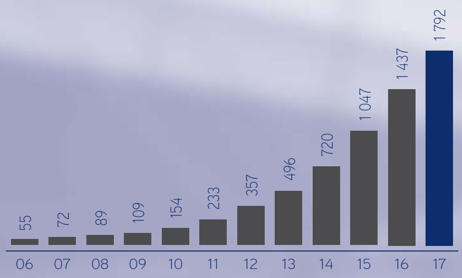
***Technology** makes it possible...*
***People** make it happen*

2017 ANNUAL INTEGRATED REPORT

HIGHLIGHTS

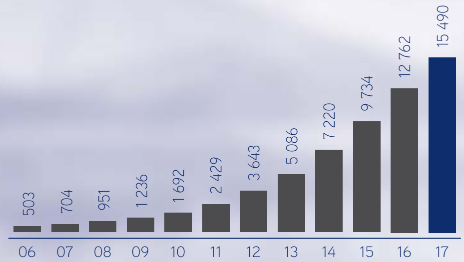
OPERATING PROFIT (R millions)



29%

R1 792 million

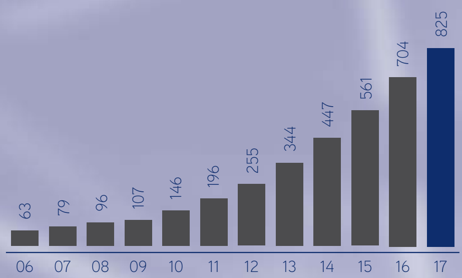
REVENUE (R millions)



21%

R15 490 million

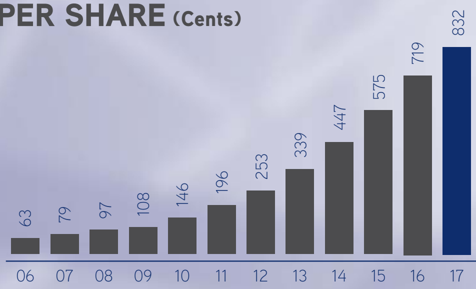
EARNINGS PER SHARE (Cents)



17%

825 cents

HEADLINE EARNINGS PER SHARE (Cents)



16%

832 cents

DIVIDENDS

16%

R215 cents

CASH

29%

R2 507 million

EOH AT A GLANCE

Purpose

To provide the technology, knowledge, skills and organisational ability critical to the development and growth of the markets we serve.

To be an ethical and relevant force for good and to play a positive role in society, beyond normal business practice.

CONTENTS

PHILOSOPHIES

BEST PEOPLE
To attract, develop and retain the best people led by great leaders

PARTNER FOR LIFE
To nurture lifelong partnerships with our customers and business partners

RIGHT 1ST TIME
To ensure professional planning and execution and have pride in all we do

SUSTAINABLE TRANSFORMATION
To transform and celebrate diversity

LEAD AND GROW
Strive to be number one in every domain we operate in while remaining entrepreneurial

- Africa's Largest Technology Service Provider
- 134 locations in South Africa, over 36 Countries in Africa and Internationally
- B-BBEE Large Enterprise Level 1
- Over 5 000 clients
- A Force for Good
- Listed in 1998

YOUTH JOB CREATION INITIATIVE

Since inception in 2012, the EOH's Youth Job Creation Initiative has created over 35 000 job opportunities for young South Africans, 14 500 have been placed in employment at EOH and through our partner network. EOH continues to invest in our youth.

EOH YOUTH JOB CREATION INITIATIVE | LIVES ARE CHANGED WHEN BUSINESS GETS INVOLVED

ABOUT THE ANNUAL INTEGRATED REPORT

Introduction and scope of the report

We are pleased to present our 2017 Annual Integrated Report which covers the performance of EOH Holdings Limited ('the Company') and its subsidiaries (hereafter referred to as 'EOH' or 'the Group') as well as its associates and interests in joint ventures for the year ended 31 July 2017.

EOH's Annual Integrated Report contains the full set of audited consolidated financial statements for the year ended 31 July 2017.

Preparation of the Annual Integrated Report

The following reporting frameworks were considered when preparing this report:

- The Companies Act of South Africa;
- The Listings Requirements of the JSE Limited ('JSE Listings Requirements');
- The principles of The King IV Report on Corporate Governance™ ('King IV');
- International Financial Reporting Standards ('IFRS'); and the
- International Integrated Reporting Council ('IIRC') Integrated Reporting ('<IR>') Framework.

EOH continues to progress on the journey outlined by King IV, while ensuring increased integration of reported financial, social, governance and environmental information. EOH uses the concepts, guiding principles and content elements contained in the <IR> Framework as a platform for this integrated report.

Materiality

EOH's Annual Integrated Report focuses on information that is material to EOH's business. It provides a concise overview of EOH's performance, prospects and ability to continue to provide sustainable value for all its stakeholders. The legitimate interests of all stakeholders have been taken into account and all material information has been included in this report.

Assurance

The Board of Directors of the Company ('the Board'), assisted by the Audit Committee, is responsible for ensuring the integrity of the Annual Integrated Report. Accordingly, EOH applies the combined assurance model by using a combination of external service providers and the input of management. The audit opinion expressed by the external auditors is included in their audit report as part of the Consolidated Annual Financial Statements.

Forward-looking statements

This report contains forward-looking statements which are based on assumptions and management's view of EOH's future performance. Such statements are, by their nature, estimates, subject to risks and uncertainties, which may result in EOH's actual performance being different from that expressed or implied in any forward-looking statements. These statements have not been audited by EOH's external auditors.

Approval of the Annual Integrated Report

The Board acknowledges that it is responsible for ensuring the integrity of this report and has applied its collective mind in the preparation thereof. The Board believes that the report has, in all material respects, been presented in accordance with the IIRC Integrated Reporting <IR> Framework.

Zunaid Mayet
Chief Executive Officer

12 January 2018

Sandile Zungu
Chairman

12 January 2018

ABOUT EOH

EOH is Africa's largest technology service provider. EOH provides technology, knowledge, skills and organisational ability critical to Africa's development and growth. Following the Consulting, Technology and Outsourcing model, EOH provides high-value, end-to-end solutions to its clients in all industry verticals. Listed in 1998, EOH attributes its consistent annual growth to a culture of remaining prudent, and not just meeting, but exceeding, customer expectations.

EOH is committed to transformation, is a Level 1 contributor and has the highest B-BBEE rating among its peers on the JSE.

EOH's 12 500 staff members deliver these services to over 5 000 large enterprise customers across all major industries throughout South Africa, Africa and the Middle East. EOH is present in 134 locations in South Africa, and has a growing international footprint with over 36 points of presence in the rest of Africa and internationally.

