July 2011, the consolidated and separate statements of comprehensive income, statements of changes in equity, statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Directors' report, as set out on pages 28 to 93.

Directors' responsibility for the annual 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 the requirements of the South African Companies Act, 2008 (Act 71 of 2008), as amended, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' 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 annual financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 directors, as well as evaluating the overall presentation of the annual 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 annual financial statements present fairly, in all material respects, the consolidated and separate financial position of EOH Holdings Limited as of 31 July 2011, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the South African Companies Act, 2008 (Act 71 of 2008), as amended.

PKF (Gauteng) Inc.
Registered Auditors
Chartered Accountants (SA)
Registration number 2000/026635/21
Director: **S Ranchhoojee**

Johannesburg
25 January 2012

Directors' responsibility statement

The directors of the group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board in issue and effective for the group at 31 July 2011, and the AC 500 standards issued by the Accounting Practices Board, and in the manner required by the South African Companies Act, 2008 (Act 71 of 2008), as amended. The group's independent external auditors, PKF (Gauteng) Inc., have audited the annual financial statements and their unmodified report appears on page 25.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, as well as prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the group will not remain a going concern for the foreseeable future.

The Directors' report and annual financial statements set out on pages 28 to 93 were approved by the board of directors on 15 September 2011 and are signed on its behalf by –

Asher Bohbot
Chief Executive Officer

Mathews Phosa
Chairman

25 January 2012

Certification by the company secretary

In terms of section 86 of the South African Companies Act, 2008 (Act 71 of 2008), as amended ('the Act'), I certify that to the best of my knowledge and belief, the company and the group has lodged with the Registrar of Companies, for the financial year ended 31 July 2011, all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Mrs A Els
Company Secretary

25 January 2012

Report of the Audit Committee

The Audit Committee, appointed by the Board in respect of the year ended 31 July 2011 comprised Rob Sporen, Tebogo Skwambane and Prof Tshilidzi Marwala ('the committee'), who are independent non-executive directors of the company. The committee is satisfied that, in respect of the financial year, it has performed all the functions required to be performed by an Audit Committee as set out in the South African Companies Act, 2008 (Act 71 of 2008), as amended and the committee's terms of reference.

The committee has satisfied itself through enquiry that the auditor of EOH Holdings Limited is independent as defined by the South African Companies Act, 2008 (Act 71 of 2008), as amended.

There is a formal procedure that governs the process whereby the external auditor is considered for non-audit services and the engagement of the auditor for such work is reviewed and approved by the committee.

The committee has nominated for approval at the annual general meeting, PKF (Gauteng) Inc. as the external auditor for the 2012 financial year. Sanjay Ranchhoojee is assigned by the firm as the designated auditor of EOH Holdings Limited.

The committee has also considered and satisfied itself that the group financial director, Mr J King, has the appropriate expertise and experience to fulfil his role.

Rob Sporen
Chairman of the committee

25 January 2012

Directors' report

The directors have pleasure in submitting their report on the activities of the company and the group for the year ended 31 July 2011.

Nature of business

EOH Holdings Limited ('EOH') is an IT company listed on the Information Technology sector of the JSE Limited ('JSE').

EOH is a business and technology solutions provider creating lifelong partnerships by developing business and IT strategies, supplying and implementing solutions and managing enterprise-wide business systems and processes for medium to large clients.

EOH operates the following clusters of business units as a fully integrated business -

Consulting – EOH Consulting Services assist clients with business operations improvement, IT strategy, IT architecture, project management and change management.

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

- Enterprise systems
- Information management
- Security management
- IT management and optimisation
- IT development and integration

Outsourcing – EOH has a broad range of outsourcing services it offers to its clients which includes Managed services (on-site, hosted, cloud, infrastructure, application, technical and office), BPO services and Intelligent infrastructure.

EOH has a presence in all major centres in South Africa and also operates elsewhere in Africa and in the United Kingdom.

Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of the South African Companies Act, 2008 (Act 71 of 2008) as amended ('The Act'). These are based on appropriate accounting policies, consistently applied with those in the prior year, which are supported by reasonable and prudent judgements and estimates.

The annual financial statements were prepared under the supervision of John King, in his capacity as Group Finance Director.

Trading results

The results of operations for the year ended 31 July 2011 are detailed in the table below. Earnings attributable to ordinary shareholders amounted to R150,1 million representing earnings per share of 196,4 cents and headline earnings per share of 196,1 cents per share. The group's operating income is attributable to its core business.

A summary of the group's trading results and restated comparatives are set out below –

Figures in Rand thousand	Audited 2011	Restated 2010
Revenue	2 428 973	1 692 421
Profit before tax	234 390	149 759
Taxation	(85 986)	(51 980)
Profit for the period	148 404	97 779
Earnings per share (cents)	196,4	146,2
Headline earnings per share (cents)	196,1	146,1
Fully diluted earnings per share (cents)	172,6	132,7
Dividend per share (cents)	48,0	36,0

Group's financial position

The financial position of the company and group are set out in the statement of financial position and statement of cash flows in the annual financial statements section of this report.

Dividends

A cash dividend of 48 cents per share ('the dividend') was declared and was paid to shareholders recorded in the books of the company at the close of business on Friday, 28 October 2011. Shareholders were advised that the last day to trade cum the dividend was Friday, 21 October 2011. The shares traded ex dividend as from Monday, 24 October 2011. Payment was made on Monday, 31 October 2011.

Share capital

During the financial year the authorised share capital remained unchanged and a total of 15 652 338 ordinary shares were issued during the year as a result of employees exercising share options in terms of the EOH share option schemes and for the settlement of vendors for businesses acquired.

Between year end and the publication of the report no ordinary shares have been issued as a result of businesses acquired.

At year end 5 622 696 EOH shares were held by a wholly-owned subsidiary of EOH and will not be cancelled.

At 31 July 2011 the shares of the company were held by the following categories of shareholders –

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1 152	32,86	670 912	0,70
1 001 – 10 000 shares	1 822	51,97	6 523 626	6,84
10 001 – 100 000 shares	429	12,24	11 798 840	12,37
100 001 – 1 000 000 shares	89	2,54	28 590 998	29,97
1 000 001 shares and over	14	0,39	47 804 682	50,12
	3 506	100,00	95 389 058	100,00
Distribution of shareholders				
Banks	8	0,23	760 351	0,80
Close corporations	56	1,60	714 343	0,75
Empowerment trust	1	0,03	7 611 072	7,98
Endowment funds	22	0,63	1 494 287	1,56
Individuals	2 805	80,00	26 202 024	27,47
Insurance companies	11	0,31	903 672	0,95
Investment companies	9	0,26	296 099	0,31
Medical schemes	2	0,06	14 015	0,01
Mutual funds	48	1,37	24 464 844	25,65
Nominees and trusts	390	11,12	9 892 524	10,37
Other corporations	21	0,60	711 336	0,75
Private companies	97	2,77	5 417 056	5,68
Public companies	3	0,08	124 550	0,13
Retirement funds	29	0,83	4 649 422	4,87
Share trusts	1	0,03	792 732	0,83
Treasury shares	3	0,08	11 340 731	11,89
	3 506	100,00	95 389 058	100,00

Share capital (continued)

According to the records of the company, the only shareholders registered as holding 3% or more of the company's shares at 31 July 2011 were as follows –

Major shareholders	Shareholding 31 July 2011	%	Shareholding 31 July 2010	%
Sanlam	–	–	12 126 959	15,21
The Mthombo Trust	7 611 072	7,98	9 180 381	11,51
Asher Bohbot	6 478 172	6,79	6 114 286	7,67
Old Mutual	–	–	4 370 797	5,48
Eskom Pension & Provident Fund	–	–	3 074 602	3,86
Fidelity	8 322 000	8,72	3 100 000	3,89
V55 Investments (Pty) Ltd	6 100 493	6,40	–	–
ABSA	3 513 446	3,68	2 993 218	3,75
PSG Group	6 923 630	7,26	–	–
Tactical Software Systems (Pty) Ltd	5 240 238	5,49	–	–
	44 189 051	46,32	40 960 243	51,37
Public	81 510 488	85,45	62 709 192	78,65
Non-public	13 878 570	14,55	17 027 528	21,35
	95 389 058	100,00	79 736 720	100,00

Investments in subsidiaries and associate companies

Full details of all interests in subsidiaries and associates are included in Annexure A to the annual financial statements.

Acquisitions and business combinations

During the year, EOH's primary focus was to increase its managed services, Microsoft and BPO health businesses and accordingly the group made several acquisitions in these areas.

EOH's Managed Services offering was enhanced with the acquisition of TSS Managed Services (Proprietary) Limited ('TSSMS') which focuses on delivering services to the public sector. TSSMS was acquired for R130,5 million and its results incorporated from 14 June 2011.

The group further expanded its services in the Microsoft infrastructure, applications and development space with the acquisition of the business of Belay Solutions (Proprietary) Limited ('Belay') and its subsidiaries for R55,9 million. Belay's results have been included from 3 February 2011.

EOH launched its health BPO service offerings by acquiring the businesses of Elixir Group (Proprietary) Limited and Pinnacle Health Solutions (Proprietary) Limited from the same shareholders for an aggregate purchase consideration of R72,0 million. The results of these operations have been incorporated with effect from 1 October 2010.

EOH broadened its resourcing business through the acquisition of Compensation Technologies Holdings (Proprietary) Limited with effect from 1 August 2010 and its legal corporate service offerings by acquiring CLS Consulting Services (Proprietary) Limited with effect from 1 March 2011. The results of these two operations have been incorporated from the effective dates.

EOH also acquired several small businesses in line with its cloud strategy, none of which are regarded as material. No operations were closed off or disposed of during the year under review.

Further details are made available in note 38 to the Annual Financial Statements.

Directorate

The following directors served during the period –

Dr Mathews Phosa (Chairman)
Asher Bohbot (CEO)
Pumeza Bam
Lucky Khumalo
John King (Financial Director)
Prof Tshilidzi Marwala
Dion Ramoo
Tebogo Skwambane
Robert Sporen (Dutch)
Jane Thomson

Directors' interest in contracts

None of the directors and officers of the company had an interest in any contract of significance during the financial year.

Directors' interest in the share capital of the company

At 31 July 2011 the directors' direct and indirect interest in the company's issued shares were as follows –

	Beneficial		Non-beneficial		Share options	
	31 July 11	31 July 10	**31 July 11**	31 July 10	**31 July 11**	31 July 10
Directly						
Dr Mathews Phosa	–	–	–	–	**250 000**	383 334
Asher Bohbot	–	154 806	–	–	**2 150 000**	1 875 000
Pumeza Bam	-	–			**362 500**	400 000
Lucky Khumalo	–	–	–	–	**500 000**	500 000
John King	–	–	–	–	**1 250 000**	1 000 000
Prof Tshilidzi Marwala	–	–	–	–	–	–
Dion Ramoo	**10 000**	–	–	–	**373 334**	373 334
Tebogo Skwambane	-	–	–	–	–	–
Rob Sporen	–	–	–	–	–	–
Jane Thomson	–	–	–	–	**1 050 000**	600 000
Indirectly						
Asher Bohbot	**6 478 172**	5 959 480	**18 000**	18 000	–	–
Rob Sporen	**497 173**	583 800	**79 000**	83 000	–	–

Rob Sporen sold 100 000 shares and Dion Ramoo sold 80 438 shares between the end of the reporting period and the date of this report.

John King exercised 125 000 share options, Lucky Khumalo exercised 166 667 share options, Dion Ramoo exercised 80 474 share options and Jane Thomson exercised 87 500 share options between the end of the reporting period and the date of this report.

Ordinary shares

During the course of the year, the following share allotments took place –

- EOH Share Option Scheme – 2 580 000 ordinary shares issued to employees.
- The Mthombo Trust – 381 486 ordinary shares issued to employees.

Between year-end and publishing of the annual report, the following share allotments took place –

- EOH Share Option Scheme – 1 414 633 ordinary shares issued to employees.
- The Mthombo Trust – 25 918 ordinary shares issued to employees.

Share incentive scheme

The company has a share incentive scheme giving directors and management the opportunity to participate in the growth of the group. The Mthombo Trust Share Scheme restricts participation to qualifying PDI directors and employees.

Under the terms of the current schemes up to 18% of the issued share capital from time to time is reserved for share options.

	The EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Opening balance	**207 156**	**11 251 241**	**8 510 010**
Granted	–	4 345 000	381 486
Exercised	–	(2 227 250)	(1 206 466)
Forfeited	–	(517 500)	(1 115 068)
Closing balance	**207 156**	**12 851 491**	**6 569 962**
Exercisable	207 156	1 868 160	803 943

Liquidity and solvency

The directors have performed the liquidity and solvency test as required by the South African Companies Act, 2008 (Act 71 of 2008), as amended.

Contingent liabilities

There are certain claims from clients which the directors are of the opinion are not substantiated and are defendable. Where the risk of an award exists, the company has professional indemnity insurance.

Furthermore, there exist instances where the business is involved in legal action to recover monies due and payable from its clients for services rendered. Where it is considered that there is a risk of only a partial or no recovery at all, management makes the appropriate provision for doubtful debts.

Litigation statement

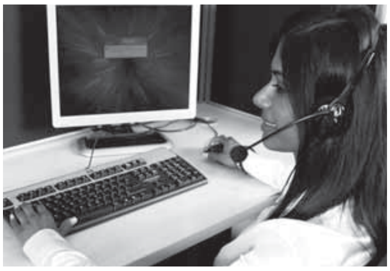
Save from the abovementioned, the directors, whose names are given on pages 4 and 5 of the report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Subsequent events

Other than the events noted in the integrated annual report, no material event or transaction has occurred subsequent to 31 July 2011 that warrants adjustment to, or notification in, the annual financial statements.

No change statement

This integrated annual report for the year ended 31 July 2011 does not contain any material modifications to the reviewed results which were published on 12 September 2011.



Annual Financial Statements
2011

Statement of financial position

at 31 July 2011

Figures in Rand thousand	Notes	Group 2011	Group Restated 2010	Group Restated 2009	Company 2011	Company 2010	Company 2009
Assets							
Non-current assets							
Property, plant and equipment	3	**80 325**	52 652	37 170	**–**	–	–
Intangible assets and goodwill	4	**550 355**	324 142	199 228	**–**	–	–
Investments in subsidiaries	5	**–**	–	–	**95 127**	94 620	94 628
Other financial assets	6	**23 436**	25 061	4 217	**–**	–	–
Deferred tax	7	**38 427**	28 749	26 692	**–**	–	–
		692 543	430 604	267 307	**95 127**	94 620	94 628
Current assets							
Inventories	8	**30 662**	10 107	7 873	**–**	–	–
Loans to group companies	9	**–**	–	–	**206 510**	87 222	46 967
Other financial assets	6	**5 671**	–	–	**–**	–	–
Current tax receivable		**17 846**	2 879	3 252	**–**	–	–
Trade and other receivables	10	**569 817**	394 871	343 455	**427**	383	396
Cash and cash equivalents	11	**321 507**	266 671	206 877	**242**	152	147
		945 503	674 528	561 457	**207 179**	87 757	47 510
Total assets		**1 638 046**	1 105 132	828 764	**302 306**	182 377	142 138
Equity and liabilities							
Equity							
Equity attributable to equity holders of parent							
Share capital	13	**277 190**	89 824	60 500	**300 450**	108 466	82 136
Shares to be issued to vendors		**24 412**	33 138	19 220	**–**	–	–
Reserves		**(28 797)**	26 147	2 946	**1 589**	236	–
Accumulated profit/(loss)		**437 121**	315 083	236 681	**(3 338)**	35	(10 913)
		709 926	464 192	319 347	**298 701**	108 737	71 223
Non-controlling interest		**1 131**	(259)	(527)	**–**	–	–
		711 057	463 933	318 820	**298 701**	108 737	71 223
Liabilities							
Non-current liabilities							
Other financial liabilities	17	**145 988**	21 314	20 182	**120**	119	119
Finance lease obligation	18	**3 714**	174	71	**–**	–	–
Deferred tax	7	**618**	4 714	4 703	**120**	9	13
		150 320	26 202	24 956	**240**	128	132
Current liabilities							
Loans from group companies	9	**–**	–	–	**3 031**	73 538	70 700
Other financial liabilities	17	**168 822**	97 419	62 199	**–**	–	–
Current tax payable		**31 163**	44 287	44 570	**–**	–	–
Finance lease obligation	18	**12 447**	240	701	**–**	–	–
Trade and other payables	21	**495 928**	421 345	334 453	**299**	35	53
Deferred income		**68 261**	49 571	41 066	**–**	–	–
Provisions	20	**–**	2 196	1 969	**–**	–	–
Dividend payable		**48**	(61)	30	**35**	(61)	30
		776 669	614 997	484 988	**3 365**	73 512	70 783
Total liabilities		**926 989**	641 199	509 944	**3 605**	73 640	70 915
Total equity and liabilities		**1 638 046**	1 105 132	828 764	**302 306**	182 377	142 138
Net asset value per share (cents)		**744,2**	582,2	421,2	**313,1**	136,4	93,9
Net tangible asset value per share (cents)		**167,3**	175,6	158,4	**313,1**	136,4	93,9

Statement of comprehensive income

for the year ended 31 July 2011

		Group			Company		
Figures in Rand thousand	Notes	2011	Restated 2010	Restated 2009	2011	2010	2009
Revenue	23	**2 428 973**	1 692 421	1 235 568	**–**	–	–
Cost of sales		**(1 528 392)**	(1 085 309)	(797 421)	**–**	–	–
Gross profit		**900 581**	607 112	438 147	**–**	–	–
Operating expenses		**(600 993)**	(439 055)	(328 087)	**(3 263)**	(2 682)	(2 152)
Depreciation		**(26 577)**	(15 631)	(9 932)	**–**	–	–
Amortisation of intangible assets		**(40 000)**	(4 527)	(1 811)	**–**	–	–
Impairment of assets	6	**(132)**	–	(458)	**–**	(25)	–
Reversal of impairment of assets		**–**	–	34	**–**	–	–
Operating profit/(loss)	24	**232 879**	147 899	97 893	**(3 263)**	(2 707)	(2 152)
Investment income	25	**9 157**	8 213	10 602	**28 706**	36 396	18 416
Impairment of investment in associated companies		**–**	–	(353)	**–**	–	–
Finance costs	26	**(7 646)**	(6 353)	(4 026)	**–**	–	–
Profit before taxation		**234 390**	149 759	104 116	**25 443**	33 689	16 264
Taxation	28	**(85 986)**	(51 980)	(36 528)	**(111)**	4	(31)
Profit for the year		**148 404**	97 779	67 588	**25 332**	33 693	16 233
Other comprehensive income:							
Exchange differences on translating foreign operations		**1 742**	(3 821)	613	**–**	–	–
Total comprehensive income		**150 146**	93 958	68 201	**25 332**	33 693	16 233
Profit attributable to:							
Owners of the parent		**147 273**	97 511	68 892	**25 332**	33 693	16 233
Non-controlling interest		**1 131**	268	(1 304)	**–**	–	–
		148 404	97 779	67 588	**25 332**	33 693	16 233
Total comprehensive income attributable to:							
Owners of the parent		**149 015**	93 690	69 505	**25 332**	33 693	16 233
Non-controlling interest		**1 131**	268	(1 304)	**–**	–	–
		150 146	93 958	68 201	**25 332**	33 693	16 233
Earnings per share (cents)	37	**196,4**	146,2	106,8	**44,9**	50,5	25,2
Diluted earnings per share (cents)	37	**172,6**	132,7	92,8	**39,5**	45,8	21,9
Dividend per share (cents)		**48,0**	36,0	30,0	**48,0**	36,0	30,0