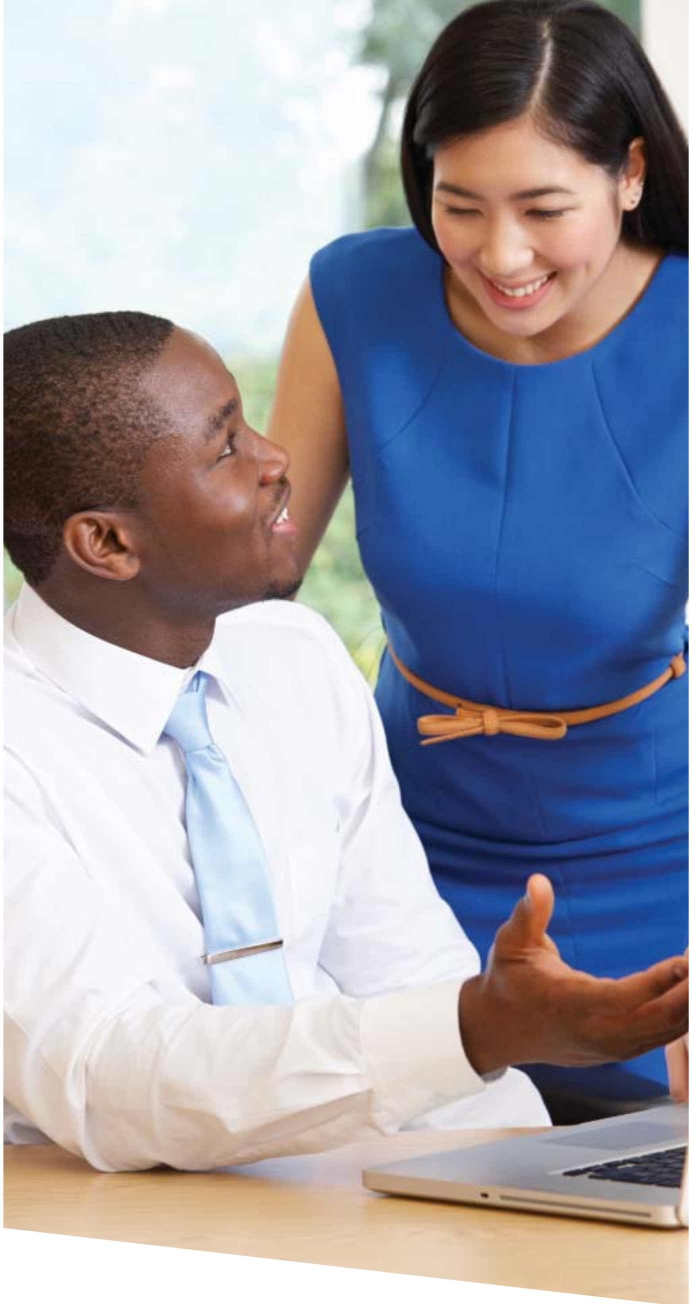
EOH's purpose

- To provide the technology, knowledge, skills and organisational ability critical to the development and growth of the markets we serve
- To be an ethical and relevant force for good and to play a positive role in society, beyond normal business practice

EOH Philosophies

Best People	To attract, develop and retain the best people led by great leaders
Partner for Life	To nurture lifelong partnerships with our customers and business partners
Right 1st Time	To ensure professional planning and execution in all that we do
Sustainable Transformation	To transform and celebrate diversity
Lead and Grow	Strive to be number one in every domain in which we operate while remaining entrepreneurial

Through a combination of state-of-the-art solutions and high level skills, we are able to enhance service delivery through ongoing innovation – such as mobile solutions, self-service, and Big Data analytics customised for medium to large enterprises.



We have the skills and experience to consult on, implement and manage technology solutions and have a proven track record of successful implementations spanning a variety of companies across many industries.

With our substantial footprint in Africa and other emerging markets, EOH has been able to acquire a deep understanding of the requirements of the various industries in the regions in which it operates. This enables EOH to offer its existing and future customers tried and tested, relevant, flexible and robust solutions to address the unique challenges and opportunities that face these markets.

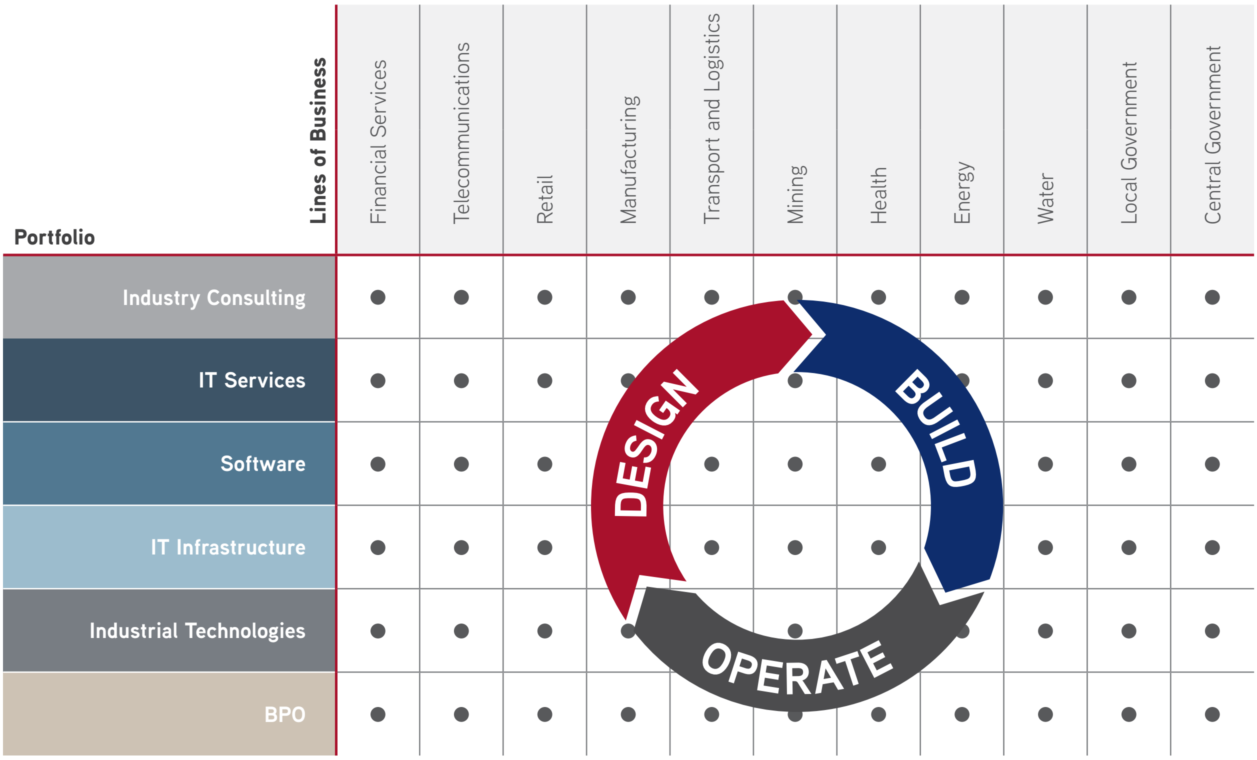
Since inception, EOH has delivered strong compounded year-on-year revenue growth. This demonstrates EOH's consistent growth over many years as a result of its understanding of the needs of the market and EOH's ability to meet client expectations.