Statement of changes in equity

for the year ended 31 July 2011

Figures in Rand thousand	Share capital	Share premium	Total share capital	Shares to be issued to vendors	Foreign currency trans-lation reserve	Hedging reserve	Other reserves	Total reserves	Accumu-lated profit/ (loss)	Total attribut-able to equity holders of the group/ company	Non–controlling interest	Total equity
Group												
Opening balance as previously reported	627	59 873	60 500	–	753	(83)	2 193	2 863	236 681	300 044	(527)	299 517
Prior year restatement	–	–	–	19 220	–	83	–	83	–	19 303	–	19 303
Balance at 1 August 2009 as restated	627	59 873	60 500	19 220	753	–	2 193	2 946	236 681	319 347	(527)	318 820
Changes in equity												
Total comprehensive income for the year	–	–	–	–	(3 820)	–	–	(3 820)	97 511	93 691	268	93 959
Issue of share capital	38	26 292	26 330	–	–	–	–	–	–	26 330	–	26 330
Movement in treasury shares	31	2 963	2 994	–	–	–	9 438	9 438	–	12 432	–	12 432
The effect of consolidating the Mthombo Trust	–	–	–	–	–	–	2 010	2 010	–	2 010	–	2 010
Share-based payment	–	–	–	–	–	–	15 573	15 573	–	15 573	–	15 573
Dividends	–	–	–	–	–	–	–	–	(19 109)	(19 109)	–	(19 109)
Shares to be issued	–	–	–	13 918	–	–	–	–	–	13 918	–	13 918
Balance at 1 August 2010 as restated	**696**	**89 128**	**89 824**	**33 138**	**(3 067)**	**–**	**29 214**	**26 147**	**315 083**	**464 192**	**(259)**	**463 933**
Changes in equity												
Total comprehensive income for the year	–	–	–	–	1 742	–	–	1 742	147 270	149 012	1 131	150 143
Issue of share capital	157	191 828	191 985	–	–	–	–	–	–	191 985	–	191 985
Movement in treasury shares	(46)	(4 573)	(4 619)	–	–	–	(57 436)	(57 436)	–	(62 055)	–	(62 055)
The effects of consolidating the Mthombo Share Trust	–	–	–	–	–	–	(9 383)	(9 383)	–	(9 383)	–	(9 383)
Share-based payment	–	–	–	–	–	–	12 699	12 699	–	12 699	–	12 699
Dividends	–	–	–	–	–	–	–	–	(25 232)	(25 232)	–	(25 232)
Minorities	–	–	–	–	–	–	(2 566)	(2 566)	–	(2 566)	259	(2 307)
Shares to be issued	–	–	–	(8 726)	–	–	–	–	–	(8 726)	–	(8 726)
Balance at 31 July 2011	**807**	**276 383**	**277 190**	**24 412**	**(1 325)**	**–**	**(27 472)**	**(28 797)**	**437 121**	**709 926**	**1 131**	**711 057**
Notes	13	13	13	–	15		16					
Company												
Balance at 1 August 2009	759	81 377	82 136	–	–	–	–	–	(10 913)	71 223	–	71 223
Changes in equity												
Total comprehensive income for the year	–	–	–	–	–	–	–	–	33 693	33 693	–	33 693
Issue of share capital	38	26 292	26 330	–	–	–	–	–	–	26 330	–	26 330
Movement in treasury shares	–	–	–	–	–	–	236	236	–	236	–	236
Dividends	–	–	–	–	–	–	–	–	(22 745)	(22 745)	–	(22 745)
Issue of share capital	38	26 292	26 330	–	–	–	236	236	10 948	37 514	–	37 514
Balance at 1 August 2010	**797**	**107 669**	**108 466**	**–**	**–**	**–**	**236**	**236**	**35**	**108 737**	**–**	**108 737**
Changes in equity												
Total comprehensive income for the year	–	–	–	–	–	–	–	–	25 332	25 332	–	25 332
Issue of share capital	157	191 827	191 984	–	–	–	–	–	–	191 984	–	191 984
Movement in treasury shares	–	–	–	–	–	–	1 353	1 353	–	1 353	–	1 353
Dividends	–	–	–	–	–	–	–	–	(28 705)	(28 705)	–	(28 705)
Issue of share capital	157	191 827	191 984	–	–	–	1 353	1 353	(3 373)	189 964	–	189 964
Balance at 31 July 2011	**954**	**299 496**	**300 450**	**–**	**–**	**–**	**1 589**	**1 589**	**(3 338)**	**298 701**	**–**	**298 701**
Notes	13	13	13		15		16					

Statement of cash flows

for the year ended 31 July 2011

		Group			Company		
Figures in Rand thousand	Notes	2011	Restated 2010	Restated 2009	2011	2010	2009
Cash flows from operating activities							
Cash generated by operations	29	149 785	217 777	132 752	(3 043)	(2 687)	(2 306)
Investment income		9 157	8 213	10 602	1	1	1
Dividends received		–	–	–	28 705	36 395	18 415
Finance costs		(7 646)	(6 353)	(4 026)	–	–	–
Tax paid	30	(129 609)	(55 836)	(21 813)	–	–	–
Net cash from operating activities		21 687	163 801	117 515	25 663	33 709	16 110
Cash flows from investing activities							
Purchase of property, plant and equipment	3	(32 649)	(30 544)	(18 614)	–	–	–
Sale of property, plant and equipment	3	1 949	1 408	3 111	–	–	–
Acquisition of businesses	38	(17 687)	918	14 057	–	–	–
Loans to group companies repaid		–	–	–	2 965	1 946	–
Loans advanced to group companies		–	–	–	(119 975)	(41 476)	(11 391)
(Increase)/decrease in financial assets		(4 049)	(20 315)	(314)	–	–	–
CA (Southern Africa) office start-up		–	–	(11 008)	–	–	–
Increase in investment in subsidiaries		–	–	–	(507)	–	–
Net cash from investing activities		(52 436)	(48 533)	(12 768)	(117 517)	(39 530)	(11 391)
Cash flows from financing activities							
Proceeds on share issue	13	191 984	26 332	10 481	191 984	26 330	10 481
Proceeds from other financial liabilities		129 305	18 099	9 273	–	–	–
Repayment of other financial liabilities		(133 781)	(98 445)	–	1	–	–
Net acquisition of treasury shares		(74 660)	18 513	(20 226)	1 353	236	–
Finance lease payments		(2 138)	(773)	(1 241)	–	–	–
Dividends paid	31	(25 123)	(19 200)	(15 259)	(28 609)	(22 836)	(18 421)
Proceeds from loans from group companies		–	–	–	–	8 423	3 983
Repayment of loans from group companies		–	–	–	(72 785)	(6 327)	(756)
Net cash from financing activities		85 587	(55 474)	(16 972)	91 944	5 826	(4 713)
Total cash movement for the year		54 838	59 794	87 775	90	5	6
Cash at the beginning of the year		266 671	206 877	119 102	152	147	141
Total cash at the end of the year	11	321 509	266 671	206 877	242	152	147

Notes to the annual financial statements

for the year ended 31 July 2011

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is the Group's functional currency.
All information has been rounded to the nearest thousand, except when otherwise indicated.

These accounting policies are consistent with the previous period, except for those changes which have occurred as a result of the adoption of a new and amended International Financial Reporting Standard. Comparative financial information has been restated and further information can be found in note 41.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions that result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt, which are amortised as part of the effective interest and costs to issue equity, which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition.
Subsequent changes to the assets, liabilities or equity that arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

1. Presentation of annual financial statements (continued)

The group measures goodwill at the acquisition date as –
- fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus

Business combinations (continued)
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss.

The acquiree's identifiable assets, liabilities and contingent liabilities, which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-For-Sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.2 Use of significant estimates and judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant judgements include –

Loans and receivables
The group assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow-moving, damaged and obsolete stock
When determining the write-down of stock to the lower of cost or net realisable value, management has made estimates of the selling price and direct cost to sell on certain inventory items. The write-down is included in the operating profit note.

Options granted
Management used the Binomial model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 14 – Share-based payments.

Fair value estimation
The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

1. Presentation of annual financial statements (continued)

1.2 Use of significant estimates and judgements (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 – Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when –

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

1. Presentation of annual financial statements (continued)

1.3 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.
Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows –

Item	Average useful life
Buildings	50 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	6 years
IT equipment	3 years
Medical equipment	3 years
Computer software	2 years
Leasehold improvements	Period of the lease

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The estimation of the useful lives is based on historic performance as well as expectations about future use and therefore requires a degree of judgement to be applied by management.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when –
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

1. Presentation of annual financial statements (continued)

1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when –
- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequently, intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight-line basis over their useful lives.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

The estimation of the useful lives is based on historic performance as well as expectations about future use and therefore requires a degree of judgement to the applied by management. These rates represent management's best estimate of the useful lives.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets and goodwill.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows –

Item	Useful life
Contracts	1 – 2 years
Customer relations	2 – 5 years
Intellectual property	2 – 5 years
Other intangible assets	2 – 5 years

1.5 Investments in subsidiaries

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of –
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1. Presentation of annual financial statements (continued)

1.6 Investments in associates

An investment in an associate is carried at cost less any accumulated impairment.

1.7 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories –

- Financial assets at fair value through profit or loss – held for trading.
- Loans and receivables.
- Financial liabilities measured at amortised cost.

Initial recognition and measurement

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments that are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest. Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost, using the effective interest method, less accumulated impairment losses. Loans to group companies and trade and most other receivables fall into this category of financial instruments.

The group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

1. Presentation of annual financial statements (continued)

1.7 Financial instruments (continued)

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Impairment of financial assets (continued)

Reversals of impairment losses are recognised in profit or loss, except for equity investments classified as available for sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Derivative financial instruments

For the reporting period under review, the group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedge item affects profit or loss, any gain previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1. Presentation of annual financial statements (continued)

1.8 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from –

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied –

- The parent, investor or venturer is able to control the timing of the reversal of the temporary difference.
- It is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that –

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that –

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from –

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1. Presentation of annual financial statements (continued)

1.9 Leases (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and 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 on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease accrual.
This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is based on the first-in, first-out formula, and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Deferred revenues and expenditure

Where costs have been incurred and revenue received prior to the implementation of a project, these are capitalised and recognised over the implementation period of the project.

1.12 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

1. Presentation of annual financial statements (continued)

1.12 Impairment of assets (continued)

Irrespective of whether there is any indication of impairment, the group also –

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order –

- First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit.
- Then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those treasury shares are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group’s own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.14 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

1. Presentation of annual financial statements (continued)

1.14 Share-based payments (continued)

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately, the services received are recognised in full.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

1.15 Employee benefits

Short-term employee benefits
The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.16 Provisions and contingencies

Provisions are recognised when –

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

1. Presentation of annual financial statements (continued)

1.16 Provisions and contingencies (continued)

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity –
- ▲ has a detailed formal plan for the restructuring, identifying at least –
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken;
  - when the plan will be implemented; and
- ▲ has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of –
- ▲ the amount that would be recognised as a provision; and
- ▲ the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

1.17 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied –
- ▲ The group has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ▲ The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ▲ The amount of revenue can be measured reliably.
- ▲ It is probable that the economic benefits associated with the transaction will flow to the group.
- ▲ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied –
- ▲ The amount of revenue can be measured reliably.
- ▲ It is probable that the economic benefits associated with the transaction will flow to the group.
- ▲ The stage of completion of the transaction at the end of the reporting period can be measured reliably.
- ▲ The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Contract revenue comprises the following –
- ▲ The initial amount of revenue agreed in the contract.
- ▲ Variations in contract work, claims and incentive payments –
  - To the extent that it is probable that they will result in revenue; and
  - They are capable of being reliably measured.

1. Presentation of annual financial statements (continued)

1.17 Revenue (continued)

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows –

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when –

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Translation of foreign currencies

Functional and presentation currency
Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Rand, which is the group's functional and presentation currency.

1. Presentation of annual financial statements (continued)

1.20 Translation of foreign currencies (continued)

Foreign currency transactions
A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period –
- Foreign currency monetary items are translated using the closing rate.
- Non-monetary items 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 items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates
The results and financial position of a foreign operation are translated into the functional currency using the following procedures –
- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- Income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions.
- All resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.21 Dividends

Dividends are accounted for on the date of declaration and are not accrued as a liability in the financial statements until declared.

1. Presentation of annual financial statements (continued)

1.22 Segment reporting

In identifying its operating segments, management generally follows the group's strategic business units, which represent the main products and services provided by the group. The information is similarly internally provided to the group's chief operating decision-maker. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations –

IFRS 8 – Operating Segments – (Disclosure of information about segment assets.)
The effective date of the standard is for years beginning on or after 1 January 2010. The company has adopted the standard for the first time in the 2011 financial statements. The adoption of this standard has not had a material impact on the results of the company, nor on its disclosures.

IAS 1 – Presentation of Financial Statements – (Current/non-current classification of convertible instruments.)
The effective date of the standard is for years beginning on or after 1 January 2010. The company has adopted the standard for the first time in the 2011 financial statements. The adoption of this standard has not had a material impact on the results of the company, nor on its disclosures.

IAS 7 – Statement of Cash Flows – (Classification of expenditures on unrecognised assets.)
The effective date of the standard is for years beginning on or after 1 January 2010. The company has adopted the standard for the first time in the 2011 financial statements. The adoption of this standard has not had a material impact on the results of the company, nor on its disclosures.

IAS 17 – Leases – (Classification of leases of land and buildings.)
The effective date of the standard is for years beginning on or after 1 January 2010. The company has adopted the standard for the first time in the 2011 financial statements. The adoption of this standard has not had a material impact on the results of the company, nor on its disclosures.

2.2. Standards and interpretations not yet effective

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 1 August 2011 or later periods but may not be effective –

IFRS 1 – First-time Adoption of International Financial Reporting Standards

- ▲ Amendment clarifies that changes in accounting policies in the year of adoption fall outside the scope of IAS 8 (effective from 1 January 2011).
- ▲ Amendment permits the use of revaluation carried out after the date of transition as a basis for deemed cost (effective from 1 January 2011).
- ▲ Amendment permits the use of carrying amount under previous GAAP as deemed cost for operations subject to rate regulation (effective from 1 January 2011).

2. New standards and interpretations (continued)

2.2. Standards and interpretations not yet effective (continued)

IFRS 1 – First-time Adoption of International Financial Reporting Standards (continued)

- Standard amended to provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS-compliant financial statements, or presenting IFRS-compliant financial statements for the first time (effective from 1 July 2011).
- Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption (effective from 1 July 2011).

IFRS 3 – Business Combinations

Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS (effective from 1 January 2011) –

- Clarification on the measurement of non-controlling interests (effective from 1 January 2011).
- Additional guidance provided on unreplaced and voluntarily replaced share-based payment awards (effective from 1 January 2011).

IFRS 7 – Financial Instruments: Disclosures

- Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading (effective from 1 January 2011).
- Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period (effective from 1 July 2011).

IFRS 9 – Financial Instruments

New standard that forms the first part of a three part project to replace IAS 39 Financial Instruments: Recognition and Measurement (effective from 1 January 2015).

IAS 1 – Presentation of Financial Statements – (Clarification of statement of changes in equity effective from 1 January 2011). New requirements to group together items within OCI that may be reclassified to the profit or loss section of the statement of comprehensive income in order to facilitate the assessment of their impact on the overall performance of an entity (effective from 1 July 2012)

IAS 12 – Income Taxes

Rebuttable presumption introduced that an investment property will be recovered in its entirety through sale (effective from 1 January 2012).

IAS 24 – Related Party Disclosures

Simplification of the disclosure requirements for government-related entities (effective from 1 January 2011). Clarification of the definition of a related party (effective from 1 January 2011).

IAS 34 – Interim Financial Reporting

Clarification of disclosure requirements around significant events and transactions including financial instruments (effective from 1 January 2011).

IFRIC 13 – Customer Loyalty Programmes

Clarification on the intended meaning of the term "fair value" in respect of award credits (effective from 1 January 2011). Management has assessed the impact of these amendments and standards on the reported results of the group and concluded that it is unlikely that they will have a material impact on the group's annual financial statements.

2. New standards and interpretations (continued)

2.2. Standards and interpretations not yet effective (continued)

IFRS10 – Consolidated Financial Statements

New standard that replaces the consolidation requirements in SIC-12 Consolidation – Special Financial Statements Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess (effective from 1 January 2013).

IFRS 11 – Joint Arrangements

New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities (effective from 1 January 2013).

IFRS 12 – Disclosure of Interests in Other Entities

New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special-purpose vehicles and other off balance sheet vehicles (effective from 1 January 2013).

IFRS 13 – Fair Value Measurement

New guidance on fair value measurement and disclosure requirements (effective from 1 January 2013).

IAS 19 – Employee Benefits

Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans (effective from 1 January 2013).

IFRIC 20

Stripping costs in the production phase of a surface mine (effective from 1 January 2013).

3. Property, plant and equipment

Figures in Rand thousand	2011 Cost	2011 Accumulated depreciation	2011 Carrying value	2010 Cost	2010 Accumulated depreciation	2010 Carrying value	2009 Cost	2009 Accumulated depreciation	2009 Carrying value
Group									
Buildings	**3 160**	**–**	**3 160**	978	–	978	978	–	978
Furniture and fixtures	**24 248**	**(10 114)**	**14 134**	15 105	(4 723)	10 382	12 233	(3 591)	8 642
Motor vehicles	**8 581**	**(4 727)**	**3 854**	4 253	(2 613)	1 640	2 523	(1 843)	680
Office equipment	**16 751**	**(7 666)**	**9 085**	11 066	(4 922)	6 144	7 898	(4 777)	3 121
IT equipment	**97 982**	**(64 365)**	**33 617**	57 977	(37 409)	20 568	41 862	(28 119)	13 743
Computer software	**22 235**	**(18 687)**	**3 548**	12 948	(10 021)	2 927	12 744	(8 144)	4 600
Leasehold improvements	**20 519**	**(8 802)**	**11 717**	13 820	(3 807)	10 013	7 621	(2 215)	5 406
Medical equipment	**2 085**	**(875)**	**1 210**	–	–	–	–	–	–
	195 561	**(115 236)**	**80 325**	116 147	(63 495)	52 652	85 859	(48 689)	37 170

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – Group – 2011

Figures in Rand thousand	Opening balance	Additions	Additions through business combina-tions	Disposals	Depreciation	Total
Buildings	978	–	3 160	(978)	–	3 160
Furniture and fixtures	10 382	2 179	3 727	(1)	(2 153)	14 134
Motor vehicles	1 640	1 699	1 494	(191)	(788)	3 854
Office equipment	6 144	3 818	1 017	(7)	(1 887)	9 085
IT equipment	20 568	18 085	9 981	(241)	(14 776)	33 617
Computer software	2 927	2 392	1 475	(279)	(2 967)	3 548
Leasehold improvements	10 013	3 467	2 115	–	(3 878)	11 717
Medical equipment	–	1 009	329	–	(128)	1 210
	52 652	32 649	23 298	(1 697)	(26 577)	80 325

Reconciliation of property, plant and equipment – Group – 2010

Figures in Rand thousand	Opening balance	Additions	Additions through business combina-tions	Disposals	Transfers	Depreciation	Total
Buildings	978	–	–	–	–	–	978
Furniture and fixtures	8 642	2 806	886	(68)	–	(1 884)	10 382
Motor vehicles	680	1 123	451	(113)	–	(501)	1 640
Office equipment	3 121	3 937	262	(97)	–	(1 079)	6 144
IT equipment	13 743	14 999	1 184	(294)	520	(9 584)	20 568
Computer software	4 600	875	713	(417)	(520)	(2 324)	2 927
Leasehold improvements	5 406	6 804	–	(347)	–	(1 850)	10 013
	37 170	30 544	3 496	(1 336)	–	(17 222)	52 652

Reconciliation of property, plant and equipment – Group – 2009

Figures in Rand thousand	Opening balance	Additions	Additions through business combina-tions	Disposals	Depreciation	Total
Buildings	–	–	978	–	–	978
Furniture and fixtures	5 983	2 065	1 212	(126)	(492)	8 642
Motor vehicles	1 071	5	149	(184)	(361)	680
Office equipment	3 102	1 164	223	(167)	(1 201)	3 121
IT equipment	12 258	8 823	828	(886)	(7 280)	13 743
Computer software	4 519	2 904	7	(1 659)	(1 171)	4 600
Leasehold improvements	2 831	3 653	–	(57)	(1 021)	5 406
	29 764	18 614	3 397	(3 079)	(11 526)	37 170