Notwithstanding its size, EOH remains entrepreneurial. It has a strong brand and continues to develop new products and services and to expand into new territories.

ABOUT EOH

Operating Model

EOH's operating model is two dimensional, focused on key business areas and industry verticals. EOH offers solutions across the spectrum through a simple 'Design, Build and Operate' approach and is able to offer its customers tailored, flexible and robust solutions through its industry specialisation.



The table below shows some of the key services, solutions and products in each of EOH's major business areas:

Industry Consulting

IT Services	Software	IT Infrastructure	Industrial Technologies	BPO
IT Managed Services	Enterprise Resource Planning	Storage	Connectivity Infrastructure	Human Capital
Application Support	Business Intelligence	Servers	Safety and Security	Claims and Payment Solutions
IT Management	Information Analytics	Network Equipment	Automation and Control	Outsourced Marketing Services
Information Services	Customer Relationship Management	Office Automation	Energy Infrastructure and Services	Finance and Admin Services
Software Development and Integration	EOH Niche Software		Intelligent Transport Technologies	
Network Solutions			Water Technologies	
IT Security Solutions			Environmental Management	
Cloud Solutions				
Digital Solutions				

The business segments of the Group have been identified based on the nature of the business activities within the major divisions of EOH:

IT Services	IT consulting services; systems integration; IT managed services; application support; IT management; software development, implementation and integration services; information services; network solutions; IT security solutions; cloud solutions; and digital solutions.
Software	Software licence sales and maintenance revenue for vendor-owned software and EOH's niche software sales and maintenance revenue.
IT Infrastructure	Sale of IT hardware, network, telecommunication, office automation and storage products.
Industrial Technologies	Sale of services, products, software and technology solutions relating to industrial automation, data centre and connectivity solutions, energy services and water, transport, safety and security and environmental solutions.
BPO	Sale of services and technology solutions relating to human capital solutions, claims and payment processes, finance admin and outsourced marketing services.

Industry Consulting

EOH's consulting capability extends beyond the traditional generic consulting services offered by others and focuses on industry specific solutions. With EOH's insight into future business trends and business drivers, together with the enabling technology and know-how needed to support them, EOH has the skills and the capability to deliver end-to-end knowledge services. By providing technology agnostic business advice, EOH's consultants are able to deliver practical, actionable and tangible business solutions from concept and design, through to the implementation and the ongoing management thereof.

IT Services

EOH is the largest enterprise applications provider in Africa. EOH either represents an international vendor in South Africa or is the largest, or one of the largest, partners of these vendors on the African continent. EOH is essentially a single service aggregator when it comes to IT matters. Our solutions ensure proper governance and control, superior customer experience, rapid product development and implementation, and the management of costs.

EOH enables customers to accelerate innovation, ensure a return on their investments and achieve outstanding results by providing practical, innovative technology solutions. Such solutions include a vast array of services/products from IT managed services to application support; effective IT management and optimisation; network and unified communication solutions; IT security solutions; and both cloud and digital solutions.

IT Managed Services

Businesses need to leverage outsourcing as a competitive advantage. This reduces operational costs and drives business performance.

The traditional managed services engagement model involves customers outsourcing their entire IT function to an outsource provider. However, the advent of cloud and digital computing, coupled with faster and more secure connectivity, has allowed customers to choose from a range of flexible engagement models to meet their business requirements. These include co-sourcing models, remote support models and the partial outsourcing of some of their activities.

The increasing complexity of IT systems and the dependency of organisations on the availability of these systems, require highly skilled experts to manage and maintain such systems. EOH has the skills and resources and can therefore ensure a realistic transition from piecemeal, incremental, uncoordinated change to an outsourcing agenda that delivers a faster single integrated solution without having to use any other third party.

EOH combines knowledge, technology and experience to create integrated outsourcing solutions to ensure the security of users and their identities; secure systems, devices and operating platforms; improve the resilience of information infrastructure and communication; ensure the availability and performance of applications and processes; and protect information and data wherever it resides.

Application Support

EOH helps customers optimise their technology solutions to ensure that their mission-critical business systems are always available. EOH manages performance, volume and data transparency to ensure consistency, efficiency and effectiveness across the entire IT landscape. This includes managing the performance of IT over a product's life cycle, ongoing quality checks, technical risk analyses; and providing advisory support underpinned by a service-level agreement.

IT Management

There is a shift in emphasis away from the IT function being a support function, towards it being a proactive service provider that operates as a business within a business. Technology now underpins, informs and enables most organisations to perform optimally. Technology – and hence IT – enables customers to differentiate their offerings, generate revenue and be end-user centric.

The cornerstone of EOH's IT Management solutions is to transform IT from being reactive to being agile, and to promote IT as a Service ('ITaaS'). IT Management includes the disciplines, tools and services to optimise performance. These solutions include: Software development; Application design; Mobile development; Cloud-based hosted solutions; User experience; Application integration; and Application life cycle management.

Software Development and Integration

EOH's Software Development and Integration solutions are designed to meet the unique business software requirements of customers and to integrate them seamlessly with other core business systems.

Software development enables customers to meet their exact and unique business requirements; ensures that these developments can be easily maintained and enhanced; prolongs the lifespan of any technology investment by extracting and using all the functionality of such software; helps customers become market leaders in their space through innovation and differentiation; and improves responsiveness and quality.

ABOUT EOH

Systems integration involves real-time information to be accessed by multiple systems; improves efficiency through seamless integration; maintains the integrity across multiple systems and ultimately reduces overall operational costs.

Information Services

A robust information management strategy has become a fundamental cornerstone of commercial success. Enterprises are entering a new era where the scale of data to be processed and stored is huge. EOH delivers solutions that address the challenges of Big Data by using analytics, software tools, content management software, data compression devices and bandwidth management software. We help customers gain an insight into their massive datasets, move data more quickly; and to store important data for longer periods of time without increasing operational complexity.