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
3. Property, plant and equipment (continued)						
Assets subject to finance lease (net carrying amount)						
Furniture and fixtures	744	–	102	–	–	–
Motor vehicles	917	53	482	–	–	–
Office equipment	–	248	668	–	–	–
IT equipment	2 460	347	41	–	–	–
	4 121	648	1 293	–	–	–
Details of buildings						
Office building 1						
Unit 6 of Crystal Park, No. 1282, held under Title Deed No. ST 168558/2005 – Purchase price: 1 October 2008	–	978	978	–	–	–
Office building 2						
Block 1 of Northgate Island, held under Title Deed No. 3791/2009 – Purchase price: 1 March 2011	3 160	–	–	–	–	–

Depreciation expense included in cost of sales and operating expenses.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

4. Intangible assets and goodwill

Figures in Rand thousand	2011 Cost	2011 Accumulated amortisation	2011 Carrying value	2010 Cost	2010 Accumulated amortisation	2010 Carrying value	2009 Cost	2009 Accumulated amortisation	2009 Carrying value
Goodwill	480 311	–	480 311	309 016	–	309 016	192 293	–	192 293
Contracts	47 656	(27 124)	20 532	–	–	–	–	–	–
Customer relations	64 114	(19 312)	44 802	23 352	(8 226)	15 126	10 635	(3 700)	6 935
Intellectual property	2 500	(390)	2 110	–	–	–	–	–	–
Other intangible assets	4 000	(1 400)	2 600	–	–	–	–	–	–
Total	598 581	(48 226)	550 355	332 368	(8 226)	324 142	202 928	(3 700)	199 228

Reconciliation of intangible assets and goodwill – Group – 2011

Figures in Rand thousand	Opening balance	Additions through business combination	Amortisation	Total
Goodwill	309 016	171 295	–	480 311
Contracts	–	47 656	(27 124)	20 532
Customer relations	15 126	40 762	(11 086)	44 802
Intellectual property	–	2 500	(390)	2 110
Other intangible assets	–	4 000	(1 400)	2 600
	324 142	266 213	(40 000)	550 355

4. Intangible assets and goodwill (continued)

Reconciliation of intangible assets and goodwill – Group – 2010

Figures in Rand thousand	Opening balance	Additions through business combinations	Initial accounting now finalised	Amortisation	Total
Goodwill	192 292	115 241	1 483	–	309 016
Customer relations	6 935	12 770	(53)	(4 526)	15 126
	199 227	128 011	1 430	(4 526)	324 142

Reconciliation of intangible assets and goodwill – Group – 2009

Figures in Rand thousand	Opening balance	Additions	Additions through business combinations	Initial accounting now finalised	Amortisation	Total
Goodwill	104 781	9 459	79 411	(1 358)	–	192 293
Customer relations	4 746	4 000	–	–	(1 811)	6 935
	109 527	13 459	79 411	(1 358)	(1 811)	199 228

Impairment testing

For the purpose of impairment testing, goodwill is allocated to the group's operating divisions. The impairment tests were based on the value in use and were determined by discounting the future cash flows to be generated from the continuing operations of businesses in the divisions. A maximum period of five years was used in all discounted future cash flows. The aggregate carrying amounts of goodwill allocated are as follows:

Figures in Rand thousand	2011 Goodwill	2010 Goodwill
EOH Mthombo	**203 805**	150 976
TSSMS	**77 358**	–
EOH Abantu	**92 427**	63 833
M-IT	**35 745**	38 159
	409 335	252 968
Multiple units without significant goodwill	**65 443**	56 048
Total goodwill	**474 778**	309 016

The recognition of impairment losses was not required as the recoverable amounts exceed the carrying amounts of goodwill allocated.

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts were discount rates, terminal value growth rates and revenue growth rates. The assumptions are as follows –

	Discount rate		Terminal value growth rate		Revenue growth	
Percentage	**2011**	2010	**2011**	2010	**2011**	2010
EOH Mthombo	**10,8**	16,9	**5,0**	5,0	**20,0**	20,0
TSSMS	**13,8**	–	**5,0**	–	**15,0**	–
EOH Abantu	**14,3**	17,9	**5,0**	5,0	**10,0**	5,0
M-IT	**13,8**	14,5	**4,0**	5,0	**6,0**	15,0

4. Intangible assets and goodwill (continued)

Sensitivity to changes in assumptions
The following table shows the amount which the assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount Discount rate		Change required for carrying amount to equal recoverable amount Revenue growth	
	2011	2010	**2011**	2010
Unit	**%**	%	**%**	%
EOH Mthombo	**2,0**	20,3	**(9,8)**	(35,5)
TSSMS	**23,7**	–	**(43,8)**	–
EOH Abantu	**8,4**	882,1	**(27,2)**	(90,0)
M-IT	**0,3**	0,5	**(0,9)**	(1,8)

5. Investments in subsidiaries

Name of company	Country of incor-poration	Effective shareholding 2011 %	Effective shareholding 2010 %	Effective shareholding 2009 %	Cost of shares 2011	Cost of shares 2010	Cost of shares 2009
Direct subsidiaries							
Axia Business Solutions (Pty) Ltd	SA	**100**	100	100	**–**	–	–
CA Southern Africa (Pty) Ltd	SA	**100**	100	100	**–**	–	–
Enterprise Logistics Solutions (Pty)Ltd*	SA	**–**	–	100	**–**	–	–
Enterprise Softworks (Pty) Ltd	SA	**100**	100	100	**–**	–	–
Enterweb (Pty) Ltd	SA	**100**	100	100	**–**	–	–
EOH Abantu (Pty) Ltd	SA	**100**	100	100	**–**	–	–
EOH Consulting (Pty) Ltd	SA	**100**	100	100	**43 846**	43 846	43 846
EOH Consulting Services KZN (Pty) Ltd	SA	**100**	100	100	**–**	–	–
EOH Consulting Services Western Cape (Pty) Ltd	SA	**100**	100	100	**3 270**	3 270	3 270
EOH Mthombo (Pty) Ltd	SA	**100**	100	100	**2 302**	1 795	1 795
Intellient (Pty) Ltd	SA	**100**	100	100	**7 140**	7 140	7 140
Mthombo IT Services (Pty) Ltd	SA	**100**	100	100	**39 642**	39 642	39 642
Technolease (Pty) Ltd*	SA	**–**	–	100	**–**	–	8
V55 Investments (Pty) Ltd	SA	**100**	100	100	**–**	–	–
Indirect subsidiaries							
Amber Moon Trading 5 (Pty) Ltd	SA	**100**	–	–	**–**	–	–
CLS Consulting Services (Pty) Ltd	SA	**100**	–	–	**–**	–	–
Compensation Technologies Consulting (Pty) Ltd	SA	**100**	–	–	**–**	–	–
Compensation Technologies Holdings (Pty) Ltd	SA	**100**	–	–	**–**	–	–
Compensation Technologies Share Based Incentives (Pty) Ltd	SA	**100**	–	–	**–**	–	–
EOH (Pty) Ltd	AUS	**–**	80	80	**–**	–	–
EOH Consulting Services Eastern Cape (Pty) Ltd	SA	**100**	100	100	**–**	–	–
EOH Europe (Pty) Ltd	UK	**100**	80	80	**–**	–	–
EOH Impact Consulting Services (Pty) Ltd	SA	**100**	100	100	**–**	–	–
ESecure Distribution (Pty) Ltd	SA	**80**	80	80	**–**	–	–
Highveld Wealth Management (Pty) Ltd	SA	**100**	100	100	**–**	–	–
Ivy-Moon 112 (Pty) Ltd	SA	**100**	100	–	**–**	–	–
Lan Metrix (Pty) Ltd	SA	**100**	100	100	**–**	–	–
Managed Print Solutions (Pty) Ltd	SA	**71**	71	51	**–**	–	–
Pinnacle Health Solutions (Pty) Ltd	SA	**85**	–	–	**–**	–	–
REO Consulting (Pty) Ltd	SA	**100**	100	100	**–**	–	–
Rosstone Consulting (Pty) Ltd	SA	**100**	100	100	**–**	–	–
TSS Managed Services (Pty) Ltd	SA	**100**	100	100	**–**	–	–
Trusts					**–**	–	–
The Mthombo Trust		**100**	100	100	**–**	–	–
The Share Trust		**100**	100	100	**–**	–	–
					96 200	95 693	95 701
Less: Impairment provision					**(1 073)**	(1 073)	(1 073)
					95 127	94 620	94 628

The carrying amounts of subsidiaries are shown net of impairment losses.
** Deregistered*

6. Other financial assets

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Loans and receivables						
Enterprise development loans and receivables	**3 455**	2 678	2 006	**–**	–	–
Shareholders' loans	**16 428**	19 114	–	**–**	–	–
Netcure (Proprietary) Limited	**2 638**	–	–	**–**	–	–
CA Incorporated Limited	**5 970**	–	–	**–**	–	–
Dicoll Panoptican (Proprietary) Limited	**–**	–	1 092	**–**	–	–
Other loans and receivables	**615**	3 270	1 119	**–**	–	–
	29 106	25 062	4 217	**–**	–	–
Other loans and receivables consist of a number of smaller loans to unrelated parties. The loans are unsecured, interest free and have no fixed terms of repayment.						
Non-current assets						
Loans and receivables	**23 436**	25 061	4 217	**–**	–	–
Current assets						
Loans and receivables	**5 671**	–	–	**–**	–	–
	29 107	25 061	4 217	**–**	–	–

Fair values of loans and receivables
Loans and receivables are measured at amortised cost using the effective interest rate method.

The present value of the loans and receivables was calculated by using a discount rate of 4,5% (2010: 5%) (2009: 5,5%). In the directors' estimate, the carrying value of loans and receivables approximates their fair value.

Loans and receivables impaired
As of 31 July 2011, loans and receivables of R2 467 (2010: R2 335) (2009: R2 335) were impaired and provided for. The carrying amounts of loans and receivables are denominated in Rand.

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Reconciliation of provision for impairment of loans and receivables:						
Opening balance	**2 335**	2 335	1 911	**–**	–	–
Provision for impairment	**132**	–	458	**–**	–	–
Unused amounts reversed	**–**	–	(34)	**–**	–	–
	2 467	2 335	2 335	**–**	–	–

The loan of R132 000 was impaired as the company is no longer trading.

The creation and release of provisions for impairment have been included in operating expenses in the statement of comprehensive income.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.

The credit quality of loans receivables is considered to be fair. The group does not hold any collateral as security.

7. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Figures in Rand thousand	Assets 2011	Assets 2010	Assets 2009	Liabilities 2011	Liabilities 2010	Liabilities 2009	Net 2011	Net 2010	Net 2009
Group									
Deferred cost	**(16 609)**	(3 852)	(4 384)	**–**	–	–	**(16 609)**	(3 852)	(4 384)
Prepaid expenses	**(3 120)**	(581)	(178)	**–**	–	–	**(3 120)**	(581)	(178)
Leases	**(1)**	–	–	**–**	–	–	**(1)**	–	–
Acquisitions	**(23)**	–	–	**–**	–	–	**(23)**	–	–
Allowances	**(333)**	(274)	–	**–**	–	–	**(333)**	(274)	–
Property, plant and equipment	**(172)**	(7)	(141)	**–**	–	–	**(172)**	(7)	(141)
Provisions	**–**	–	–	**26 589**	13 569	12 377	**26 589**	13 569	12 377
Leases	**–**	–	–	**–**	81	–	**–**	81	–
Deferred revenue	**–**	–	–	**31 478**	14 439	14 315	**31 478**	14 439	14 315
Acquisitions	**–**	–	–	**–**	660	–	**–**	660	–
	(20 258)	(4 714)	(4 703)	**58 067**	28 749	26 692	**37 809**	24 035	21 989
Set off of tax	**19 640**	–	–	**(19 640)**	–	–	**–**	–	–
Net tax (assets)/liabilities	**(618)**	(4 714)	(4 703)	**38 427**	28 749	26 692	**37 809**	24 035	21 989
Company									
Prepaid expenses	**(120)**	(9)	(13)	**–**	–	–	**(120)**	(9)	(13)
Net tax (assets)/liabilities	**(120)**	(9)	(13)	**–**	–	–	**(120)**	(9)	(13)

Deferred tax movement	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Group						
Opening balance	**24 035**	21 989	7 142	**(9)**	(13)	–
Current year	**723**	910	11 420	**(111)**	4	(13)
Acquisitions	**13 051**	1 136	3 427	**–**	–	–
Closing balance	**37 809**	24 035	21 989	**(120)**	(9)	(13)

8. Inventories

	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Work in progress	**20 282**	972	14	**–**	–	–
Finished goods	**1 148**	–	–	**–**	–	–
Merchandise and consumables	**11 105**	9 135	7 859	**–**	–	–
	32 535	10 107	7 873	**–**	–	–
Inventories (write-downs)	**(1 873)**	–	–	**–**	–	–
	30 662	10 107	7 873	**–**	–	–
Carrying value of inventories carried at fair value less costs to sell	**7 342**	–	–	**–**	–	–
The write-down of inventories are included in cost of sales						

9. Loans to/(from) group companies

	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Current assets	**–**	–	–	**206 510**	87 222	46 967
Current liabilities	**–**	–	–	**(3 031)**	(73 538)	(70 700)
	–	–	–	**203 479**	13 684	(23 733)

Refer to Annexure A for details. The loans are unsecured, interest free and have no fixed terms of repayment. The carrying amount of loans to and from group companies are denominated in rands.

10. Trade and other receivables

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Trade receivables	**545 629**	377 448	333 048	**–**	–	–
Prepayments	**11 241**	5 953	1 870	**427**	383	396
Deposits	**748**	197	30	**–**	–	–
VAT	**5 747**	1 458	58	**–**	–	–
Other receivables	**6 452**	9 815	8 449	**–**	–	–
	569 817	394 871	343 455	**427**	383	396
Trade and other receivables pledged as security						
Trade receivables have been pledged to the group's bankers for facilities.						
Trade and other receivables past due but not impaired						
Trade and other receivables that are less than 90 days past due are not considered to be impaired. At 31 July 2011, R79 301 (2010: R48 572) (2009: R26 919) were past due but not impaired.						
The ageing of amounts past due but not impaired are as follows:						
– 90 days	**32 230**	14 933	11 183	**–**	–	–
– 120 days and over	**47 071**	22 532	15 736	**–**	–	–
Trade and other receivables impaired						
As of 31 July 2011, trade and other receivables of R20 903 (2010: R15 516) (2009: R14 414) were impaired and provided for.						
The ageing of these receivables is as follows:						
– 60 days	**–**	107	–	**–**	–	–
– 90 days	**275**	956	241	**–**	–	–
– 120 days and over	**20 628**	14 453	14 173	**–**	–	–
Reconciliation of provision for impairment of trade and other receivables						
Opening balance	**15 516**	14 414	13 397	**–**	–	–
Amounts written off	**(321)**	(6 000)	(2 666)	**–**	–	–
Impairment loss	**5 708**	7 102	3 683	**–**	–	–
	20 903	15 516	14 414	**–**	–	–

The creation and release of the provision for doubtful debts has been included in operating expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security.

11. Cash and cash equivalents

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Cash and cash equivalents consist of:						
Cash on hand	92	98	113	–	–	–
Bank balances	308 921	261 261	204 618	242	152	147
Short-term deposits	12 494	5 312	2 146	–	–	–
	321 507	266 671	206 877	242	152	147
The total amount of undrawn facilities available for future operating activities and commitments	310 875	85 000	40 000	310 875	85 000	40 000

Trade receivables have been ceded to the group's bankers for facilities.

12. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below –

Figures in Rand thousand	Loans and receivables	Fair value through profit or loss – held for trading	Fair value through profit or loss – designated	Held to maturity investments	Available for sale	Total
Group – 2011						
Other financial assets	29 107	–	–	–	–	29 107
Trade and other receivables	552 081	–	–	–	–	552 081
Cash and cash equivalents	321 507	–	–	–	–	321 507
	902 695	–	–	–	–	902 695
Group – 2010						
Other financial assets	25 061	–	–	–	–	25 061
Trade and other receivables	387 263	–	–	–	–	387 263
Cash and cash equivalents	266 671	–	–	–	–	266 671
	678 995	–	–	–	–	678 995
Group – 2009						
Other financial assets	4 217	–	–	–	–	4 217
Trade and other receivables	341 497	–	–	–	–	341 497
Cash and cash equivalents	206 877	–	–	–	–	206 877
	552 591	–	–	–	–	552 591

12. Financial assets by category (continued)

Figures in Rand thousand	Loans and receivables	Fair value through profit or loss – held for trading	Fair value through profit or loss – designated	Held to maturity investments	Available for sale	Total
Company – 2011						
Loans to group companies	**206 510**	**–**	**–**	**–**	**–**	**206 510**
Cash and cash equivalents	**242**	**–**	**–**	**–**	**–**	**242**
	206 752	**–**	**–**	**–**	**–**	**206 752**
Company – 2010						
Loans to group companies	87 222	–	–	–	–	87 222
Cash and cash equivalents	152	–	–	–	–	152
	87 374	–	–	–	–	87 374
Company – 2009						
Loans to group companies	46 967	–	–	–	–	46 967
Cash and cash equivalents	147	–	–	–	–	147
	47 114	–	–	–	–	47 114

13. Share capital

	Group			Company		
Figures in Rand thousand	**2011**	2010	2009	**2011**	2010	2009
Authorised						
100 000 000 ordinary shares of 1 cent each	**1 000**	1 000	1 000	**1 000**	1 000	1 000
Reconciliation of number of shares issued:						
Opening balance	**79 737**	75 817	73 659	**79 737**	75 817	73 659
Specific shares issue to share scheme	**2 227**	1 474	691	**2 227**	1 474	691
Specific shares issue for acquisitions	**13 425**	2 446	1 467	**13 425**	2 446	1 467
	95 389	79 737	75 817	**95 389**	79 737	75 817
4 610 942 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting subject to the provisions of section 38 of the Companies Act and the requirements of the JSE. This authority remains in force until the next annual general meeting. The directors are only authorised to issue up to an aggregate maximum of 10% of the issued share capital in a financial year.						
At year-end 5 622 696 EOH shares were held by a wholly-owned subsidiary of EOH and will not be cancelled.						
Issued						
Ordinary shares of 1 cent each	**807**	697	627	**954**	797	759
Share premium	**276 383**	89 127	59 873	**299 496**	107 669	81 377
	277 190	89 824	60 500	**300 450**	108 466	82 136

14. Share-based payments

The company has two share incentive schemes giving directors and management the opportunity to participate in the growth of the group. The Mthombo Trust restricts participation to qualifying previously disadvantaged directors and employees.

Under the terms of the current schemes, up to 18 000 000 shares are reserved for share options. The share options are equity settled.

The Share Option Scheme

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option price is equal to the share price at date of the offer less 40% discount. The participant may exercise the option in respect of the shares offered in tranches from time to time as set out below:

- 25% after 2 years
- 25% after 3 years
- 25% after 4 years
- 25% after 5 years

The share options will lapse 10 years after issue date.

The Mthombo Trust

The scheme is governed by a Trust Deed approved by Shareholders and the JSE Limited. The option price is equal to the share price at date of the offer less 40% discount. The participant may exercise the option in respect of the shares offered in tranches from time to time as set out below:

- 33,33% after 3 years
- 33.33% after 4 years
- 33.33% after 5 years

The share option will lapse eight years after issue date.