Effective information management strategies increase revenue, enhance profitability, improve effectiveness and reduce costs. This in turn gives organisations the competitive and strategic edge to design and deliver products cheaper, faster and more efficiently; manage costs more effectively; build more accessible, effective, efficient and valuable customer relationships; provide additional products and services; operate faster, more efficiently and with a higher degree of accuracy.

Network Solutions

EOH Network Solutions delivers a full range of enterprise communication services including data centre management and virtualisation. EOH has its own national and international telecommunications infrastructure and deploys, operates and manages large-scale telecommunications networks on behalf of customers.

A mature IT environment requires organisations to optimise their infrastructure while driving down costs and increasing efficiencies. Systems, applications, data and networks need to be quick, reliable and consistent. EOH helps organisations find a balance between lowering costs and establishing quality networks to support their business needs.

EOH's solutions and skills include leading edge application performance tools; high availability; security; network and Wide Area Network optimisation tools; monitoring tools and the ability to manage customers' entire IT infrastructure.

IT Security Solutions

EOH provides an end-to-end portfolio of IT security solutions which includes risk assessments; defining business requirements; designing solutions; building, operating and supporting customer's security solutions.

Cloud Solutions

EOH Cloud Services gives customers scalability, agility and ease of access. Customers often outsource non-core business elements to enable them to focus on their core business operations.

Managed Cloud Services gives customers flexibility to manage their systems, data, applications and services – without having to do everything in-house.

EOH Managed Hosted Cloud Services provides outsourced cloud infrastructure as a fully integrated managed service. Customers choose how they want to configure their infrastructure and the platforms and software on which they want to run.

Digital Solutions

EOH Digital Solutions comprises the innovative and fast paced digital arm of EOH. Our digital services can be broadly categorised into four main areas: Enterprise services solutions; Market place solutions; Customer services and Employee self-service solutions. EOH's wealth of digital knowledge extends to strategy, multi-channel bespoke development, sophisticated analytical tools and managed solutions.

EOH Digital Solutions has successfully delivered innovative, digital solutions to large automotive, travel, FMCG, telecommunications and pharmaceutical giants. Our solutions enable the right messages to be received by the right audiences at the right time.

Our solutions and services include digital strategy; self-service solutions; E and M commerce solutions; retail analytics, bespoke web, mobile and applications development; social media platforms; and digital marketing solutions.

Software

As a market leader in enterprise solutions, EOH has developed an ecosystem that enables its customers to accelerate innovation, optimise the return on their investment and achieve breakthrough results. This ecosystem puts knowledge and expertise at customers' fingertips, enabling them to achieve their objectives and improve business performance.

EOH's portfolio helps customers align strategy with execution so that they can address short-term challenges while building a foundation for continued productivity and growth. Our software solutions include enterprise resource planning; business intelligence; information analytics; customer relationship management and EOH's niche software.

Enterprise Resource Planning ('ERP')

EOH offers business-issue-specific IT enterprise solutions and comprehensive best-practice solutions that span all phases of an organisation's IT solution life cycle.

ERP solutions address every function, including human resources, customer relationship management, financial management, asset and plant maintenance; and supply chain management.

EOH is the largest implementer of ERP solutions in Africa and is the number one partner for SAP, Oracle, Microsoft and Infor on the continent. EOH employs the largest number of ERP consultants and has numerous reference sites of successful implementations.

EOH bridges the gap between strategy and execution by aligning customers' IT strategy with their business strategy. EOH's close partnership with technology partners enables it to turn a customer's IT vision into reality through innovation and operational efficiency.

Business Intelligence and Information Analytics

Business intelligence and information analytics include custom analytical solutions, the integration of information and state-of-the-art technology and processing solutions, giving customers access to meaningful, accurate data, and identifying trends and patterns to inform their decisions.

Information analytics software enables vast quantities of data to be rapidly analysed ensuring up-to-date, accurate, relevant and valuable information that can be used for decision-making purposes.

The output of such analyses enables customers to make informed business decisions in many areas including customer targeting; operational expenditure; new product and service offerings for their customers; and where to invest.

Customer Relationship Management Systems ('CRM')

Our CRM systems provide a variety of solutions across the spectrum to assist customers manage the relationship with their customers.

Technology vendors and partners

ABOUT EOH

EOH niche software

EOH has acquired and developed niche software based on industry requirements and the needs of customers to fill the gap between off-the-shelf products and customer-specific requirements. Industry-specific niche software addresses challenges not always covered by large enterprise systems. These applications are applicable and relevant to specific industries or to address particular challenges faced by a wide range of customers.

EOH's niche software includes electronic payment processing, interbank clearing and intelligent workflow; human capital management; project estimation, planning and cost management; end-to-end bureau solutions; geospatial asset management systems; fraud prevention/detection software; energy management; and SMART government solutions.

Electronic payments processing, interbank clearing, intelligent workflow

Human capital management, payroll outsourcing, training management

Estimating, planning and project control

Cost management, procure to pay, payroll processing

Full end-to-end bureau solution

Integrated geospatial asset management system

Transaction and reconciliation systems for financial services

Prevention of procurement fraud

Performance evaluation tool for real time management of energy systems

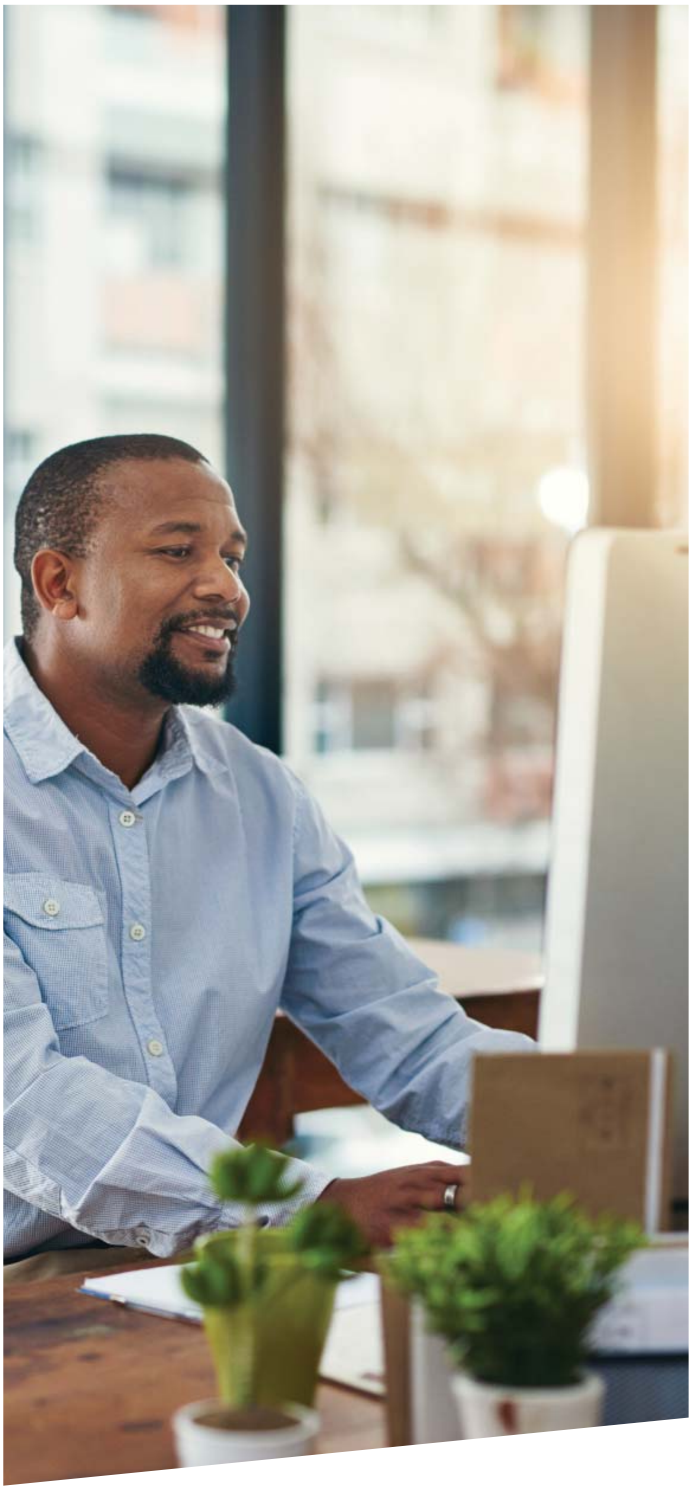
IT infrastructure

IT infrastructure services cover a broad range of services. Our technical services include ad hoc support, online support, outsourcing and consulting services. Our solutions include storage and servers, network equipment and office automation.

- Storage and servers – advising, procuring and supplying storage devices and IT hardware equipment to customers.
- Network equipment – comprehensive connectivity solutions. This includes the design; ongoing maintenance of structured cabling; installation and management of fibre optic back-bones; installation of wireless networks and business critical data centre infrastructure.
- Office automation – solutions to manage office machinery by using software to digitally create, collect, store, manipulate and relay day-to-day office usage.

Infrastructure partners

ABOUT EOH



Business process outsourcing

EOH Business process outsourcing ('BPO') takes care of a customer's business processes allowing them to focus on their primary business. Our strategic ability, operational capacity, specialist skills and enabling technologies ensure that customers achieve optimum performance.

Knowledge Process Outsourcing ('KPO') requires advanced analytical and technical skills as well as a high degree of specialist expertise. Business processes are essentially process-driven and rule-based, whereas knowledge processes involve judgement.

EOH's expertise lies in a number of specialised areas including: human capital solutions; claims and payment solutions; customer services; finance, administration and legal services.

Human capital solutions

Technology is driving the way people engage and relate to each other and is rapidly transforming every organisation. EOH understands what is needed to dramatically improve a customer's performance. EOH's offerings include talent solutions; staffing solutions; remuneration solutions; performance management solutions; organisational design and development policies, procedures and guidelines; and IT enabled people management solutions.

EOH provides a comprehensive array of wage and pay bureau services including the full employee life cycle; skills data; talent and performance management; time and attendance solutions; and employee and self-service solutions.

EOH's learning and development offerings include an integrated set of short courses; skills programmes and qualifications, offered either in the classroom, via eLearning or a blend of classroom and eLearning training; EOH Workplace Learning; and EOH conferences and seminars.

Claims and payment solutions

These solutions include the processing and payment of suppliers on behalf of customers. In the healthcare space EOH provides the settlement of claims, job scheduling and workflow management.

Customer services

EOH creates value for its customers through the provision of harmonised end-to-end solutions, customised systems and quantifiable outcomes. These outcomes are aligned to a customer's specific business strategy and objectives. We help customers operate more efficiently by including employee benefit advisory services; communicating these benefits to employees; wellness and event management/programmes; data analytics and business efficiency services. Through EOH's IT technology platform we can interface/integrate these services with customers' primary ERP systems.

Finance, administration and legal services

EOH finance/administration/legal services include the provision of non-core services for numerous customers in the areas of financial management, wealth creation; payroll bureau services; and employee benefits.

EOH legal services consists of a group of attorneys and advocates, specialising in the delivery of corporate legal services to customers. EOH provides an independent, integrated, outsourced, 'in-house' legal department with an excellent understanding of the business and the legal requirements of its customers.

Industrial technologies

The EOH Industrial Technologies division combines state-of-the-art technology and best practice to create facilities and infrastructure that are efficient, smart, safe, healthy and secure. It brings together the disciplines of IT engineering and infrastructure (traditional engineering across various domains) to create digitalised infrastructure. EOH has a diversified portfolio with a high degree of specialisation and the largest diversified technology and integration skills base.

This is achieved by optimising production and control; enhancing efficiency, availability, comfort and security; ensuring sustained protection of people and assets; creating optimum working and living conditions; and lowering energy consumption and CO_2 emissions.

Our integrated portfolio spans across many industries with a specific focus on telecommunications, transport, energy, water, mining and manufacturing.

Industrial automation and control

EOH is a market leader in industrial automation and control. Automation and control addresses the primary business issue, of safety and efficiency in the plant and production environment: efficiency; control; and safety.

EOH operates in the following industries: oil and gas; mining; manufacturing metals and minerals; food and beverages; water; energy; as well as life science industries.

Our services include Manufacturing Execution Systems ('MES'); Distributed Control Systems ('DCS'); Supervisory Control And Data Acquisition ('SCADA') systems; Human Machine Interface ('HMI') solutions; measurement and instrumentation software; Plant electrical infrastructure; environmental monitoring and plant automation software.

Data centres and connectivity infrastructure

The explosion of data is driving an increased demand for bandwidth, high-performance infrastructure and increasingly powerful, converged communication platforms to enable the Internet of Things ('IoT'). While these developments support economic and business growth, the fundamental prerequisite is fast, reliable, uninterrupted connectivity.