	2011	2010	2009
Total expense recognised arising from share-based payment	**12 698 972**	15 572 615	11 789 618

	The EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Share option			
Outstanding at the beginning of the year	207 156	11 251 241	8 510 010
Granted during the year		4 345 000	381 486
Forfeited during the year		(517 500)	(1 115 068)
Exercised during the year		(2 227 250)	(1 206 466)
Outstanding at the end of the year	207 156	12 851 491	6 569 962
Weighted average share option price of outstanding shares at the beginning of the period (cents)		452,68	444,18
Weighted average share option price of shares granted (cents)		784,25	736,77
Weighted average share option price of shares exercised (cents)		390,40	336,96
Weighted average share price of shares exercised (cents)		650,66	561,60
Weighted average share option price of shares forfeited (cents)		346,43	454,72
Weighted average share option price of outstanding shares at the end of the period (cents)		557,06	446,86
Weighted average share option price of exercisable shares (cents)		348,36	416,55
Exercisable at the end of the year	207 156	1 868 160	803 943

14. Share-based payments (continued)

	Exercise date within one year	Exercise date from two to five years	Exercise date after five years	Total
Outstanding options				
EOH Share Option Scheme	2 795 123	8 188 208	–	10 983 331
The Mthombo Trust	1 477 162	4 288 857	–	5 766 019
Information on options granted during the year				
Weighted fair value of options issued (cents)		–	5,70	5,82

Fair value was determined by using the binomial model. The following inputs were used.

	The EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Grant date	01/12/02	06/06/03 to 01/07/11	01/12/05 to 01/07/11
Weighted average share price (cents)	1	679	658
Options price (cents)	1	407	395
Expected volatility (%)	36,4	28,792	26,279
Expected dividend yield (%)	2,6	3	3
Weighted average expected life (years)		4,75	4,45
Expiry date		05/06/13 to 30/06/21	30/11/13 to 30/06/19
The range of exercise price			0,43 to 11,22

The volatility of the share price at issue date was determined using the share trading history of EOH prior to issue date and the after tax risk-free rate applied was the zero-swaps curve at the date of option.

15. Foreign currency translation reserve

	Group			Company		
Figures in Rand thousand	**2011**	2010	2009	**2011**	2010	2009
Opening balance	**(3 067)**	753	140	**–**	–	–
Revaluation of loans	**1 592**	(4 056)	(1 018)	**–**	–	–
Translation of foreign entities	**150**	236	1 631	**–**	–	–
	(1 325)	(3 067)	753	**–**	–	–

Exchange difference relating to the translation of the net assets of the group's foreign entities from their functional currencies to the group's presentation currency are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences accumulated in this reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign entity.

16. Other reserves

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
The share-based payment reserve represents the total cost recognised for the group's equity-settled share-based payments.						
Post acquisition adjustment to account for the reclassification of reserves in a subsidiary company acquired which is not sufficiently material to warrant restating prior period figures.						
Opening balance	**29 214**	2 193	6 619	**–**	–	–
Movement in treasury shares	**(57 436)**	9 438	(11 154)	**1 589**	236	–
Effect of consolidating the Mthombo Trust	**(9 383)**	2 010	(3 397)	**–**	–	–
Post acquisition adjustment	**–**	–	(1 665)	**–**	–	–
Minority interest acquired	**(2 566)**	–	–	**–**	–	–
Share-based payment	**12 699**	15 573	11 790	**–**	–	–
	(27 472)	29 214	2 193	**1 589**	236	–

17. Other financial liabilities

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Nedbank Limited The loan is repayable monthly over 20 years with an interest rate equal to the prime rate less 1,8%. Secured by building under note 3.	**–**	1 146	1 177	**–**	–	–
ABSA Bank Limited The loan is repayable monthly over 5 years with an interest rate equal to the prime rate.	**37 850**	14 107	–	**–**	–	–
Standard Bank Limited The loan is repayable quarterly over 4 years with an 8,18% interest rate.	**100 170**	–	–	**–**	–	–
D Oettl The loan is unsecured, interest free and has no fixed terms of repayment.	**–**	300	–	**–**	–	–
Life Share Trust The loan is unsecured, interest free and has no fixed terms of repayment.	**–**	300	–	**–**	–	–
CA Incorporated Limited The loan is unsecured, interest free and has no fixed terms of repayment.	**2 422**	292	17 309	**–**	–	–
CA Africa The loan is unsecured, interest free and has no fixed terms of repayment.	**–**	78	3 883	**–**	–	–
Tactical Software Systems (Proprietary) Limited The loan is unsecured, interest free and has no fixed terms of repayment.	**17 128**	–	–	**–**	–	–
HP Financial Services The loan is repayable over an average of 3 years with a nominal interest rate.	**–**	2 392	–	**–**	–	–

17. Other financial liabilities (continued)

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Vendors for acquisition The amounts due to vendors represent the expected purchase consideration owing in respect of acquisitions and will be settled through the issue of a variable number of shares and/or cash resources when the relevant profit warranties have been fulfilled. The amounts owing are interest free.	**155 859**	100 118	60 012	**120**	119	119
Other financial liabilities The loans are unsecured, interest free and have no fixed terms of repayment.	**1 382**	–	–	**–**	–	–
	314 811	118 733	82 381	**120**	119	119
Non-current liabilities	**145 988**	21 314	20 182	**120**	119	119
Current liabilities	**168 822**	97 419	62 199	**–**	–	–
	314 810	118 733	82 381	**120**	119	119
The carrying amounts of financial liabilities are denominated in Rand.						

18. Finance lease obligation

	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Minimum lease payments due						
– within one year	**13 210**	243	747	**–**	–	–
– in second to fifth year inclusive	**3 714**	174	73	**–**	–	–
	16 924	417	820	**–**	–	–
Less: Future finance charges	**(763)**	(3)	(48)	**–**	–	–
Present value of minimum lease payments	**16 161**	414	772	**–**	–	–
Present value of minimum lease payments due						
– within one year	**12 447**	240	701	**–**	–	–
– in second to fifth year inclusive	**3 714**	174	71	**–**	–	–
	16 161	414	772	**–**	–	–
Non-current liabilities	**3 714**	174	71	**–**	–	–
Current liabilities	**12 447**	240	701	**–**	–	–
	16 161	414	772	**–**	–	–

It is group policy to lease certain motor vehicles and equipment under finance leases.

The year of maturity ranges from 2012 – 2014 and a nominal interest rate of 8,25% to 10,5% is applicable.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 3.

19. Retirement benefits

Defined Contribution Plan

The group is a member of a corporate retirement scheme, to which employees may elect to make retirement contributions. Employees are however obliged to become members of the group benefit scheme, providing certain minimum death and disability benefits. The group is under no obligation to cover any unfunded benefits.

20. Provisions

Figures in Rand thousand	Opening balance	Additions	Reversed during the year	Total
Reconciliation of provisions – Group – 2011				
Restructuring	**2 196**	**–**	**(2 196)**	**–**
Reconciliation of provisions – Group – 2010				
Restructuring	1 969	227	–	2 196
Reconciliation of provisions – Group – 2009				
Restructuring	–	1 969	–	1 969

The restructuring provision relates to the consolidation of the Multipath call-centre business with Mthombo IT Services (Proprietary) Limited.

21. Trade and other payables

	Group			Company		
Figures in Rand thousand	**2011**	2010	2009	**2011**	2010	2009
Trade payables	**258 378**	194 470	180 064	**192**	35	53
VAT	**22 995**	18 527	17 514	**–**	–	–
Payroll accruals	**110 907**	84 710	67 372	**–**	–	–
Other accrued expenses	**83 156**	107 230	62 902	**107**	–	–
Other payables	**20 492**	16 408	6 601	**–**	–	–
	495 928	421 345	334 453	**299**	35	53

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand thousand	Financial liabilities at fair value	Financial liabilities at amortised cost	Total
Group – 2011			
Finance lease obligations	**–**	**16 161**	**16 161**
Other financial liabilities	**101 450**	**213 360**	**314 810**
Trade and other payables	**–**	**278 870**	**278 870**
Dividends payable	**–**	**48**	**48**
	101 450	**508 439**	**609 889**
Group – 2010			
Finance lease obligations	–	414	414
Other financial liabilities	47 643	71 090	118 733
Trade and other payables	–	210 878	210 878
Dividends payable	–	(61)	(61)
	47 643	282 321	329 964
Group – 2009			
Finance lease obligations	–	772	772
Other financial liabilities	38 515	43 866	82 381
Trade and other payables	–	186 665	186 665
Dividends payable	–	30	30
	38 515	231 333	269 848

22. Financial liabilities by category (continued)

Figures in Rand thousand	Financial liabilities at fair value	Financial liabilities at amortised cost	Total
Company – 2011			
Loans from group companies	–	**3 031**	**3 031**
Other financial liabilities	–	**120**	**120**
Trade and other payables	–	**192**	**192**
Dividends payable	–	**35**	**35**
	–	**3 378**	**3 378**
Company – 2010			
Loans from group companies	–	73 538	73 538
Other financial liabilities	–	119	119
Trade and other payables	–	35	35
Dividends payable	–	(61)	(61)
	–	73 631	73 631
Company – 2009			
Loans from group companies	–	70 700	70 700
Other financial liabilities	–	119	119
Trade and other payables	–	53	53
Dividends payable	–	30	30
	–	70 902	70 902

Financial liabilities at fair value

Contingent consideration represents the expected purchase consideration owing in respect of acquisitions that will be settled when the relevant profit warranties have been fulfilled. The amounts owing are carried at the fair value of the consideration to be paid.

	Group			Company		
Figures in Rand thousand	**2011**	2010	2009	**2011**	2010	2009
Opening balance	**47 643**	38 515	13 675	**–**	–	–
Settlement during period	**(30 485)**	(27 120)	(8 995)	**–**	–	–
Additions through business combinations	**88 038**	37 850	40 666	**–**	–	–
Reversals	**–**	–	(4 680)	**–**	–	–
Fair value adjustment	**(3 746)**	(1 602)	(2 151)	**–**	–	–
Closing balance	**101 450**	47 643	38 515	**–**	–	–

The amounts owing are interest free.

Fair value estimation

All financial instruments have been recognised in the statement of financial position and there is no material difference between their fair values and carrying amounts.

Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

The fair value of financial instruments traded in active markets is on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly-occurring market transactions on an arms'-length basis. The quoted market price used for financial assets held by the group is the current bid price.

22. Financial liabilities by category (continued)

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

The fair values of financial instruments that are not traded in an active market (for example over-the-counter derivatives or infrequently-traded listed investments) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data

Techniques that use inputs that have a significant effect on the recorded fair value, which are not based on observable market data. Specific valuation techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

Figures in Rand thousand	Level 1	Level 2	Level 3	Total
Group				
2011				
Financial liabilities at fair value	**–**	**–**	**101 450**	**101 450**
2010				
Financial liabilities at fair value	–	–	47 643	47 643
2009				
Financial liabilities at fair value	–	–	38 515	38 515
Company				
2011				
Financial liabilities at fair value	**–**	**–**	**–**	**–**
2010				
Financial liabilities at fair value	–	–	–	–
2009				
Financial liabilities at fair value	–	–	–	–

23. Revenue

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Sale of goods	**851 645**	686 545	450 663	**–**	–	–
Rendering of services	**1 577 328**	1 005 876	784 905	**–**	–	–
	2 428 973	1 692 421	1 235 568	**–**	–	–

24. Operating profit/(loss)

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Operating profit for the year is stated after accounting for the following:						
Income from subsidiaries						
Dividends	**–**	–	–	**28 705**	36 395	18 415
Operating lease charges						
Premises						
– Contractual amounts	**33 764**	23 410	16 652	**-**	-	-
Equipment						
– Contractual amounts	**1 926**	1 408	976	**–**	–	–
	35 690	24 818	17 628	**–**	–	–
Profit on sale of property, plant and equipment	**252**	72	32	**-**	-	-
Loss/profit on foreign exchange	**347**	(388)	740	**–**	–	–
Provision raised/(reversed)	**(2 196)**	227	1 969	**-**	-	-
Employee costs	**401 861**	320 305	222 217	**-**	-	-

25. Investment income

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Dividend revenue						
Subsidiaries - local				**28 705**	36 395	18 415
Interest revenue						
Bank	**6 504**	7 025	10 292	**1**	1	1
Other interest	**2 653**	1 188	310	**–**	–	–
	9 157	8 213	10 602	**1**	1	1
	9 157	8 213	10 602	**28 706**	36 396	18 416

26. Finance costs

	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Non-current borrowings	**83**	101	121	**–**	–	–
Trade and other payables	**1 300**	975	927	**–**	–	–
Finance leases	**2 119**	260	276	**–**	–	–
Bank	**2 914**	852	822	**–**	–	–
Late payment of tax	**260**	169	226	**–**	–	–
Other interest paid	**970**	3 996	1 654	**–**	–	–
	7 646	6 353	4 026	**–**	–	–

27. Auditors' remuneration

	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Fees paid	**2 969**	1 865	813	**28**	4	61
Other services paid	**25**	7	2	**–**	–	–
Expenses paid	**100**	63	109	**–**	–	–
	3 094	1 935	924	**28**	4	61

28. Taxation

	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Major components of the tax expense/(income)						
Current						
Local income tax – current period	**84 393**	51 598	46 142	**–**	–	18
Local income tax – recognised in current tax for prior periods	**(554)**	(982)	(35)	**–**	–	–
STC	**2 870**	2 274	1 841	**–**	–	–
	86 709	52 890	47 948	**–**	–	18
Deferred						
Change in recognised deductible temporary differences	**(523)**	–	–	**–**	–	–
Originating and reversing temporary differences	**(200)**	(910)	(11 420)	**111**	(4)	13
	85 986	51 980	36 528	**111**	(4)	31
Reconciliation of the tax expense						
Reconciliation between applicable tax rate and average effective tax rate –						
	%	%	%	**%**	%	%
Applicable tax rate	**28,00**	28,00	28,00	**28,00**	28,00	28,00
Exempt income	**–**	–	–	**(31,59)**	(31,65)	(31,68)
Prior year tax adjustments	**(0,39)**	(0,62)	–	**(0,03)**	–	–
Disallowable charges	**3,48**	4,26	3,55	**–**	–	–
Secondary tax on companies	**1,22**	1,43	3,37	**–**	–	–
Deferred tax not raised on estimated losses	**4,37**	1,65	3,46	**3,64**	3,64	3,87
	36,68	34,72	38,38	**0,02**	(0,01)	0,19

28. Taxation (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Figures in Rand thousand	2011	2010	2009
Tax losses	10 242	2 618	1 140
	10 242	2 618	1 140

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

In 2010 R750 000 of previously unrecognised tax losses were recognised as management considered it probable that future taxable profits would be available against which they can be utilised.

29. Cash generated by operations

	Group			Company		
Figures in Rand thousand	2011	2010	2009	2011	2010	2009
Profit before taxation	234 390	149 759	104 116	25 443	33 689	16 264
Adjustments for:						
Depreciation and amortisation	66 577	21 748	13 337	–	–	–
Profit on sale of assets	(252)	(72)	(32)	–	–	–
Loss/(profit) on foreign exchange	347	(388)	740	–	–	–
Dividends received	–	–	–	(28 705)	(36 395)	(18 415)
Investment income	(9 157)	(8 213)	(10 602)	(1)	(1)	(1)
Finance costs	7 646	6 353	4 026	–	–	–
Present value and fair value adjustments	1 662	2 368	1 632	–	–	–
Impairment loss	416	–	676	–	25	–
Movements in provisions	(2 196)	227	1 969	–	–	–
Share-based payment expense	12 699	15 573	11 790	–	–	–
Profit on shares purchased	3 223	(4 073)	301	–	–	–
Changes in working capital:						
Inventories	(20 556)	(2 235)	(51)	–	–	–
Trade and other receivables	(174 946)	(51 416)	(119 865)	(44)	13	(47)
Trade and other payables	74 579	84 059	141 240	264	(18)	(107)
Deferred income	18 694	8 505	8 408	–	–	–
Business combination – working capital acquired	(63 341)	(5 843)	(21 688)	–	–	–
Business combination - adjustment to goodwill	–	1 425	(3 245)	–	–	–
	149 785	217 777	132 752	(3 043)	(2 687)	(2 306)

30. Tax (paid)/refunded

Balance at beginning of the year	(41 410)	(41 318)	(15 069)	–	–	18
Current tax for the year recognised in profit or loss	(86 709)	(52 890)	(47 948)	–	–	(18)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	(14 807)	(3 038)	(114)	–	–	–
Balance at end of the year	13 317	41 410	41 318	–	–	–
	(129 609)	(55 836)	(21 813)	–	–	–

31. Dividends paid

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Balance at beginning of the year	**61**	(30)	(36)	**61**	(30)	(36)
Dividends	**(25 232)**	(19 109)	(15 253)	**(28 705)**	(22 745)	(18 415)
Balance at end of the year	**48**	(61)	30	**35**	(61)	30
	(25 123)	(19 200)	(15 259)	**(28 609)**	(22 836)	(18 421)

32. Commitments

	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Authorised capital expenditure						
Already contracted for but not provided for						
– Property, plant and equipment	**551**	457	1 827	**–**	–	–
This committed expenditure relates to property and will be financed internally.						
Operating leases – as lessee (expense)						
Minimum lease payments due						
– within one year	**22 860**	8 480	10 213	**–**	–	–
– in second to fifth year inclusive	**20 283**	5 854	13 492	**–**	–	–
	43 143	14 334	23 705	**–**	–	–

Operating lease payments represent rentals payable by the group for certain of its office properties. No contingent rent is payable.

33. Contingencies

Instances exist where the business is involved in legal action to recover monies due and payable from its clients for services rendered. Where it is felt that there is a risk of part or no recovery, management makes appropriate doubtful debt or credit note provisions.

There are certain claims from clients which the directors are of the opinion are not substantiated and are defendable. Where the risk of an award exists these incidents have been reported to our indemnity insurers. In one instance a counter-claim has been instituted. The directors are of the opinion that the resolution of these claims will have no material impact on the business.

34. Related parties

Relationships

Direct subsidiaries

Axia Business Solutions (Pty) Ltd
CA Southern Africa (Pty) Ltd
Enterprise Logistics Solutions (Pty) Ltd (Deregistered)
Enterprise Softworks (Pty) Ltd
Enterweb (Pty) Ltd
EOH Abantu (Pty) Ltd
EOH Consulting (Pty) Ltd
EOH Consulting Services KZN (Pty) Ltd
EOH Consulting Services Western Cape (Pty) Ltd
EOH Mthombo (Pty) Ltd
Intellient (Pty) Ltd
Mthombo IT Services (Pty) Ltd
Technolease (Pty) Ltd (Deregistered)
V55 Investments (Pty) Ltd

Trusts

EOH Mthombo Trust
EOH Share Trust

Indirect Subsidiaries

Amber Moon Trading 5 (Pty) Ltd
CLS Consulting Services (Pty) Ltd
Compensation Technologies Consulting (Pty) Ltd
Compensation Technologies Holdings (Pty) Ltd
Compensation Technologies Share Based Incentives (Pty) Ltd
EOH (Pty) Ltd
EOH Consulting Services Eastern Cape (Pty) Ltd
EOH Europe (Pty) Ltd
EOH Impact Consulting Services (Pty) Ltd
ESecure Distribution (Pty) Ltd
Highveld Wealth Management (Pty) Ltd
Ivy-Moon 112 (Pty) Ltd
Lan Metrix (Pty) Ltd
Managed Print Soloutions (Pty) Ltd
Pinnacle Health Solutions (Pty) Ltd
REO Consulting (Pty) Ltd
Rosstone Consulting (Pty) Ltd
TSS Managed Services (Pty) Ltd

	Group			Company		
Figures in Rand thousand	**2011**	2010	2009	**2011**	2010	2009
Related party balances						
Loan accounts - owing (to)/by related parties						
CA Southern Africa (Proprietary) Limited	–	–	–	**13 050**	7 550	–
Enterprise Logistics Solutions (Proprietary) Limited	–	–	–	**–**	–	25
Enterprise Softworks (Proprietary) Limited	–	–	–	**16 239**	12 413	8 923
EOH Abantu (Proprietary) Limited	–	–	–	**54 339**	19 141	3 174
EOH Consulting (Proprietary) Limited	–	–	–	**12 577**	(13 718)	(18 247)
EOH Mthombo (Proprietary) Limited	–	–	–	**51 018**	(59 067)	(50 644)
E-Secure (Proprietary) Limited	–	–	–	**750**	250	–
Intellient (Proprietary) Limited	–	–	–	**15 105**	11 605	7 587
Mthombo IT Services (Proprietary) Limited	–	–	–	**5 500**	3 000	2 000
Technolease (Proprietary) Limited	–	–	–	**–**	–	(8)
The EOH Share Trust	–	–	–	**361**	361	2 307
The Mthombo Share Trust	–	–	–	**19 983**	22 948	22 948
V55 Investments (Pty) Ltd	–	–	–	**14 557**	9 201	(1 798)

34. Related parties (continued)

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Related party transactions						
Dividends paid to/(received from) related parties						
CA Southern Africa (Proprietary) Limited	–	–	–	(5 500)	(7 550)	–
Enterprise Softworks (Proprietary) Limited	–	–	–	(3 500)	(3 000)	(4 000)
EOH Abantu (Proprietary) Limited	–	–	–	(5 000)	(9 550)	(3 000)
EOH Consulting (Proprietary) Limited	–	–	–	(2 205)	(3 000)	(415)
EOH Consulting Services (Western Cape) (Proprietary) Limited	–	–	–	(500)	(750)	(1 000)
EOH Mthombo (Proprietary) Limited	–	–	–	(5 500)	(7 295)	(4 000)
E-Secure (Proprietary) Limited	–	–	–	(500)	(250)	–
Intellient (Proprietary) Limited	–	–	–	(3 500)	(4 000)	(4 000)
Mthombo IT Services (Proprietary) Limited	–	–	–	(2 500)	(1 000)	(1 907)

Key management personnel

The directors are defined as key management personnel. Details of the directors' emoluments are disclosed in note 39.

35. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an appropriate capital structure.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no significant changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year other than to fund certain acquisitions.

The Debt:Equity ratios at 2011, 2010 and 2009 respectively were as follows:

	2011	2010	2009
Debt equity ratio	0.47:1	0.26:1	0.26:1

Financial risk management

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out centrally and management identifies, evaluates and analyses financial risks where necessary in close cooperation with the group's operating units.

Interest rate risk

The group's cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate owing to changes in the market interest rate. The fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in the market interest rates. The group assumes exposure to the effects of the fluctuations in the prevailing levels if the market interest rates on both the fair value and cash flow risks fluctuate.

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interested rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group policy is to maintain most of its borrowings in variable rate instruments. During 2011, 2010 and 2009 the group's borrowings at variable interest were denominated in rands.

The group analyses its interest rate risk exposure on an ongoing basis. The group is not highly geared and does not hedge against fluctuations in interest rates.

At 31 July 2011, if the interest rate on Rand denominated borrowings had been 1% higher with all other variables held constant, post tax profit for the year would have been R2 383 (2010: R858; 2009: R599) lower, mainly as a result of higher interest expense on floating borrowings.

35. Risk management (continued)

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Figures in Rand thousand	Less than 1 year	Between 1 and 5 years
Group		
At 31 July 2011		
Other financial liabilities	**168 822**	**145 988**
Finance lease obligation	**12 447**	**3 714**
Trade and other payables	**472 933**	**–**
At 31 July 2010		
Other financial liabilities	97 419	21 314
Finance lease obligation	240	174
Trade and other payables	402 818	–
At 31 July 2009		
Borrowings	62 199	20 182
Finance lease obligation	701	71
Trade and other payables	316 939	–
Company		
At 31 July 2011		
Loans from group companies	**3 031**	**–**
Other financial liabilities	**–**	**120**
Trade and other payables	**299**	**–**
At 31 July 2010		
Loans from group companies	73 538	–
Other financial liabilities	–	119
Trade and other payables	35	–
At 31 July 2009		
Loans from group companies	70 700	–
Derivative financial instruments	–	119
Trade and other payables	53	–

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's loans and receivables, trade and other receivables and cash and cash equivalents.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are considered. Otherwise, if there is no independent rating, the credit quality is assessed of the customer, taking into account its financial position, past experience and other factors.

35. Risk management (continued)

Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. Financial assets exposed to credit risk at year-end were as follows –

	Group			Company		
Figures in Rand thousand	**2011**	2010	2009	**2011**	2010	2009
Financial instrument						
Loans and receivables	**23 436**	25 061	4 217	**–**	–	–
Trade and other receivables	**569 817**	394 871	343 455	**427**	383	396
Cash and cash equivalents	**321 507**	266 671	206 877	**242**	152	147

Currency risk

The group does operate internationally but has limited exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Euro and the British pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage foreign exchange risk arising from commercial transactions and recognised assets and liabilities, management use forward exchange contracts when considered appropriate. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group has limited investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group's foreign operations are limited.

	Group			Company		
Figures in Rand thousand	**2011**	2010	2009	**2011**	2010	2009
Foreign currency exposure at the end of the reporting period						
Current assets						
Trade and other receivables – AUD 0 (2010: 2); (2009: 2)	**–**	13	12	**–**	–	–
Trade and other receivables – BWP 1,281 (2010: 1,281); (2009: 0)	**1 231**	1 401	–	**–**	–	–
Trade and other receivables – EUR 0,09 (2010: 0,1); (2009: 194)	**1**	1	2 177	**–**	–	–
Trade and other receivables – GBP 1,905 (2010: 2,272); (2009: 1,004)	**21 003**	26 335	13 197	**–**	–	–
Trade and other receivables – USD 640 (2010: 596); (2009: 404)	**4 291**	4 437	3 211	**–**	–	–
Liabilities						
Trade and other payables – EUR 0,8 (2010: 61); (2009: 3)	**(8)**	(584)	(28)	**–**	–	–
Trade and other payables – GBP 49 (2009: 1 495); (2009: 28)	**(544)**	(17 325)	(367)	**–**	–	–
Trade and other payables – USD 2,165 (2010: 757); (2009: 1,752)	**(14 823)**	(5 644)	(13 928)	**–**	–	–
Exchange rates used for conversion of foreign items were:						
AUD	**7,40**	6,80	6,68			
BWP	**0,96**	1,09	0			
EUR	**9,66**	9,74	11,25			
GBP	**11,03**	11,59	13,14			
USD	**6,75**	7,46	7,95			

36. Subsequent events

There have been no significant events between the reporting date and the date of authorisation other than -

Business combinations

Benguela Health (Proprietary) Limited

The group acquired the entire business of Benguela Health (Proprietary) Limited ('Benguela') with effect from 1 August 2011 for an amount of R7,0 million. Benguela provides management consulting services to the health industry. EOH acquired the business to further expand its healthcare offerings to its existing and prospective clients.

In terms of the agreement, the purchase price was settled by way of cash of R4,9 million and the issue of 113 514 EOH Holdings Limited ('EOH') shares. In addition, the agreement makes provision for an additional payment to the vendors contingent on achieving certain profit warranties. The conditions in the contract are as follows -

- R1,7 million profit after tax ('PAT') is warranted for the period from 1 August 2011 to 31 July 2012, following which 113 514 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warrant is not achieved and a sharing of surplus should the profit warranted be exceeded.

Blue Platinum Consulting (Proprietary) Limited

The group acquired the entire business of Blue Platinum Consulting (Proprietary) Limited ('Blue Platinum') with effect from 1 September 2011 for an amount of R16,0 million. Blue Platinum is a management consultancy focusing on business performance improvement. EOH acquired the business to augment its consultancy practice and to craft solutions for clients.

In terms of the agreement, the purchase price was settled by way of cash of R8,0 million and the issue of 311 748 EOH Holdings Limited ('EOH') shares. In addition, the agreement makes provision for an additional payment to the vendors contingent on achieving certain profit warranties. The conditions in the contract are as follows -

- R4,0 million profit after tax ('PAT') is warranted for the period from 1 September 2011 to 31 August 2012, following which R2,7 million in cash will be paid and 103 560 EOH shares will be issued.
- R4,5 million profit after tax ('PAT') is warranted for the period from 1 September 2012 to 31 August 2013, following which R2,7 million in cash will be paid and 94 228 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warrant is not achieved and a sharing of surplus in agreed ratios should the profit warranted be exceeded.

Coros Consulting Services (Proprietary) Limited

The group acquired the entire business of Coros Consulting Services (Proprietary) Limited ('Coros') with effect from 1 September 2011 for an amount of R6,0 million. Coros provides specialist data archiving and product life cycle management solution services. EOH acquired the business to bolster its business in this space.

In terms of the agreement, the purchase price was settled by way of cash of R3,0 million and the issue of 116 399 EOH Holdings Limited ('EOH') shares. In addition, the agreement makes provision for an additional payment to the vendors contingent on achieving certain profit warranties. The conditions in the contract are as follows -

- R1,5 million profit after tax ('PAT') is warranted for the period from 1 September 2011 to 31 August 2012, following which R1,0 million in cash will be paid and 38 685 EOH shares will be issued.
- R2,5 million profit after tax ('PAT') is warranted for the period from 1 September 2012 to 31 August 2013, following which R1,0 million in cash will be paid and 35 161 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warrant is not achieved and a sharing of surplus in agreed ratios should the profit warranted be exceeded.

Systems Consulting and Training Services (Proprietary) Limited

The group acquired the entire business of Systems Consulting and Training Services (Proprietary) Limited ('SCT') with effect from 1 September 2011 for an amount of R8,6 million. SCT provides services relating to the implementation of all-in-one SAP business solutions. The business was acquired to augment EOH's existing SAP business.

36. Subsequent events (continued)

Systems Consulting and Training Services (Proprietary) Limited

In terms of the agreement, the purchase price was settled by way of cash of R6,6 million and the issue of 73 846 EOH Holdings Limited ('EOH') shares. In addition, the agreement makes provision for an additional payment to the vendors contingent on achieving certain profit warranties. The conditions in the contract are as follows –

- R2,3 million profit after tax ('PAT') is warranted for the period from 1 September 2011 to 31 August 2012, following which R1,2 million in cash will be paid and 38 685 EOH shares will be issued.
- R3,8 million profit after tax ('PAT') is warranted for the period from 1 September 2012 to 31 August 2013, following which R1,2 million in cash will be paid and 35 161 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warrant is not achieved and a sharing of surplus in agreed ratios should the profit warranted be exceeded.

LMM Occupational Health Inc.

The group acquired the entire business of LMM Occupational Health Inc. ('LMM') with effect from 1 October 2011 for an amount of R8,0 million. LMM provides occupational, health and safety services. The business was acquired to enhance EOH's existing healthcare service offerings.

In terms of the agreement, the purchase price was settled by way of cash of R3,2 million and the issue of 192 371 EOH Holdings Limited ('EOH') shares. In addition, the agreement makes provision for an additional payment to the vendors contingent on achieving certain profit warranties. The conditions in the contract are as follows –

- R2,0 million profit after tax ('PAT') is warranted for the period from 1 October 2011 to 30 September 2012, following which R1,1 million in cash will be paid and 63 923 EOH shares will be issued.
- R2,2 million profit after tax ('PAT') is warranted for the period from 1 October 2012 to 30 September 2013, following which R1,1 million in cash will be paid and 58 118 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warrant is not achieved and a sharing of surplus in agreed ratios should the profit warranted be exceeded.

Stanley Security Solutions (Proprietary) Limited

The group acquired 100% of the share capital of Stanley Security Solutions (Proprietary) Limited ('Stanley'), a company specialising in security equipment for a cash consideration of R83 million on 7 November 2011. The goodwill is attributable to Stanley's strong position and profitability trading in a niche market.

36. Subsequent events (continued)

Details of net assets acquired and goodwill are as follows –

Figures in Rand thousand	Benguela	Blue Platinum	Coros	SCT	LMM	Stanley
Direct costs relating to the acquisition - charged to the statement of comprehensive income	–	–	–	–	–	100
Total purchase consideration	7 000	16 000	6 000	8 600	8 000	83 000
Fair value of assets acquired (see below)	(3 224)	(965)	(678)	715	(1 324)	(76 678)
Goodwill	3 776	15 035	5 322	9 315	6 676	6 322

The fair value of assets and liabilities arising from the acquisition, provisionally determined, are as follows –

Figures in Rand thousand	Benguela	Blue Platinum	Coros	SCT	LMM	Stanley
Identifiable intangible assets	–	–	–	–	–	7 152
Property, plant and equipment	155	162	89	207	1 151	3 511
Other financial assets	–	–	–	324	–	50 108
Inventory	–	–	–	–	–	11 390
Trade and other receivables	1 059	2 850	1 135	4 737	576	28 071
Trade and other payables	(3 582)	(2 459)	(456)	(7 061)	(590)	(16 557)
Current tax receivable	312	(53)	30	104	(197)	536
Finance lease obligations	–	–	–	–	(457)	–
Deferred income	–	–	–	–	–	(5 874)
Deferred taxation	–	–	–	–	–	(7 880)
Cash and cash equivalents	5 280	465	(120)	974	841	6 221
Net assets acquired	3 224	965	678	(715)	1 324	76 678

Dividend declaration

On 9 September 2011 the board of directors approved and resolved to declare a maiden dividend for the group of 48 cents per share for the year. A dividend of R45 786 747 and STC of R4 578 675 was paid.

37. Earnings per share

Figures in Rand thousand	Group 2011	Group 2010	Group 2009	Company 2011	Company 2010	Company 2009
Profit for the period	**148 404**	97 779	67 588	**33 693**	33 693	16 233
Non-controlling interest	**(1 131)**	(268)	1 303	**–**	–	–
Profit for the purpose of basic earnings per share and diluted earnings per share	**147 273**	97 511	68 891	**33 693**	33 693	16 233
Earnings per share (cents)	**196,4**	146,2	106,8	**44,9**	50,5	25,2
Diluted earnings per share (cents)	**172,6**	132,7	92,8	**39,5**	45,8	21,9
Headline earnings per share						
Earnings for the purpose of basic earnings per share	**147 273**	97 511	68 891	**33 693**	33 693	16 233
Profit on disposal of asset	**(254)**	(81)	(32)	**–**	–	–
Net impairment of assets	**–**	–	424	**–**	25	–
Impairment of investment	**–**	–	352	**–**	–	–
	147 019	97 430	69 635	**33 693**	33 718	16 233
Headline earnings per share (cents)	**196,1**	146,1	108,0	**44,9**	50,6	25,2
Diluted headline earnings per share (cents)	**172,3**	132,6	93,8	**39,5**	45,9	21,9
Weighted average number of ordinary shares						
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share	**74 985**	66 686	64 477	**74 985**	66 686	64 477
Shares deemed to be issued in respect of share-based payments	**10 357**	6 800	9 744	**10 357**	6 800	9 744
Weighted average number of ordinary shares for the purposes of diluted basic and headline earnings per share	**85 342**	73 486	74 221	**85 342**	73 486	74 221

38. Acquisition of businesses

Elixir Group (Proprietary) Limited

During the year under review, the group acquired the business of Elixir Group (Proprietary) Limited hereinafter referred to as 'Elixir' with effect from 1 October 2010 for an amount of R39,3 million.

Goodwill is associated with the anticipated increase in the revenue and profitability generated by the Elixir business unit resulting from EOH introducing the additional services offered by Elixir to existing EOH clients.

Elixir is in the business of providing occupational health, wellness and healthcare-related consulting and intermediary services. Elixir was acquired to increase EOH's BPO services in the healthcare arena. The goodwill acquired is not deductible for tax purposes. The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price will be settled by way of cash of R11,9 million and the issue of 2 080 995 EOH Holdings Limited ('EOH') shares.

The agreement makes provision for an additional payment to the vendors that is contingent on the achievement of certain profit after tax warranties. The conditions set out in the contract are as follows –

- R10,0 million profit after tax ('PAT') is warranted for the period from 1 October 2010 to 30 September 2011, following which R3,9 million in cash will be paid and 698 504 EOH shares will be issued.
- R13,0 million PAT is warranted for the period from 1 October 2011 to 30 September 2012, following which R3,0 million in cash will be paid and 668 400 EOH shares will be issued.

In determining the purchase consideration paid, we considered the profit history of business as well as its growth prospects in the EOH stable. The purchase price payable amounts to R45,0 million (undiscounted) and is subject to the profit warranties noted above.

The fair value of the contingent arrangement was estimated by applying the income approach.

The fair value of the shares issued was determined based on the weighted average price of the share in the 30-day period leading up to the assumption of control of the business.

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

As part of the due diligence undertaken prior to the acquisition of the business, a thorough review of the receivables acquired was undertaken. As such, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R50,1 million and profit before taxation of R7,3 million was generated over the same period.

No contingent liabilities were acquired as part of this transaction.

Belay Solutions (Proprietary) Limited

During the year under review, the group acquired the businesses of Belay Solutions (Proprietary) Limited hereinafter referred to as 'Belay' with effect from 3 February 2011 for an amount of R57,0 million.

Belay is a Microsoft development house acquired by EOH to increase its service delivery capacity in the Microsoft development and systems integration space. Belay also provides Kofax and document management applications and services.

Goodwill is associated with the anticipated increase in the Belay business unit's revenue and profitability resulting from EOH introducing the additional services offered by Belay to existing EOH clients and the fact that EOH's Microsoft capability has been significantly enhanced. The goodwill acquired is not deductible for tax purposes. The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price will be settled by way of cash of R25,9 million and the issue of R30,0 million worth of EOH Holdings Limited ('EOH') shares.

In accordance with the agreement, the payment to the vendors is contingent on the achievement of certain profit after tax warranties and additional payments will be made if these profit warranties are achieved. The conditions set out in the contract are as follows –

- R10,8 million profit after tax ('PAT') is warranted for the period from 1 November 2010 to 31 October 2011, following which R7,0 million in cash will be paid and R10,0 million worth of EOH shares issued.
- R11,4 million PAT is warranted for the period from 1 November 2011 to 31 October 2012, following which R6,0 million in cash will be paid and R10,0 million worth of EOH shares issued.

In determining the purchase consideration paid, we considered the profit history of business as well as its growth prospects in the EOH stable. The purchase price payable amounts to R55,9 million (undiscounted) and is subject to the profit warranties noted above.

The fair value of the contingent arrangement was estimated by applying the income approach.

38. Acquisition of businesses (continued)

Belay Solutions (Proprietary) Limited (continued)

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

As part of the due diligence undertaken prior to the acquisition of the business, a thorough review of the receivables acquired was undertaken. As such, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R94,4 million and profit before taxation of R12,3 million was generated over the same period.

No contingent liabilities were acquired as part of this transaction.

Pinnacle Health Solutions (Proprietary) Limited

During the year under review, the group acquired 85% of the equity of Pinnacle Health Solutions (Proprietary) Limited hereinafter referred to as 'Pinnacle' with effect from 1 October 2010 for an amount of R24,3 million with the option to purchase the remaining 15% at a later stage.

The Pinnacle business is essentially a medical aid brokerage offering with call centre related activities. The company was acquired to enhance EOH's BPO offering to its clients in the healthcare sector.

The goodwill acquired is not deductible for tax purposes. Goodwill is associated with the anticipated increase in Pinnacle's revenue and profitability resulting from EOH introducing the additional services offered by Pinnacle to existing EOH clients. The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price was settled by way of cash of R11,5 million and the issue of 979 690 EOH Holdings Limited ('EOH') shares.

In addition, the agreement makes provision for an additional payment to the vendors contingent on the achievement of certain profit after tax warranties. The conditions set out in the contract are as follows –

- R7,0 million PAT is warranted for the period from 1 October 2010 to 30 September 2011, following which R5,3 million in cash will be paid and 229 790 EOH shares will be issued.
- R8,0 million PAT is warranted for the period from 1 October 2011 to 30 September 2012, following which R3,0 million in cash will be paid and 336 365 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warranted is not achieved and a sharing of the surplus should the profit warranted be exceeded.

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

The fair value of the shares to be issued was determined based on the weighted average price of the share in the 30-day period leading up to the assumption of control of the company.

As part of the due diligence undertaken prior to the acquisition of the company, a thorough review of the receivables acquired was undertaken. As such, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the company was R63,8 million and profit before taxation of R10,5 million was generated over the same period.

No contingent liabilities were acquired as part of the transaction.

Compensation Technologies Holdings (Proprietary) Limited

During the year under review, the group acquired 100% of the equity of Compensation Technologies Holdings (Proprietary) Limited hereinafter referred to as 'Compensation Technologies' with effect from 1 August 2010 for an amount of R24,3 million.