Today's connectivity infrastructure is complex and spans the full converged network spectrum, including structured cabling, fibre optic back-bones, wireless networking and business critical data centres. Our solutions include network reticulations for integrated voice, data and video networks; wireless networks; fibre optic solutions; microwave solutions; heating, ventilation and air conditioning systems and off-grid and mobile data centre solutions.

EOH has the right skills and expertise to deliver comprehensive, practical, intelligent connectivity infrastructure solutions from the design stage, through to the implementation thereof and the ongoing maintenance thereafter. EOH is certified to design TIER 4 data centres.

Energy infrastructure and services

EOH offers world-class energy infrastructure, energy management and energy optimisation solutions. We deliver turnkey energy solutions based on a thorough understanding of the unique requirements of customers and the industries in which they operate.

EOH has a holistic approach to energy, gas and water resource management. This virtually guarantees measurable and verifiable returns on investment and the ongoing reduction in the use and cost of these resources.

Our services include utility analytics, smart grid and metering solutions; energy audits; energy optimisation and management solutions; measurement and verification tools; backup power solutions; power quality solutions including the management thereof; control, protection and reactive power compensation; plant infrastructure and control management and automation solutions; and renewable and hybrid energy solutions.

Water technology

Water technology sits alongside and is part of what traditionally would have been regarded as infrastructure engineering. EOH provides a range of water technology solutions which enable us to provide holistic end-to-end services to customers across many industries.

EOH's water technology portfolio includes the planning and management of water and waste water distribution systems; Graphic Information System ('GIS') based asset management solutions; substation infrastructure solutions; environmental control and infrastructure planning; water sanitation solutions; water demand management and water purification technology solutions.

Transport technology

Our transport cluster focuses on providing technology for specific modes of transport as well as solutions for integrated transport management. The offering includes rail signalling and automation; airport operations management; fleet and asset life cycle management; road traffic safety and management systems; road planning and engineering technology solutions.

Environmental management

This cluster includes consulting services; environmental audits; analysis, assessment; and monitoring services; and solutions which enable customers to achieve their environmental sustainability targets.

Safety and security solutions

EOH's safety and security solutions offer a straight–forward approach by creating a comprehensive security, building management and workforce management solution.

Our safety and security services portfolio includes: monitoring and surveillance; access control; time and attendance solutions; biometric ID management; smartcard solutions; fire safety; asset management; and tracking and building management solutions. All these services can be integrated into effective safety and security solutions for our customers across all industries.

ABOUT EOH

Industrial technology partners

EOH international

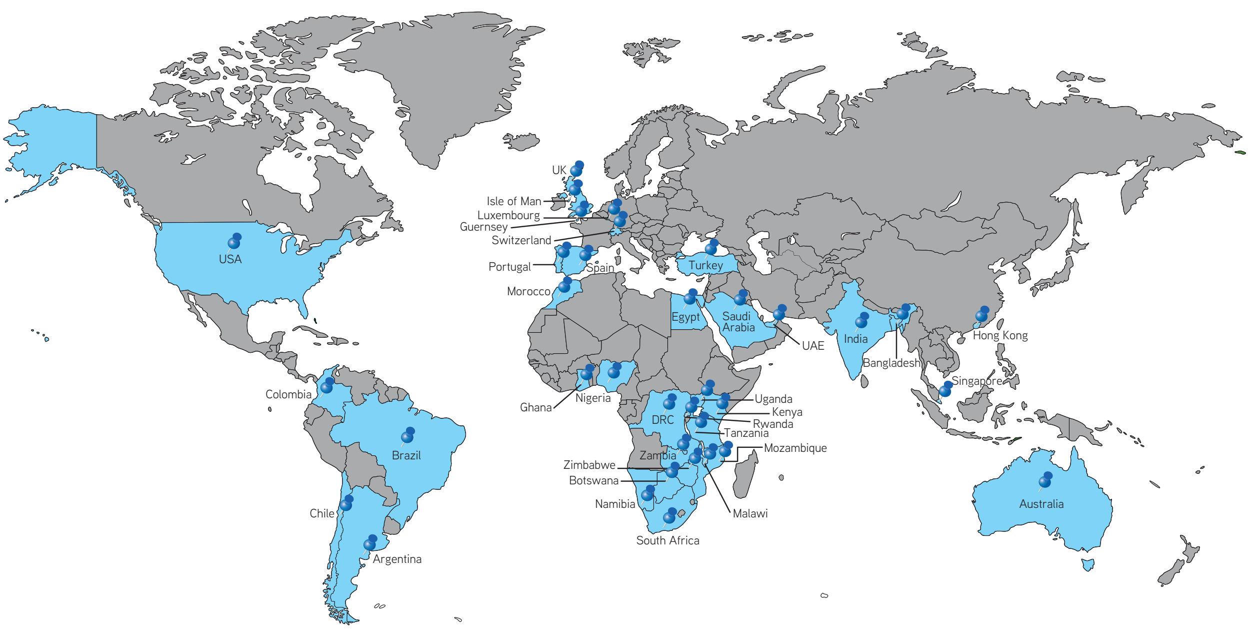
EOH international has been established over the past three years. With points of presence in 36 countries on five continents, regional leaders manage the EOH International operations and oversee EOH business activities. We have set up EOH offices in strategic locations and continue to build local brand presence. EOH's current global footprint has access to more than 4 000 skilled resources, outside of South Africa.

EOH will continue to develop new services, products and solutions and to partner with vendors in these new territories. EOH will continue to find suitable businesses to join the Group to complement, augment and supplement its existing solution clusters, enhance its industry-specific focus and expanding its service offerings.

The primarily benefits of EOH's international business model are:

- Increased focus on emerging markets;
- Regional integration and in-country presence;
- EOH's own channel for its products and solutions;
- EOH international is becoming a single service aggregator for multi-nationals operating in multiple regions; and
- It increases EOH's ICT applications delivery capability – both on site and in the cloud;

EOH's international footprint



SIX-YEAR REVIEW

		2017	2016	2015	2014	2013	2012
Statement of profit or loss and other comprehensive income and cash flows							
Revenue	(R'000)	15 489 524	12 761 810	9 733 992	7 220 372	5 085 979	3 642 915
Operating profit before interest and impairments	(R'000)	1 791 530	1 392 935	1 046 605	719 514	495 723	356 622
Operating profit margin	(%)	11,6	10,9	10,8	10,0	9,7	9,8
Profit before taxation	(R'000)	1 635 181	1 323 921	951 327	669 093	466 698	339 919
Profit after taxation	(R'000)	1 173 083	930 367	691 794	492 163	331 359	223 088
EBITDA	(R'000)	2 278 068	1 829 809	1 286 752	908 142	596 744	438 857
Headline earnings	(R'000)	1 173 444	947 232	707 775	487 225	327 035	221 010
Cash generated from operations	(R'000)	1 314 064	961 275	908 567	718 891	532 912	442 538
Cash realisation rate	(%)	57,7	52,5	70,6	79,2	89,3	100,8
Statement of financial position							
Total assets	(R'000)	16 719 983	13 188 621	8 372 707	5 686 061	3 456 952	2 511 058
Total equity	(R'000)	8 561 604	6 585 845	4 508 624	2 628 810	1 620 727	1 129 838
Net assets	(R'000)	11 060 476	8 601 863	4 912 630	3 002 836	1 520 104	1 167 384
Profitability and asset management							
Return on equity	(%)	15,6	17,1	19,9	23,0	23,8	24,0
Return on net assets	(%)	18,2	20,6	26,4	31,8	36,9	37,9
Return on total assets	(%)	12,0	12,9	14,9	15,7	16,6	17,2
Shareholders' ratios							
Headline earnings per share	(cents)	832	719	575	447	339	253
Earnings per share	(cents)	825	704	561	447	344	255
Dividend per share	(cents)	215	185	150	120	95	70
Dividend cover	(times)	3,9	3,9	3,8	3,7	3,6	3,6
Net asset value per share	(cents)	5 704	4 679	3 415	2 207	1 462	1 119
Net tangible asset value per share	(cents)	1 657	1 024	1 150	520	531	324
Stock exchange statistics							
Market value per share							
– at year end	(Rand)	107,75	141,70	172,34	94,40	60,75	35,85
– highest	(Rand)	174,83	178,79	172,34	95,00	60,75	36,10
– lowest	(Rand)	105,00	120,20	93,35	61,50	34,90	20,00
Dividend yield	(%)	2,0	1,3	0,9	1,3	1,6	2,0
Earnings yield	(%)	7,7	5,1	3,3	4,7	5,6	7,1
Number of shares in issue	('000)	150 095	140 752	132 039	118 653	110 848	100 866
Number of tradable shares in issue	('000)	143 535	134 832	126 899	112 501	105 378	98 079
Market capitalisation	(Rm)	16 173	19 945	22 755	11 201	6 734	3 616
Price to earnings ratio	(times)	13	20	30	21	18	14

Glossary

Cash realisation rate:	This ratio is calculated by expressing cash generated by operations as a percentage of EBITDA and reflects the proportion of cash operating profit realised after working capital movements.
Dividend cover:	Headline earnings per share divided by dividends per share declared out of earnings for the year.
Dividend yield:	Dividend per share as a percentage of market value per share at year end.
Earnings per share:	Net profit for the year divided by the weighted average number of ordinary shares in issue during the year.
Earnings yield:	Headline earnings per share as a percentage of market value per share at year end.
EBITDA:	Earnings before interest, tax, depreciation, amortisation and impairment losses.
Headline earnings:	Net profit for the year adjusted for profit/loss on the sale of property, plant and equipment, investments and impairment losses.
Headline earnings per share:	Headline earnings divided by the weighted average number of ordinary shares in issue during the year.
Net assets:	Total assets other than cash, bank balances and deferred tax assets less interest-free trading liabilities.
Net asset value per share:	Ordinary shareholders' equity divided by the number of ordinary shares in issue.
Net tangible asset value per share:	Ordinary shareholders' equity less goodwill and intangible assets divided by the number of shares in issue.
Operating profit before interest and impairments:	Profit before impairment losses, interest and taxation.
Operating profit margin:	Operating profit as a percentage of revenue.
Price to earnings ratio:	Market value per share divided by headline earnings per share at year end.
Return on equity:	Headline earnings as a percentage of average shareholders' interest.
Return on net assets:	Operating profit as a percentage of average net assets.
Return on total assets:	Operating profit as a percentage of average total assets.

GROUP CEO'S REPORT

EOH is a customer and people-centric organisation and our approach to business relationships and technology partners is firmly embedded in our philosophies of 'Best People', 'Partner for Life', 'Sustainable Transformation', 'Right 1st Time' and 'Leading and Growing'.

2017 was a year of change for EOH. It was the year that EOH's founder and former CEO, Asher Bohbot stepped down after 19 years at the helm, marking the end of an era. Asher led EOH with distinction over the past 19 years, growing EOH into the largest technology solutions and services organization in Africa, employing well over 12,500 people in South Africa and a further 4,000 people outside the country. Over the years, Asher has been a truly inspirational leader, a mentor, a coach and often a father-figure to many at EOH, and the positive impact that he has had on so many people's lives is testimony to the wonderful person that he is. I am personally grateful to him for the many years that we've worked alongside each other, and look forward to his continued guidance and mentorship in the years to come.

My appointment in May 2017 as CEO, was indeed a great privilege and an honour for me. I am excited at the prospect of working alongside the executive team, supported by the phenomenal people across the

group and leading EOH into the next era. We have a solid foundation from which to continue our growth and development on this new phase of the EOH journey.

2017 has also witnessed some significant movement and fluidity in the broader political and economic environments. A number of factors have contributed to a challenging trading environment in South Africa, characterised by low levels of economic growth, subdued business confidence and a highly charged political environment.

Notwithstanding the difficult market conditions, the EOH results for the period were most satisfactory, and we would like to thank our people, their families, our customers, partners, vendors and the investor community for their support and continued contribution to EOH.

Business Performance

EOH has delivered a satisfactory set of results for the year under review. The Group's resilience in the face of a weak economy is attributable to its broad solutions offering, collaborative business model, strong leadership, skilled people and diverse customer base. EOH has continued to focus on new solutions and service offerings, strategic acquisitions and increasing the range of solutions delivered to existing customers. The Group's solutions are particularly relevant to South Africa and emerging markets. The landscape remains competitive but EOH is gaining market share.

GROUP CEO'S REPORT

EOH's focus on providing technology, knowledge, skills and organisational ability critical to its customers and the markets it serves, has ensured that EOH has achieved profitable growth over the many years.

Despite a slower second half, overall revenue for the period has increased in all areas of the business as a result of organic growth, complemented by strategic acquisitions. Organic growth accounted for 63% of the increase in consolidated revenue, contributing 68% of profit before tax.

During the year under review, EOH continued its strategy to consolidate and complement its existing offerings with strategic acquisitions in South Africa, augmented by investments in companies in the rest of Africa, the Middle East and other emerging markets. The businesses that join EOH are successfully integrated into the EOH management structure and go-to-market ecosystem. This enables EOH to quickly and seamlessly complement and enhance its solution offerings to customers. During the year, a number of businesses joined the EOH family, including the Cornastone group of companies, PIA Solar SA Proprietary Limited and the Syntell group of companies.