Compensation Technologies is involved primarily in consulting on human resources matters, focusing on remuneration and share incentive schemes. The group was acquired to enhance EOH's human resources offerings.

Goodwill is associated with the anticipated increase in Compensation Technologies' revenue and profitability resulting from EOH introducing the additional services offered by Compensation Technologies to existing EOH clients. The goodwill acquired is not deductible for tax purposes. The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price was settled by way of cash of R16,5 million and the issue of 653 410 EOH Holdings Limited ('EOH') shares.

38. Acquisition of businesses (continued)

Compensation Technologies Holdings (Proprietary) Limited (continued)

In addition, the agreement makes provision for an additional payment to the vendors contingent on the achievement of certain profit after tax warranties. The conditions set out in the contract are as follows –

- R2,9 million PAT is warranted for the period from 1 March 2010 to 28 February 2011, following which R3,75 million in cash will be paid and 340 910 EOH shares will be issued.
- R6,0 million PAT is warranted for the period from 1 March 2011 to 28 February 2012, following which R3,75 million in cash will be paid and 312 500 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warranted is not achieved and a sharing of the surplus should the profit warranted be exceeded.

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

The fair value of the shares issued was determined based on the weighted average price of the share in the 30-day period leading up to the assumption of control of the company.

As part of the due diligence undertaken prior to the acquisition of the company, a thorough review of the receivables acquired was undertaken. As such, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the company was R38,8 million and profit before taxation of R8,4 million was generated over the same period.

No contingent liabilities were acquired as part of the transaction.

Ensync Network Solutions (Proprietary) Limited

During the year under review, the group acquired the business of Ensync Network Solutions (Proprietary) Limited hereinafter referred to as 'Ensync' with effect from 1 November 2010 for an amount of R19,8 million.

Ensync provides managed network services, internet related services and corporate wholesale internet bandwidth services. EOH acquired Ensync to strengthen its cloud service offerings.

Goodwill is associated with the anticipated increase in Ensync's revenue and profitability resulting from EOH introducing the additional services offered by Ensync to existing EOH clients and by using Ensync's network infrastructure to service EOH's managed services clients. The goodwill acquired is not deductible for tax purposes. The results of operations have been accounted for from the effective date of the business combination.

In terms of the agreement, the purchase price will be settled by way of cash of R11,6 million and the issue of 651 079 EOH Holdings Limited ('EOH') shares.

In addition, the agreement makes provision for an additional payment to the vendors contingent on the achievement of certain profit after tax warranties. The conditions set out in the contract are as follows –

- R8,0 million PAT is warranted for the period from 1 August 2011 to 31 July 2012, following which R1,2 million in cash will be paid and 66 667 EOH shares will be issued.
- R16,0 million PAT is warranted for the period from 1 August 2012 to 31 July 2013, following which R2,4 million in cash will be paid and 114 286 EOH shares will be issued.
- R20,0 million PAT is warranted for the period from 1 August 2013 to 31 July 2014, following which R3,0 million in cash will be paid and 127 660 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warranted is not achieved and a partial sharing of the surplus should the profit warranted be exceeded.

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

The fair value of the shares issued was determined based on the weighted average price of the share in the 30-day period leading up to the assumption of control of the business.

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

As part of the due diligence undertaken prior to the acquisition of the business, a thorough review of the receivables acquired was undertaken. As such, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

38. Acquisition of businesses (continued)

Ensync Network Solutions (Proprietary) Limited

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R59,4 million and loss before taxation of R2,0 million was generated over the same period.

No contingent liabilities were acquired as part of this transaction.

Amber Moon Trading 5 (Proprietary) Limited

During the year under review, the group acquired 100% of the equity of Amber Moon Trading 5 (Proprietary) Limited hereinafter referred to as 'Amber Moon' with effect from 1 March 2011 for an amount of R6,0 million.

Amber Moon owns property and was acquired to consolidate EOH's infrastructure business in the Western Cape. Goodwill is associated with the efficiency expected to be generated as a result of the consolidation. The goodwill acquired is not deductible for tax purposes. The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price was settled by the issue of 576 922 EOH Holdings Limited ('EOH') shares.

The fair value of the shares issued was determined based on the weighted average price of share in the 30-day period leading up to the assumption of control of the company.

No contingent liabilities were acquired as part of the transaction.

Event Information Technology CC

During the year under review, the group acquired the business of Event Information Technology CC hereinafter referred to as 'Event IT' with effect from 1 December 2010 for an amount of R1,5 million.

Event IT is a small niche business in Cape Town providing managed services. EOH acquired the business to augment its managed services business in the region.

The goodwill acquired is not deductible for tax purposes. Goodwill is associated with the anticipated increase in revenue and profitability generated by the Event IT business unit resulting from the increase in EOH's delivery capacity. The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price will be settled by way of cash of R1,4 million and the issue of 4 000 EOH Holdings Limited ('EOH') shares.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R1,5 million and profit before taxation of R200 000 was generated over the same period.

No contingent liabilities were acquired as part of this transaction.

Absolit (Proprietary) Limited t/a webIntellect

During the year under review, the group acquired the business of Absolit (Proprietary) Limited t/a webIntellect hereinafter referred to as 'webIntellect' with effect from 1 June 2011 for an amount of R4 million.

webIntellect was acquired primarily for an operating system, developed by webIntellect, that can be used in EOH's managed services call centre. The goodwill acquired is not deductible for tax purposes. Goodwill is associated with the anticipated increase in the revenue and profitability generated by the webIntellect business unit resulting from EOH introducing the additional services offered by webIntellect to existing EOH clients.

The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price is to be settled by way of cash of R2,5 million and the issue of 81 081 EOH Holdings Limited (''EOH'') shares.

The agreement entered into makes no provision for the payment of any additional consideration.

No contingent liabilities were acquired as part of the transaction.

CLS Consulting Services (Proprietary) Limited

During the year under review, the group acquired 100% of the equity of CLS Consulting Services (Proprietary) Limited hereinafter referred to as 'CLS' with effect from 1 March 2011 for an amount of R39,4 million.

CLS provides corporate legal services to their clients. The company was acquired to enhance EOH's BPO offering to its clients.

Goodwill is associated with the anticipated increase in CLS's revenue and profitability resulting from EOH introducing the additional services offered by CLS to existing EOH clients. The goodwill acquired is not deductible for tax purposes. The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price was settled by way of cash of R27,7 million and the issue of 682 870 EOH Holdings Limited ('EOH') shares.

In addition, the agreement makes provision for an additional payment to the vendors contingent on the achievement of certain profit after tax warranties. The conditions set out in the contract are as follows –

- R3,0 million PAT is warranted for the period from 1 March 2011 to 31 July 2011, following which R6,65 million in cash will be paid and 357 527 EOH shares will be issued.
- R8,5 million PAT is warranted for the period from 1 August 2011 to 31 July 2012, following which R6,65 million in cash will be paid and 325 343 EOH shares will be issued.

38. Acquisition of businesses (continued)

CLS Consulting Services (Proprietary) Limited (continued)

The warranties allow for a defined adjusted value in the event that the full profit warranted is not achieved and a sharing of the surplus should the profit warranted be exceeded.

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

The fair value of the shares issued was determined based on the weighted average price of the share in the 30-day period leading up to the assumption of control of the company.

As part of the due diligence undertaken prior to the acquisition of the company, a thorough review of the receivables acquired was undertaken. As such, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the company was R40,7 million and profit before taxation of R15,0 million was generated over the same period.

No contingent liabilities were acquired as part of the transaction.

TSS Managed Services (Proprietary) Limited

During the year under review, the group acquired 100% of the equity of TSS Managed Services (Proprietary) Limited hereinafter referred to as 'TSSMS' with effect from 14 June 2011 for an amount of R39,4 million.

TSSMS is an infrastructure managed service business. EOH acquired TSSMS to consolidate its position in the public sector in the area of infrastructure managed services.

Goodwill is associated with the anticipated increase in TSSMS's revenue and profitability resulting from EOH introducing the additional services offered by TSSMS to existing EOH clients. The goodwill acquired is not deductible for tax purposes. The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price was settled by way of cash of R41,9 million and the issue of 5 240 238 EOH Holdings Limited ('EOH') shares.

In addition, the agreement makes provision for an additional payment to the vendors contingent on the achievement of certain profit after tax warranties. The conditions set out in the contract are as follows –

- R35,0 million PAT is warranted for the period from 1 March 2011 to 28 February 2012, following which R13,98 million in cash will be paid and 1 746 746 EOH shares will be issued.
- R36,0 million PAT is warranted for the period from 1 March 2012 to 28 February 2013, following which R13,98 million in cash will be paid and 1 746 746 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warranted is not achieved and a sharing of the surplus should the profit warranted be exceeded.

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

The fair value of the shares issued was determined based on the weighted average price of the share in the 30-day period leading up to the assumption of control of the company.

As part of the due diligence undertaken prior to the acquisition of the company, a thorough review of the receivables acquired was undertaken. As such, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the company was R111,8 million and profit before taxation of R21,1 million was generated over the same period.

No contingent liabilities were acquired as part of the transaction.

Satreno Consulting (Proprietary) Limited

During the year under review, the group acquired the business of Satreno Consulting (Proprietary) Limited hereinafter referred to as 'Satreno' with effect from 1 May 2011 for an amount of R7,2 million. Satreno is a SAP management consulting and solutions business with expertise in strategy management, change management and people development. The business was acquired to strengthen the delivery capacity of the existing EOH SAP practice. Goodwill is associated with the anticipated increase in the revenue and profitability generated by the Satreno business unit resulting from the increase in EOH's delivery capacity. The goodwill acquired is not deductible for tax purposes.

The results of the operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price will be settled by way of cash of R1,8 million and the issue of 296 611 EOH Holdings Limited ('EOH') shares.

In addition, the agreement makes provision for an additional payment to the vendors contingent on the achievement of certain profit after tax warranties. The condition set out in the contract is as follows –

- R1,5 million PAT is warranted for the period from 1 May 2011 to 30 April 2012, following which 155 368 EOH shares will be issued.

38. Acquisition of businesses (continued)

Satreno Consulting (Proprietary) Limited (continued)

The warranty allows for a defined adjusted value in the event that the full profit warranted is not achieved and a sharing of the surplus should the profit warranted be exceeded.

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

As part of the due diligence undertaken prior to the acquisition of the business, a thorough review of the receivables acquired was undertaken. As such, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R7,2 million and profit before taxation of R800 000 was generated over the same period.

No contingent liabilities were acquired as part of this transaction.

Placemark Recruitment CC

During the year under review, the group acquired the business of Placemark Recruitment CC hereinafter referred to as 'Placemark' with effect from 1 May 2011 for an amount of R3,6 million. Placemark is a small recruitment company acquired to strengthen EOH's Pretoria-based recruitment services division. Goodwill is associated with the anticipated increase in the revenue and profitably generated by the business unit resulting from the increase in EOH's delivery capacity. The goodwill acquired is not deductible for tax purposes. The results of the operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price will be settled by way of cash of R2,7 million and the issue of 53 032 EOH Holdings Limited ('EOH') shares.

In addition, the agreement makes provision for the payment to the vendors of additional consideration that is contingent on the achievement of certain profit after tax warranties. The conditions set out in the contract are as follows –

- R1,2 million PAT is warranted for the period from 1 May 2011 to 30 April 2012, following which R570 000 in cash will be paid and 27 777 EOH shares will be issued.
- R2,4 million PAT is warranted for the period from 1 May 2012 to 30 April 2013, following which R570 000 in cash will be paid and 25 255 EOH shares will be issued.

The warranties allow for a defined adjusted value in the event that the full profit warranted is not achieved and a sharing of the surplus should the profit warranted be exceeded.

As of 31 July 2011, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

As part of the due diligence undertaken prior to the acquisition of the business, a thorough review of the receivables acquired was undertaken. As such, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R1,5 million and profit before taxation of R93 000 was generated over the same period.

No contingent liabilities were acquired as part of this transaction.

IT Express CC

During the year under review, the group acquired the contracts and resources of IT Express CC hereinafter referred to as 'IT Express' with effect from 1 January 2011 for an amount of R250 000.

IT Express is a small systems integration business that was acquired to augment the delivery capacity of Think IT. The goodwill acquired is not deductible for tax purposes. Goodwill is associated with the anticipated increase in the revenue and profitability generated by the business unit resulting from the increase in EOH's delivery capacity.

The results of operations have been accounted for from the effective date of the business combination. In terms of the agreement, the purchase price is to be settled by way of cash of R250 000.

The agreement entered into makes no provision for the payment of any additional consideration.

No contingent liabilities were acquired as part of the transaction.

38. Acquisition of businesses (continued)

2011

Figures in Rand thousand	Elixir	Belay	Pinnacle	Compen-sation Technologies	Ensync	Amber Moon
Consideration						
Cash paid	(5 003)	(12 900)	(3 211)	(12 750)	–	–
Shares issued	(9 997)	(12 218)	(5 790)	(4 250)	(5 000)	(6 000)
Cash to be paid	(6 294)	(11 598)	(7 742)	(3 750)	(10 155)	–
Shares to be issued	(17 765)	(20 000)	(7 358)	(3 466)	(4 329)	–
	(39 059)	(56 716)	(24 101)	(24 216)	(19 484)	(6 000)
Fair value of assets and liabilities acquired						
Property, plant and equipment	865	954	1 324	95	7 078	3 160
Identifiable intangible assets	5 928	2 529	14 424	5 142	3 956	–
Other financial assets	–	–	–	–	–	–
Deferred taxation	234	137	172	97	240	–
Inventories	–	–	70	1 319	280	–
Trade and other receivables	9 819	30 371	4 854	10 670	6 358	68
Cash and cash equivalents	1 941	5 113	2 778	4 000	442	407
Other financial liabilities	(485)	–	1 245	–	60	(3 156)
Finance lease obligation	–	–	–	–	(183)	–
Trade and other payables	(8 546)	(13 534)	(7 474)	(2 385)	(14 438)	(12)
Deferred revenue	–	–	–	–	–	–
Tax assets/(liabilities)	1 098	(1 241)	980	(2 100)	(236)	–
Non-controlling interest	–	–	(259)	–	–	–
Goodwill acquired	28 205	32 387	5 987	7 378	15 927	5 533
	39 059	56 716	24 101	24 216	19 484	6 000
Net cash outflow on acquisition						
Cash consideration paid	(5 003)	(12 900)	(3 211)	(12 750)	–	–
Cash acquired	1 941	5 113	2 778	4 000	442	407
	(3 062)	(7 787)	(433)	(8 750)	442	407
Acquisition-related costs (Included in operating expenses in the statement of comprehensive income for the year)	–	100	–	–	–	

The acquisition of the above subsidiaries and businesses are based on provisional fair values as the group has not yet determined the fair values of the identifiable assets, liabilities and/or contingent liabilities. The fair values will be accurately determined within 12 months of the acquisition date.

If the acquisitions had occurred on 1 August 2010, management estimates that consolidated revenue would have been R2,704 million and consolidated profit before taxation for the year would have been R268 million.

Event IT	webIntellect	CLS	TSSMS	Satreno	Placemark	IT Express	2011	2010	2009
(1 400)	(2 500)	(13 400)	(13 980)	(1 500)	–	–	**(66 644)**	(31 233)	(19 168)
(62)	–	–	(88 560)	(2 500)	–	–	**(134 377)**	(15 200)	(10 114)
–	–	(14 300)	(25 978)	(250)	(2 566)	(250)	**(82 883)**	(82 742)	(45 072)
–	(1 517)	(11 683)	–	(2 918)	(996)	–	**(70 032)**	(29 908)	(19 220)
(1 462)	(4 017)	(39 383)	(128 518)	(7 168)	(3 562)	(250)	**(353 936)**	(159 083)	(93 574)
23	510	9	8 526	694	60	–	**23 298**	3 496	3 396
187	2 500	7 828	49 931	2 001	403	89	**94 918**	12 770	–
–	–	–	–	–	–	–	**–**	3 621	–
–	–	688	7 026	–	–	–	**8 594**	1 102	–
–	–	12	9 676	856	–	–	**12 213**	3 193	113
–	–	2 634	74 573	2 875	–	–	**142 222**	42 711	20 870
–	–	8 183	25 811	282	–	–	**48 957**	32 151	33 225
–	–	(101)	(18 201)	–	–	–	**(20 638)**	–	(1 298)
–	–	–	(17 703)	–	–	–	**(17 886)**	(417)	–
–	–	(3 642)	(42 277)	(1 663)	–	–	**(93 971)**	(51 747)	(40 703)
–	–	–	–	–	–	–	**–**	–	(1 326)
–	–	(712)	(13 234)	637	–	–	**(14 807)**	(3 038)	(114)
–	–	–	–	–	–	–	**(259)**	–	–
1 252	1 007	24 483	44 390	1 486	3 099	161	**171 295**	115 241	79 411
1 462	4 017	39 382	128 518	7 168	3 562	250	**353 936**	159 083	93 574
(1 400)	(2 500)	(13 400)	(13 980)	(1 500)	–	–	**(66 644)**	(31 233)	(19 168)
–	–	8 183	25 811	282	–	–	**48 957**	32 151	33 225
(1 400)	(2 500)	(5 217)	11 831	(1 218)	–	–	**(17 687)**	918	14 057
–	–	–	100	–	–	–	200	100	100

39. Directors' emoluments

Figures in Rand thousand	Remuneration	Bonuses	Fees for other services	Directors' fees	Gain on exercise of options	Total
Executive						
2011						
A Bohbot	1 829	1 291	–	–	13 815	16 935
P Bam	1 207	404	–	–	–	1 611
L Khumalo	–	–	–	–	–	–
JW King	1 459	887	–	–	4 064	6 410
DD Ramoo	1 273	255	–	–	1 013	2 541
JS Thomson	1 447	563	–	–	–	2 010
	7 215	3 400	–	–	18 892	29 507
2010						
A Bohbot	1 727	4 750	–	–	–	6 477
P Bam	1 151	246	–	–	–	1 397
L Khumalo (resigned 30 April 2010)	295	2 000	–	–	–	2 295
JW King	1 371	850	–	–	–	2 221
DD Ramoo	1 193	300	–	–	1 021	2 514
JS Thomson	1 365	737	–	–	1 514	3 616
	7 102	8 883	–	–	2 535	18 520
2009						
A Bohbot	1 646	3 935	–	–	–	5 581
P Bam	190	–	–	–	–	190
K Cullinan	301	–	–	–	–	301
L Khumalo	1 647	401	–	–	–	2 048
JW King	1 302	536	–	–	–	1 838
DD Ramoo	1 141	135	–	–	1 135	2 411
JS Thomson	1 300	986	–	–	–	2 286
	7 527	5 993	–	–	1 135	14 655
Non-executive						
2011						
Dr NM Phosa	–	–	833	873	5 447	7 153
L Khumalo	–	–	1 500	103	–	1 603
T Marwala	–	–	–	103	–	103
T Skwambane	–	–	–	103	–	103
RMM Sporen	–	–	–	103	–	103
	–	–	2 333	1 285	5 447	9 065
2010						
Dr NM Phosa	–	–	–	817	2 725	3 542
L Khumalo (appointed 1 May 2010)	–	–	–	18	–	18
T Marwala	–	–	–	97	–	97
T Skwambane	–	–	–	189	–	189
RMM Sporen	–	–	–	97	–	97
	–	–	–	1 218	2 725	3 943
2009						
Dr NM Phosa	–	–	–	775	1 384	2 159
T Marwala	–	–	–	92	–	92
RMM Sporen	–	–	–	152	–	152
	–	–	–	1 019	1 384	2 403

Non-executive directors sign a service contract for a fixed term at a fixed annual salary which is reviewed and approved annually by the remuneration committee.

All executive directors have service contracts and their remuneration are reviewed by the remuneration committee on an annual basis.

The directors resign every three years by rotation and are re-elected by shareholders at the annual general meeting to facilitate board continuity.

40. Segment reporting

The group has three reportable segments, as described below, which are consistent with the group's strategic business units. The group's CEO reviews internal management reports for each of the strategic business units on a monthly basis.

The following summary describes the operations in each of the group's reportable segments –

- Infrastructure – the sale of infrastructure products.
- Software – includes new software sales and maintenance revenue.
- Services – the provision of services including consulting, systems implementation and integration and managed services.

Information about reportable segments

Figures in Rand thousand	Infrastructure	Software	Services	Total
2011				
Segment revenue from external customers	492 848	479 172	1 456 953	2 428 973
Inter-segment revenue	3 192	22 263	103 901	129 356
Segment profit before taxation	21 464	57 753	155 173	234 390
Included in profit before taxation:				
– Investment income	1 021	343	7 029	8 393
– Finance costs	(346)	(1 337)	(5 030)	(6 713)
– Depreciation and amortisation	(3 197)	(9 305)	(54 075)	(66 577)
– Income from equity accounted investments	–	–	–	–
Other material non-cash items:				
– Net impairment of assets	–	–	(132)	(132)
– Impairment of investment	–	–	–	–
Taxation expense	(9 836)	(20 286)	(55 741)	(85 863)
Reportable segment assets	178 301	214 233	976 511	1 369 045
Investment in associate companies	–	–	–	–
Capital expenditure	3 301	10 125	27 914	41 340
Reportable segment liabilities	(120 724)	(78 496)	(665 800)	(865 020)
2010				
Segment revenue from external customers	408 864	397 861	885 696	1 692 421
Inter-segment revenue	646	10 824	45 238	56 708
Segment profit before taxation	21 357	38 873	91 681	151 911
Included in profit before taxation:				
– Investment income	1 197	492	6 442	8 131
– Finance costs	(580)	(928)	(4 742)	(6 250)
– Depreciation and amortisation	(1 601)	(3 859)	(14 698)	(20 158)
– Income from equity accounted investments	–	–	–	–
Other material non-cash items:				
– Net impairment of assets	–	–	–	–
– Impairment of investment	–	–	–	–
Taxation expense	(10 267)	(16 875)	(24 582)	(51 724)
Reportable segment assets	142 446	189 758	721 112	1 053 316
Investment in associate companies	–	–	–	–
Capital expenditure	1 903	6 575	22 066	30 544
Reportable segment liabilities	(120 762)	(106 420)	(409 661)	(636 843)
2009				
Segment revenue from external customers	229 083	380 932	625 553	1 235 568
Inter-segment revenue	6 821	15 153	16 392	38 366
Segment profit before taxation	4 865	83 981	17 604	106 450
Included in profit before taxation:				
– Investment income	286	1 121	9 039	10 446
– Finance costs	(289)	(382)	(3 355)	(4 026)
– Depreciation and amortisation	(1 486)	(3 162)	(7 095)	(11 743)
– Income from equity accounted investments	–	–	–	–
Other material non-cash items:				
– Net impairment of assets	(241)	(21)	(162)	(424)
– Impairment of investment	16	(42)	(327)	(353)
Taxation expense	(2 144)	(23 721)	(10 692)	(36 557)
Reportable segment assets	113 001	211 536	449 874	774 411
Investment in associate companies	–	–	–	–
Capital expenditure	792	5 951	11 871	18 614
Reportable segment liabilities	(86 930)	(151 759)	(263 747)	(502 436)

40. Segment reporting (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

Figures in Rand thousand	Reportable segment totals	Unallocated amounts	Consolidated totals
2011			
Revenue	**2 428 973**	**–**	**2 428 973**
Profit before taxation	**234 390**	**–**	**234 390**
Investment income	**8 393**	**764**	**9 157**
Finance cost	**(6 713)**	**(933)**	**(7 646)**
Depreciation and amortisation	**(66 577)**	**–**	**(66 577)**
Income from equity accounted investments	**–**	**–**	**–**
Net impairment of assets	**(132)**	**–**	**(132)**
Impairment of investment	**–**	**–**	**–**
Taxation expense	**(85 863)**	**(123)**	**(85 986)**
Reportable segment assets	**1 369 045**	**269 001**	**1 638 046**
Investment in associate companies	**–**	**–**	**–**
Capital expenditure	**41 340**	**2**	**41 342**
Reportable segment liabilities	**(865 020)**	**(61 969)**	**(926 989)**
2010			
Revenue	1 692 421	–	1 692 421
Profit before taxation	151 911	(2 152)	149 759
Investment income	8 131	82	8 213
Finance cost	(6 250)	(103)	(6 353)
Depreciation and amortisation	(20 158)	–	(20 158)
Income from equity accounted investments	–	–	–
Net impairment of assets	–	–	–
Impairment of investment	–	–	–
Taxation expense	(51 724)	(256)	(51 980)
Reportable segment assets	1 053 316	51 816	1 105 132
Investment in associate companies	–	–	–
Capital expenditure	30 544	–	30 544
Reportable segment liabilities	(636 843)	(4 356)	(641 199)
2009			
Revenue	1 235 568	–	1 235 568
Profit before taxation	106 450	(2 334)	104 116
Investment income	10 446	156	10 602
Finance cost	(4 026)	–	(4 026)
Depreciation and amortisation	(11 743)	–	(11 743)
Income from equity accounted investments	–	–	–
Net impairment of assets	(424)	–	(424)
Impairment of investment	(353)	–	(353)
Taxation expense	(36 557)	29	(36 528)
Reportable segment assets	774 411	54 353	828 764
Investment in associate companies	–	–	–
Capital expenditure	18 614	–	18 614
Reportable segment liabilities	(502 436)	(7 558)	(509 994)

41. Restatement of comparative figures

Revision of the application of IFRS 3 – Business Combinations and IAS 32 and IAS 39 relating to Financial Instruments, had a restating effect on comparative figures for the 2009 and 2010 financial years.

The following table summarises the adjustments made to the statement of financial position.

Figures in Rand thousand	Balance as reported 31 July 2009	Effect of restatement on 31 July 2009	Restated balance at 31 July 2009
Intangible assets	215 936	(16 708)	199 228
Other financial assets	4 833	(616)	4 217
Shares to be issued to vendors	–	(19 220)	(19 220)
Reserves	(2 863)	(83)	(2 946)
Accumulated profit/loss	(244 966)	8 285	(236 681)
Other financial liabilities	(110 720)	28 339	(82 381)

Figures in Rand thousand	Balance as reported 31 July 2010	Effect of restatement on 31 July 2010	Restated balance at 31 July 2010
Intangible assets	350 368	(26 226)	324 142
Other financial assets	28 771	(3 710)	25 061
Shares to be issued to vendors	–	(33 138)	(33 138)
Reserves	(26 447)	300	(26 147)
Accumulated profit/loss	(330 253)	15 170	(315 083)
Other financial liabilities	(166 334)	47 601	(118 733)

The effect on the statement of comprehensive income was as follows:

Figures in Rand thousand	2010	2009
Decrease in revenue	(40 940)	(19 499)
Decrease in cost of sales	26 142	–
Decrease in operating expenses	8 593	8 360
Increase in finance costs	(3 204)	(1 238)
Decrease in tax expense	2 524	3 433
Effect on profit or loss	(6 885)	(8 944)
Reversal of effects on cash flow hedges	(384)	740
Effect on other comprehensive income or loss	(384)	740

Annexure A – subsidiary companies

for the year ended 31 July 2011

Name of company	Country of incorpo-ration	Issued share capital			Effective shareholding			Cost of shares			Book value of company interest and indebtedness		
		2011	2010	2009	**2011 %**	2010 %	2009 %	**2011**	2010	2009	**2011**	2010	2009
Direct subsidiaries													
Axia Business Solutions (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**–**	–	–	**–**	–	–
C A Southern Africa (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**–**	–	–	**13 050**	7 550	–
Enterprise Logistics Solutions (Pty) Ltd (Deregistered)	SA	**–**	–	0,1	**–**	–	100	**–**	–	–	**–**	–	25
Enterprise Softworks (Pty) Ltd	SA	**9,0**	9,0	9,0	**100**	100	100	**–**	–	–	**16 239**	12 413	8 923
Enterweb (Pty) Ltd	SA	**1,0**	1,0	1,0	**100**	100	100	**–**	–	–	**–**	–	–
EOH Abantu (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**–**	–	–	**54 339**	19 141	3 174
EOH Consulting (Pty) Ltd	SA	**0,1**	1,0	1,0	**100**	100	100	**43 846**	43 846	43 846	**12 577**	(13 718)	(18 247)
EOH Consulting Services KZN (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**–**	–	–	**–**	–	–
EOH Consulting Services Western Cape (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**3 270**	3 270	3 270	**–**	–	–
EOH Mthombo (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**2 302**	1 795	1 795	**51 018**	(59 067)	(50 644)
Intellient (Pty) Ltd	SA	**1,0**	1,0	1,0	**100**	100	100	**7 140**	7 140	7 140	**15 105**	11 605	7 587
Mthombo IT Services (Pty) Ltd	SA	**0,5**	0,5	0,5	**100**	100	100	**39 642**	39 642	39 642	**5 500**	3 000	2 000
Technolease (Pty) Ltd (Deregistered)	SA	**–**	–	0,8	**–**	–	100	**–**	–	8	**–**	–	(8)
V55 Investments (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**–**	–	–	**14 557**	9 201	(1 798)
Indirect subsidiaries		**–**	–	–	**–**	–	–	**–**	–	–	**–**	–	–
Amber Moon Trading 5 (Pty) Ltd	SA	**0,1**	–	–	**100**	–	–	**–**	–	–	**–**	–	–
C L S Consulting Services (Pty) Ltd	SA	**0,1**	–	–	**100**	–	–	**–**	–	–	**–**	–	–
Compensation Technologies Consulting (Pty) Ltd	SA	**0,1**	–	–	**100**	–	–	**–**	–	–	**–**	–	–
Compensation Technologies Holdings (Pty) Ltd	SA	**0,1**	–	–	**100**	–	–	**–**	–	–	**–**	–	–
Compensation Technologies Share-Based Incentives (Pty) Ltd	SA	**0,1**	–	–	**100**	–	–	**–**	–	–	**–**	–	–
EOH (Pty) Ltd	AUS	**0,1**	0,1	0,1	**–**	80	80	**–**	–	–	**–**	–	–
EOH Consulting Services Eastern Cape (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**–**	–	–	**–**	–	–
EOH Europe (Pty) Ltd	UK	**100**	0,1	0,1	**100**	80	80	**–**	–	–	**–**	–	–
EOH Impact Consulting Services (Pty) Ltd	SA	**0,6**	0,6	0,6	**100**	100	100	**–**	–	–	**–**	–	–
ESecure Distribution (Pty) Ltd	SA	**0,1**	0,1	0,1	**80**	80	80	**–**	–	–	**750**	250	–
Highveld Wealth Management (Pty) Ltd	SA	**1,0**	0,1	0,1	**100**	100	100	**–**	–	–	**–**	–	–
Ivy-Moon 112 (Pty) Ltd	SA	**0,1**	0,1	–	**100**	100	–	**–**	–	–	**–**	–	–
Lan Metrix (Pty) Ltd	SA	**1,0**	1,0	1,0	**100**	100	100	**–**	–	–	**–**	–	–
Managed Print Solutions (Pty) Ltd	SA	**0,1**	0,1	0,1	**71**	71	51	**–**	–	–	**–**	–	–
Pinnacle Health Solutions (Pty) Ltd	SA	**0,2**	–	–	**85**	–	–	**–**	–	–	**–**	–	–
REO Consulting (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**–**	–	–	**–**	–	–
Rosstone Consulting (Pty) Ltd	SA	**0,1**	0,1	0,1	**100**	100	100	**–**	–	–	**–**	–	–
TSS Managed Services (Pty) Ltd	SA	**0,1**	–	–	**100**	100	100	**–**	–	–	**–**	–	–
Trusts												–	–
The Mthombo Trust					**100**	100	100	**–**	–	–	**19 983**	22 948	22 948
The EOH Share Trust					**100**	100	100	**–**	–	–	**361**	361	2 307
								96 200	95 693	95 701	**203 479**	13 684	(23 733)
Less: Impairment provision								**(1 073)**	(1 073)	(1 073)	**–**	–	–
								95 127	94 620	94 628	**203 479**	13 684	(23 733)

Notice of annual general meeting

EOH Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1998/014669/06
Share code: EOH ISIN: ZAE000071072
('EOH' or 'the Company' or 'the Group')

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ('CSDP'), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the thirteenth Annual General Meeting ('Annual General Meeting') of shareholders of EOH will be held at 11:00 on Tuesday, 6 March 2012 in the boardroom of the Company, Ground Floor, Block D, EOH Business Park, Gillooly's View, 5 Osborne Lane, Bedfordview, 2007 for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The board of directors of the Company ('the Board') has determined that the record date for the purposes of determining which shareholders of the Company are entitled to (i) receive notice of the thirteenth Annual General Meeting is Friday, 10 February 2012; and (ii) participate in and vote at the Annual General Meeting is **Friday, 24 February 2012** in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008). Accordingly, the last day to trade EOH shares in order to be recorded in the Register to be entitled to vote will be **Friday, 17 February 2012.**

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 31 July 2011, including the reports of the auditors, directors and the Audit Committee.

2. To re-elect, Lucky Khumalo* who retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.

3. To re-elect, Nakedi Mathews Phosa* who retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.

4. To re-elect, Tebogo Mapula Skwambane* who retires by rotation at this Annual General Meeting but, being eligible to do so, offers herself for re-election.

** An abbreviated curriculum vitae in respect of each director offering himself/herself for re-election appears as an annexure to this document.*

5. To appoint, Robert Michael Maria Sporen† as a member and Chairman of the EOH Holdings Limited Audit Committee.

6. To appoint, Tebogo Mapula Skwambane† as a member of the EOH Holdings Limited Audit Committee.

7. To appoint, Tshilidzi Marwala† as a member of the EOH Holdings Limited Audit Committee.

† An abbreviated curriculum vitae in respect of each member of the Audit Committee appears as an annexure to this document.

8. To confirm the appointment of PKF (Gauteng) Inc, Registered Auditors Chartered Accountants (SA) as independent auditors of the Company with Sanjay Ranchhoojee, being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

The resolutions set out in item numbers 1 to 8 above require the approval from a simple majority of shareholders, being more than 50% (fifty percent) of the shares represented in person or by proxy at the meeting.

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

9. Special resolution number 1

Non-executive Directors' remuneration

"Resolved that, in terms of the provisions of section 66(9) of the Companies Act, 2008 (Act 71 of 2008), ('the Companies Act') the annual remuneration payable to the non-executive directors of EOH Holdings Limited ('the Company') for their services as directors of the Company for the financial years ending 31 July 2012 and 31 July 2013, be and is hereby approved as follows –

Type of fee	Proposed fee in ZAR for the year ending 31 July 2012	Proposed fee in ZAR for the year ending 31 July 2013
Board		
Chairperson	976 828	1 035 000
Member	109 012	115 500
Audit Committee		
Chairperson	15 000	16 000
Member	10 000	10 500
Remuneration Committee		
Chairperson	15 000	16 000
Member	10 000	10 500
Risk Committee		
Chairperson	15 000	16 000
Member	10 000	10 000
Social and Ethics Committee		
Chairperson	10 000	10 500
Member	7 500	8 000

Reason for and effect of special resolution number 1

The reason for and effect of this special resolution number 1 is to approve the remuneration of the non-executive directors of the Company for their services as directors for the ensuing financial years.

For special resolution number 1 to be adopted, approval by at least 75% (seventy-five percent) of the shares represented in person or by proxy at the meeting is required.

10. Special resolution number 2

General approval to acquire shares

"Resolved, by way of a general approval that EOH Holdings Limited ('the Company') and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ('the JSE'), as amended from time to time.

The JSE Listings Requirements currently provide, inter alia, that –

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter-party;
- this general authority shall only be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any acquisition(s) on its behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the board of directors of the Company ('the Board') confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ('test') and that since the test was done there have been no material changes to the financial position of the Group;

- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ('initial number'), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Reason for and effect of special resolution number 2

The reason for and effect of this special resolution number 2 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it. We acknowledge that there is additional disclosure required and regulations to be adhered to in respect of any such acquisition of companies shares. We will fully comply with such disclosure and requirements as indicated below.

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

The JSE Listings Requirements require the following disclosure, which are contained in the annual report of which this notice forms part:

- Directors and management – page 4 and 5.
- Major shareholders of the Company – page 30.
- Directors' interests in securities – page 31.
- Share capital of the Company – page 29.
- Litigation statement – page 32.

10.2 Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year-end and the date of this notice.

10.3 Directors' responsibility statement

The directors, whose names are given on page 4 and 5 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 2 that have been omitted which would make any statement in relation to special resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 2 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 2.

10.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

The Company may not enter the market to proceed with the repurchase until its Sponsor, Merchantec (Proprietary) Limited, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

For special resolution number 2 to be adopted, approval by at least 75% (seventy-five percent) of the shares represented in person or by proxy at the meeting is required.

Notice of annual general meeting (continued)

11. Special resolution number 3

Conversion of the ordinary shares in the Company's authorised share capital from par value shares to shares of no par value

"Resolved that, in accordance with the provisions of regulations 31(6) and 31(7) of the Companies Regulations, 2011, published in terms of the Companies Act, the authorised share capital of EOH Holdings Limited ('the Company') be and is hereby reorganised by the conversion of each of the existing authorised 100 000 000 ordinary par value shares of R0,01 each into 100 000 000 ordinary shares of no par value, on the basis that each ordinary no par value share shall have rights and privileges which are the same as or equivalent to the rights and privileges which attached to such shares immediately prior to 1 May 2011, being the first date on which the Companies Act came into operation. The Memorandum of Incorporation of the Company is hereby amended accordingly."

Reason for and effect of special resolution number 3

The reason for and effect of this special resolution number 3 is to convert the ordinary shares of par value to ordinary shares of no par value, in order to facilitate the creation of new ordinary shares in the capital of the Company, in terms of the new Companies Act.

For special resolution number 3 to be adopted, approval by at least 75% (seventy-five percent) of the shares represented in person or by proxy at the meeting is required.

Regulation 31(7) of the Regulations of the Companies Act (2008) requires the board of a company to prepare a report in respect of a proposed resolution to convert any par value shares into no par value shares. This report was prepared and approved by the board. This report detailed that such conversion is applicable to all registered shareholders of EOH Holdings Limited and that none of the rights of such shareholders will be affected by the conversion from par value shares into no par value shares.

12. Special resolution number 4

Increase in authorised no par value share capital of the Company

"Resolved that, subject to the passing of Special Resolution Number 3 and in accordance with the provisions of regulations 31(6) and 31(7) of the Companies Regulations, 2011, published in terms of the Companies Act, the authorised share capital of EOH Holdings Limited ("the Company") be and is hereby reorganised by the creation of a further 400 000 000 ordinary no par value shares in the authorised share capital of the Company, ranking pari passu in all respects with the existing no par value shares in the authorised share capital of the Company, so as to result in a total of 500 000 000 ordinary no par value shares in the authorised share capital of the Company. The Memorandum of Incorporation of the Company is hereby amended accordingly."

Reason for and effect of special resolution number 4

The reason for and effect of this special resolution number 4 is to create sufficient ordinary shares of no par value in the capital of the Company to ensure that there is sufficient authorised shares available for the needs of the Company for the foreseeable future.

For special resolution number 4 to be adopted, approval by at least 75% (seventy-five percent) of the shares represented in person or by proxy at the meeting is required.

13. Special resolution number 5

Financial assistance for subscription of securities

"Resolved that, as a special resolution, in terms of section 44 of the Companies Act, the shareholders of EOH Holdings Limited ('the Company') hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 5, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that –

(a) the board of directors of the Company ('the Board'), from time to time, determines
   - (i) the specific recipient, or general category of potential recipients of such financial assistance;
   - (ii) the form, nature and extent of such financial assistance;
   - (iii) the terms and conditions under which such financial assistance is provided; and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 5 unless the Board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Reason for and effect of special resolution number 5

The reason for and effect of this special resolution number 5 is to grant the Board the authority to authorise the Company to provide financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the Company or a related or inter-related company.

13. Special resolution number 5 (continued)

Financial assistance for subscription of securities (continued)

For special resolution number 5 to be adopted, approval by at least 75% (seventy-five percent) of the shares represented in person or by proxy at the meeting is required.

14. Special resolution number 6

Financial assistance in terms of section 45 of the Companies Act

"Resolved that, subject to the Company's Memorandum of Incorporation and as a special resolution in terms of section 45 of the Companies Act, the shareholders of EOH Holdings Limited ('the Company') hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 6, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member, provided that –

(a) the board of directors of the Company ('the Board'), from time to time, determines
   - (i) the specific recipient or general category of potential recipients of such financial assistance;
   - (ii) the form, nature and extent of such financial assistance;
   - (iii) the terms and conditions under which such financial assistance is provided; and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 6 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Reason for and effect of special resolution number 6

The reason for and effect of this special resolution number 6 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member.

The Company's cash management process, deemed to be in the best interest of all companies in the Group, whereby daily sweeping of operating bank accounts of business units within the Group and/or subsidiaries occur, translating into funding from the holding company or to the holding company at any given point ('treasury loans') and depending on whether the business units/subsidiaries were generating or consuming cash, the treasury loans would be either in debit or credit, and will not be regarded as financial assistance in terms of section 45 of the Companies Act.

Notice is given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 6:

(a) The Board has adopted a resolution ('Section 45 Board Resolution') authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 6 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a director or prescribed officer of the Company, or to a related or inter-related company or corporation, or to a member of any such related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or a member;

(b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 6 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that
   - (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and
   - (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

For special resolution number 6 to be adopted, approval by at least 75% (seventy five-percent) of the shares represented in person or by proxy at the meeting is required.

15. Ordinary resolution number 1

Approval of remuneration policy

"Resolved that the remuneration policy of the directors of EOH Holdings Limited ('the Company'), as set out in the governance report on page 10 of the integrated annual report to which this notice is attached, be and is hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance."

For ordinary resolution number 1 to be adopted, approval by at least 50% (fifty percent) of the shares represented in person or by proxy at the meeting is required.

16. Ordinary resolution number 2

Control of authorised but unissued ordinary shares

"Resolved that the authorised but unissued ordinary shares in the capital of EOH Holdings Limited ('the Company') be and are hereby placed under the control and authority of the directors of the Company ('directors') and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person(s) on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, the Memorandum of Incorporation of the Company and the Listings Requirements of JSE Limited, as amended from time to time."

For ordinary resolution number 2 to be adopted, approval by at least 50% (fifty percent) of the shares represented in person or by proxy at the meeting is required.

17. Ordinary resolution number 3

Approval to issue ordinary shares, and to sell treasury shares, for cash

"Resolved that the directors of EOH Holdings Limited ('the Company') and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company, for cash, to such person(s) on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ('the JSE Listings Requirements') from time to time.

The JSE Listings Requirements currently provide, inter alia, that –

- the 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 may only be made to 'public shareholders' as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, inter alia, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/ convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/ convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the Company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, ordinary resolution number 3 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting.

18. Ordinary resolution number 4

Approval of amendments to the EOH Share Participation Scheme

"Resolved that the amendments to the EOH Share Participation Scheme, which is available for inspection at the registered office of the Company, and the terms of which, in compliance with Schedule 14 of the Listings Requirements of JSE Limited, are contained in the deed of amendments in respect of the EOH Share Participation Scheme, a copy of which has been initialled by the Chairperson of the annual general meeting for the purposes of identification, be and is hereby approved and adopted."

Reason for and effect of ordinary resolution number 4

The reason for and effect of the amendments to the clauses below of the trust deed (as previously approved by JSE Limited and adopted by shareholders) is to enable and to facilitate the purchase of EOH shares by EOH staff through the sale of part of the share options which have vested in order for EOH staff to settle the strike price and the estimated tax obligations associated therewith. Accordingly, the trust deed of the EOH Share Participation Scheme requires to be amended as follows –

Clause 7.1 which previously read as:
"then the Company shall, at any time after the occurrence of such event, be entitled to direct the Trust to purchase from the Participant, who shall be obliged to sell all of the Scheme Shares of such Participant in accordance with the provisions of this clause 7, provided that in the circumstances contemplated in 7.1.4, the Company shall only be entitled to exercise such right after the expiration of the periods referred to in 6.2",

shall be amended to read as follows:
"then the Company shall, at any time after the occurrence of such event, be entitled to direct the Trust to purchase from the Participant, who shall be obliged to sell all or part of the Scheme Shares on or off the market of such Participant in accordance with the provisions of this clause 7, provided that in the circumstances contemplated in 7.1.4, the Company shall only be entitled to exercise such right after the expiration of the periods referred to in 6.2".

Clause 26.2 which previously read as:
"Scheme Shares may only be sold by the Trust in the following circumstances",

shall be amended to read as follows:
"Scheme Shares or part thereof may only be sold on or off the market by the Trust in the following circumstances".

Clause 26.3 which previously read as:
"It is recorded that the Trust shall be entitled to purchase Shares through the market in order to satisfy its obligations in terms of this Scheme",

shall be amended to read as follows:
"It is recorded that the Trust shall be entitled to purchase or sell Shares through the market in order to satisfy its obligations in terms of this Scheme".

In terms of the Listings Requirements of the JSE Limited, ordinary resolution number 4 requires approval of a 75% majority of votes cast in favour thereof by all shareholders present or represented by proxy. Furthermore, any shares held by existing participants may not participate in the vote.

19. Ordinary resolution number 5

Signature of documents

"Resolved that each director of EOH Holdings Limited ('the Company') be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions."

For ordinary resolution number 5 to be adopted, approval by at least 50% (fifty percent) of the shares represented in person or by proxy at the meeting is required.

20. Other business

To transact such other business as may be transacted at the Annual General Meeting of the Company.

Voting and proxies

The attached form of proxy is only to be completed by those ordinary shareholders who –

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in 'own name' dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without 'own name' registration and who wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out below –

1. **An ordinary shareholder entitled to attend and vote at the Annual General Meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the Annual General Meeting in the place of the shareholder. A proxy need not be a shareholder of the Company.**
2. **A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the Annual General Meeting.**
3. **A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.**
4. **The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.**
5. **The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.**
6. **If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.**

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

Kindly note that meeting participants, which includes proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

By order of the Board

Adri Els
Company Secretary

25 January 2012
Johannesburg

Annexure to notice of annual general meeting

Curriculum Vitae of Non-executive Directors nominated for re-appointments:

Lucky Khumalo
Lucky holds a BSc in Computer Science, Project Management and SCO Ace in UNIX, EDP from Wits. He also has various technical and management qualifications. He sits on various boards and also spends time growing and helping new businesses.

Lucky started his career in 1994 as a programmer and has stayed in the ICT sector since then. He has been involved with project management, business analysis and overall business management during his 15 years in the ICT world.

In June 2000, Lucky become one of three entrepreneurs to start an IT Services company Mthombo I.T. ('M-IT'), which grew from 7 people to over 250 employees nationwide within 5 years before the merger with EOH in 2005.

Within the last 10 years Lucky has been a founder or co-founder of various successful businesses in SA: Nature's Best Foods (2007 – 2010) – a food manufacturing and processing business, RF Scanning Technologies (2007 – 2009) – a niche RF ID services company that supported Symbol RF ID technology from retail hand-held scanners to RF ID solutions, Serengeti Beef Farming (2009 – 2010) – a multi-million dollar beef farming business and RF Scanning Investments – an investment-focused business.

In 2001, Lucky was voted the Top Black ICT Individual in the country for the role he played as one of the successful BEE services companies, M-IT, and in 2004 M-IT was voted the Top Black ICT Company in SA.

Dr Mathews Phosa
Dr Mathews Phosa (LLB, Honorary PhD in Law), an attorney by profession and recently Non-executive Chairman of Braemore Resources plc, is a leading figure in South Africa's business and political world. Mathews opened the first black empowerment law practice in Nelspruit in 1981.

He was elected as the first Premier of Mpumalanga Province in 1994. Following the elections in 1999, Mathews resigned his seat in parliament in favour of focusing his attention for a career in business. Mathews re-entered the political arena in 2007 when he was appointment Treasurer-General of the National Executive Committee of the African National Congress.

He is chairperson of Special Olympics South Africa. He serves as chairperson of various companies, among them being the Non-executive Chairman of EOH, Executive Chairman of Vuka Forestry Holding (Pty) Ltd and Eveni Investments & Consulting (Pty) Ltd. He is also a director of Hans Merensky Holdings (Pty) Ltd and Non-executive director of Value Group.

Tebogo M Skwambane
Tebogo is a Monitor Group Global Partner and Managing Partner of Monitor South Africa. In 2005 Tebogo co-founded North Road Consulting, a strategy and operational consulting firm in South Africa. North Road Consulting has worked with clients listed and private, for-profit and not-for-profit industries ranging from mining, manufacturing, logistics, and financial services to advertising. Tebogo has worked with clients on growth strategies, operational turnaround, performance improvement and management, organisational restructuring and organisational effectiveness. In addition, Tebogo has managed strategy and organisational design projects in the public sector. In early 2011 North Road Consulting merged with The Monitor Group.

Before founding North Road Consulting, Tebogo worked for Bain and Company, in the US, UK and South Africa.

Tebogo has held managerial positions at Eskom Enterprises where she was Strategy Manager in the CEO's office, and in financial services at the International Finance Corporation, World Bank, in Washington DC and at Brown Brothers Harriman, a company in Boston.

Rob Sporen
Rob is a Dutch National who came to South Africa in the early 1970s to assist with the introduction of television manufacturing. After a career of 14 years with Philips SA spanning, amongst others, materials management, industrial engineering, cost accounting and systems analysis, he gathered valuable experience in the software industry as the Technical Director for a small software agency.

In 1987 he formed a partnership to present education courses in the field of computerised manufacturing and distribution systems. In addition, he maintained a highly successful practice as a consultant to companies seeking to implement business systems or upgrade their business processes. Rob is considered a "guru" in his field and is well known and respected in the industry and, until his retirement on 31 October 2007, he served as an executive director of EOH.

Prof. Tshilidzi Marwala
Professor Tshilidzi Marwala is a Dean of Engineering at the University of Johannesburg. He was previously a full-time Professor of Electrical Engineering and the Carl and Emily Fuchs Chair of Systems and Control Engineering at the University of the Witwatersrand and executive assistant at the South African Brewery. He was chairperson of the Local Loop Unbundling Committee as well a Non-executive director of SITA (Pty) Limited, a Deputy Chair of Limpopo Business Support Agency and is on the boards of EOH, Denel and City Power Johannesburg. He is the youngest recipient of the Order of Mapungubwe and was awarded the President Award by the National Research Foundation of South Africa.

He holds a Bachelor of Science in Mechanical Engineering (Magna cum laude) from Case Western Reserve University (USA), a Master of Engineering from the University of Pretoria, a PhD in Engineering from Cambridge University, a post doctorate from the Imperial College (London) and successfully completed a programme for Leadership Development at Harvard Business School.

His research interests include the application of computational intelligence to engineering, computer science, finance, social science and medicine. He has supervised 45 Masters and PhD students to completion and has published four books, 200 papers in journals, proceedings and book chapters and holds three international patents. He is a Fellow of TWAS, The Academy of Sciences for the Developing World, and a distinguished member of the Association for Computing Machinery.

Regulation 31.7 Board Report

Extract from resolution of the Board:

Share conversion from par value shares to no par value shares in terms of Regulation 31 (7) of the Companies Act 71 of 2008 ('the Companies Act')

On 23 January 2012, the board of directors approved the Board Report in terms of Regulation 31(7) of the Companies Act explaining the effect of the conversion of the issued share capital from par value shares to no par value shares.

1. Background

1.1 Under the Companies Act, all companies having par value shares are no longer enabled to create and authorise any further par value shares. The company propose to its shareholders the special resolution required to convert the company's par value shares to no par value shares.

1.2 The independent board has satisfied itself that the conversion from par value shares to no par value shares will have no effect on the rights of the shareholders.

1.3 Accordingly, the EOH Holdings Limited shareholders will be requested to approve the special resolution necessary to convert EOH's authorised and issued ordinary shares with a par value of R0.01 each into shares of no par value on the basis that each existing share will be converted into one no par value share.

1.4 The special resolution approving the conversion of EOH's existing shares into shares of no par value is subject to 75% of EOH's shareholders present, in person or by proxy voting in favour of the resolution.

1.5 The Companies Regulations, 2011 ('the Regulations') require the board of a company, when converting its shares, to cause a report to be prepared in respect of the proposed conversion which, inter alia, evaluates any adverse effects of the conversion on the EOH shareholders. As already indicated, there will be no adverse effect of the conversion on the EOH shareholders.

1.6 In terms of Regulation 31(7) of the Regulations the Report is required to, at a minimum:

- ▲ State all information relevant to the value of the securities affected by the proposed conversion;
- ▲ identify holders of the company's securities affected by the proposed conversion;
- ▲ describe holders of the company's securities affected by the proposed conversion;
- ▲ describe the material effects that the proposed conversion will have on the rights of the holders of the conversion of the company's securities affected by the proposed conversion; and
- ▲ evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement.

2. Information relevant to the value of the securities affected by the proposed conversion

2.1 The securities affected by the proposed conversion are the authorised ordinary shares in the share capital of EOH currently comprising 100 000 000 of R0.01 each of which 95 389 058 shares of R0.01 each have been issued.

2.2 EOH has no other class of authorised or issued shares.

2.3 Given that the number of EOH shares in issue and the rights attaching to those shares will be unaffected by the proposed conversion, the proposed conversion will have no impact on the historic net asset value, earnings, headline earnings and distributions per EOH shares and should have no impact on the price at which EOH shares trade on the JSE.

3. Holders of the company's securities affected by the proposed conversion

The proposed conversion will affect the holders of EOH's ordinary shares who comprise the holders of all of EOH issued shares of R0.01 each. However, the only effect on EOH shareholders will be that such holders will now become the holders of an identical number of shares of no par value.

4. Material effects of the proposed conversion of EOH shareholders

4.1 The proposed conversion results in the conversion of each share of R0.01 each into a share of no par value.

4.2 Accordingly, after the proposed conversion, each shareholder will own the identical number of EOH shares as they held before the proposed conversion and the no par value shares they hold will represent the same proportion of the total issued share capital of EOH as the par value shares they held represented of the total issued share capital of EOH before the conversion.

4.3 A shareholder enjoys the same effective voting rights on a poll whether the shares in question are par value or no par value shares.

4.4 The proposed conversion has no other impact on any of the rights attaching to the EOH shares and the no par value shares will confer a EOH shareholder all of the same rights as they enjoyed as the holder of par value shares before the proposed conversion including (without limitation) rights to participate in the profits of EOH on winding up.

5. Evaluation of material adverse effects of the proposed conversion against compensation offered

5.1 The proposed conversion has no adverse effects on EOH shareholders as they are in the same position and enjoy the same rights before and after the proposed conversion.

5.2 There is no compensation being offered in the context of the proposed conversion as there are no adverse effects of the proposed conversion on EOH shareholders.

Form of proxy

EOH Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1998/014669/06)
Share code: EOH ISIN: ZAE000071072
("EOH" or "the Company" or "the Group")

For use only by ordinary shareholders who –

- hold ordinary shares in certificated form ('certificated ordinary shareholders'); or
- have dematerialised their ordinary shares ('dematerialised ordinary shareholders') and are registered with 'own name' registration,

at the thirteenth Annual General Meeting of shareholders of the Company to be held at 11:00 on Tuesday, 6 March 2012 in the boardroom of the Company, Ground Floor, Block D, EOH Business Park, Gillooly's View, 5 Osborne Lane, Bedfordview, 2007, and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with 'own name' registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ('CSDP') or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy.**

Name of beneficial shareholder ______________________________

Name of registered shareholder ______________________________

Address ______________________________

Telephone work (   ) ______________________ Telephone home (   ) ______________________

being the holder/custodian of ______________________ ordinary shares in the Company, hereby appoint (see note) –

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the Chairperson of the meeting, as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ('resolutions') and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name(s) in accordance with the following instructions –

		Number of ordinary shares		
		For	**Against**	**Abstain**
1.	To receive, consider and adopt the annual financial statements of the Company and Group for the financial year ended 31 July 2011			
2.	To approve the re-election as director of Lucky Khumalo who retires by rotation			
3.	To approve the re-election as director of Nakedi Mathews Phosa who retires by rotation			
4,	To approve the re-election as director of Tebogo Mapula Skwambane who retires by rotation			
5.	To approve the appointment of Robert Michael Maria Sporen as a member and Chairman of the Audit Committee			
6.	To approve the appointment of Tebogo Mapula Skwambane as a member of the Audit Committee			
7.	To approve the appointment of Tshilidzi Marwala as a member of the Audit Committee			
8.	To confirm the appointment of PKF (Gauteng) Chartered Accountants as auditors of the Company together with Sanjay Ranchhoojee for the ensuing financial year			
9.	Special resolution number 1 Approval of the non-executive directors' remuneration			
10.	Special resolution number 2 General approval to acquire shares			
11.	Special resolution number 3 Conversion of the ordinary shares in the company's authorised share capital from par value shares to shares of no par value			
12.	Special resolution number 4 Increase in authorised no par value share capital of the company			
13.	Special resolution number 5 Financial assistance for subscription of securities			
14.	Special resolution number 6 Financial assistance in terms of section 45 of the Companies Act			
15.	Ordinary resolution number 1 Approval of remuneration policy			
16.	Ordinary resolution number 2 Control of authorised but unissued ordinary shares			
17.	Ordinary resolution number 3 Approval to issue ordinary shares, and to sell treasury shares, for cash			
18.	Ordinary resolution number 4 Approval of amendments to EOH Share Participation Scheme			
19.	Ordinary resolution number 5 Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.
A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at ______________________ on ______________________ 2012

Signature ______________________________

Assisted by (if applicable) ______________________________

Notes

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in 'own name'.
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the Annual General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting 'the Chairperson of the meeting'. The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. 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. If an 'X' has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty eight hours before the commencement of the Annual General Meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
12. Where there are joint holders of ordinary shares –
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholder (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. **Forms of proxy should be lodged with or mailed to Computershare Investor Services (Proprietary) Limited –**

    Hand deliveries to:
    Computershare Investor Services (Proprietary) Limited
    Ground Floor, 70 Marshall Street,
    Johannesburg, 2001

    Postal deliveries to:
    Computershare Investor Services (Proprietary) Limited
    PO Box 61051,
    Marshalltown, 2107

    to be received by no later than 11:00 on Friday, 2 March 2012 (or 48 hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Corporate information

EOH Holdings Limited
Incorporated in South Africa
Registration number 1998/014669/06
Share code: EOH
ISIN: ZAE000071072

Directorate
Non-executive
Dr Mathews Phosa (Chairman)
Lucky Khumalo
Prof Tshilidzi Marwala
Tebogo Skwambane
Rob Sporen (Dutch)

Executive
Asher Bohbot (Chief Executive Officer)
Pumeza Bam
John King
Dion Ramoo
Jane Thomson

Company Secretary
Adri Els

Registered address
Block D, EOH Business Park, Gillooly's View, 5 Osborne Lane, Bedfordview, 2007

Telephone number
+27 (0) 11 607 8100

Postal address
PO Box 59, Bruma, 2026

Website
www.eoh.co.za

Auditors
PKF (Gauteng) Inc.

Transfer secretaries
Computershare Investor Services (Proprietary) Limited

Sponsor
Merchantec Capital

ince.motiv

Corporate information

EOH Holdings Limited

Incorporated in South Africa
Registration number 1998/014669/06
Share code: EOH
ISIN: ZAE000071072

Directorate

Non-executive
Dr Mathews Phosa (Chairman)
Lucky Khumalo
Prof Tshilidzi Marwala
Tebogo Skwambane
Rob Sporen (Dutch)

Executive
Asher Bohbot (Chief Executive Officer)
Pumeza Bam
John King
Dion Ramoo
Jane Thomson

Company Secretary

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