Financial results

EOH's revenue for the period grew by 21% to R15 490 million (2016: R12 762 million) with contributions from all businesses. Revenue relating to equity-accounted investments, not included in consolidated revenue, would be R545 million (2016: R346 million).

Revenue from services accounts for 77% of total revenue, a significant portion of which is annuity revenue, based on multiple year contracts, with more than 90% of revenue from South Africa.

Operating profit has increased by 29% to R1 792 million (2016: R1 393 million). EOH has continued its expansion into Africa and the Middle East by generally acquiring a minority or joint interest in a business. These interests are equity-accounted. The sale of software to customers in these regions is now being procured and sold from South Africa with the revenue and profits associated therewith now being reflected in the consolidated results. As a consequence, the equity-accounted profit is lower R39 million (2016: R73 million).

Operating margins have increased from 10,8% to 11,5% as a result of increased software sales, efficiencies and ongoing cost containment. The effective tax rate has decreased from 29,7% to 28,3% as a result of the utilisation of tax deductions associated with our learnership/intern programmes.

EBITDA increased to R2 278 million (2016: R1 830 million) and EBITDA margins increased from 14% to 15% reflecting the results of ongoing efficiency and Right 1st Time initiatives. EBIT margins have increased from 17% to 18%.

Headline earnings per share (HEPS) increased by 16% and Earnings per share (EPS) increased by 17%, with cash reserves increasing by 29% to R2 507 million.

Cash generated by operations before changes in working capital increased to R2 298 million (2016: R1 810 million). Working capital has increased as a result of funding the growth of the business and increased work-in-progress associated with ongoing long-term projects. Cash generated by operations, after changes in working capital, increased to R1 314 million (2016: R917 million). Cash generated by operations is used to fund operations and organic growth. Cash utilised in investing activities is R489 million (2016: R462 million).

Non-cash related expenses have increased by R177 million to R663 million (2016: R486 million). These include the amortisation of identifiable intangible assets when businesses are acquired of R179 million (2016: R154 million); IFRS 2 – share-based payment expenses of R95 million (2016: R56 million); Depreciation of Property, Plant and Equipment (PPE) of R171 million (2016: R146 million) and the amortisation of computer software of R97 million (2016: R64 million).

Acquisitions are settled through the issue of shares and the payment of cash on an earn-out basis, typically over a two year period. Medium term funding (three to five years) is raised for such purposes.

Net finance costs increased to R186 million (2016: R121 million) as a result of interest-bearing debt to fund investments and to pay vendors for acquisition on the meeting of their profit warrants

Operational reviews

Below is an overview of the revenue and profit contributions of the reporting segments of EOH. The combined revenue derived from services (IT services, Industrial Technology services and BPO services) is R11 862 million (2016: R9 815 million) representing 77% (2016: 77%) of total revenue. Revenue from software is R2 338 million (2016: R2 023 million) representing 15% (2016: 16%) of total revenue and revenue from IT Infrastructure is R1 290 million, representing 8% (2016: 7%) of total revenue.

All areas of business benefit from EOH's collaborative operating model and shared services and share in these costs. The business focuses on three primary revenue streams, those from services, software and IT infrastructure. A summary of the revenue and profit before tax and equity-accounted profits from these three revenue streams is depicted below.

Revenue

Figures in Rand thousand	Year ended 31 July 2017	% change	Year ended 31 July 2016
IT Services	5 215 214	21	4 309 821
Software	2 337 776	16	2 023 100
IT Infrastructure	1 289 500	40	923 620
Industrial Technologies	3 703 625	30	2 845 302
BPO	2 943 409	11	2 659 967
Total	15 489 524	21	12 761 810

Profit before taxation and equity-accounted profits

Figures in Rand thousand	Year ended 31 July 2017	% margin	Year ended 31 July 2016	% margin
IT Services	552 687	10,6	379 680	8,8
Software	434 790	18,6	341 433	16,9
IT Infrastructure	50 942	4,0	36 692	4,0
Industrial Technologies	317 515	8,6	305 869	10,7
BPO	240 006	8,2	187 737	7,1
Total	1 595 940	10,3	1 251 411	9,8

IT services

The revenue from IT services has grown from R4 310 million to R5 215 million representing a 21% increase in activity. Profit before tax has increased by R172 million to R552 million (2016: R380 million). Margins have improved from 8,8% to 10,6%.

The ICT sector remains strong and fairly resilient despite prevailing market conditions. The IT services spend in South Africa is growing at 5,6% per annum (internationally at 4,2% per annum) as companies need to spend on IT services to remain relevant, competitive, become more efficient and effective and to improve service delivery. Customers are spending on maintaining their legacy systems, integrating with best of breed applications, whilst embracing the digital world and cloud computing. The growth drivers in this division have been and remain transformational outsourcing, ERP upgrades and re-implementation, digital transformation, Cloud, application development, Internet of Things (IoT), Big Data and data analytics.

Software

The revenue from software has grown from R2 023 million to R2 338 million representing a 16% increase in activity. Profit before tax has increased by 27% to R435 million. Margins have improved from 16,9% to 18,6%.

Software relates to software sales and maintenance revenue for vendor owned software and EOH's niche software. EOH's niche software revenue accounts for 31% of total software revenue and amounts to R715 million. The operating margins for such software are much higher than 'purchased' vendor software. Revenue for software maintenance accounts for 50% (2016: 48%) of total software revenue and will continue to decline as an overall percentage of overall software revenue as EOH increases the sale of its own niche software.

IT Infrastructure

The revenue from IT Infrastructure has grown from R924 million to R1 290 million representing a 40% increase in activity. Profit before tax has increased by 39% to R51 million. Margins have remained steady at 4,0% (2016: 4,0%).

IT infrastructure sales have increased significantly as a result of incorporating a full year's results for Aptronics Proprietary Limited for the first time and several large one-off sales. Margins remain tight in this highly commoditised space. The growth drivers remain large scale transformational opportunities, digital and cloud platforms, upgrades of networks of service providers and other customers and 'Big Data' and BI (Business Intelligence) platforms.

Industrial Technologies

The revenue from Industrial Technologies services has grown to R3 704 million (2016: R2 845 million) representing a 30% increase in activity. Profit before tax has increased by 4% to R318 million.

Growth in Industrial Technology is up, primarily as a result of significant water technology engagements. There have however, been long delays in the awarding of energy related contracts due to the economic environment which has had an impact on the margins in the energy cluster. One remains positive that as the broader political and economic environment stabilizes, the outlook will be more promising with customers no longer delaying the awarding of large digital infrastructure contracts.

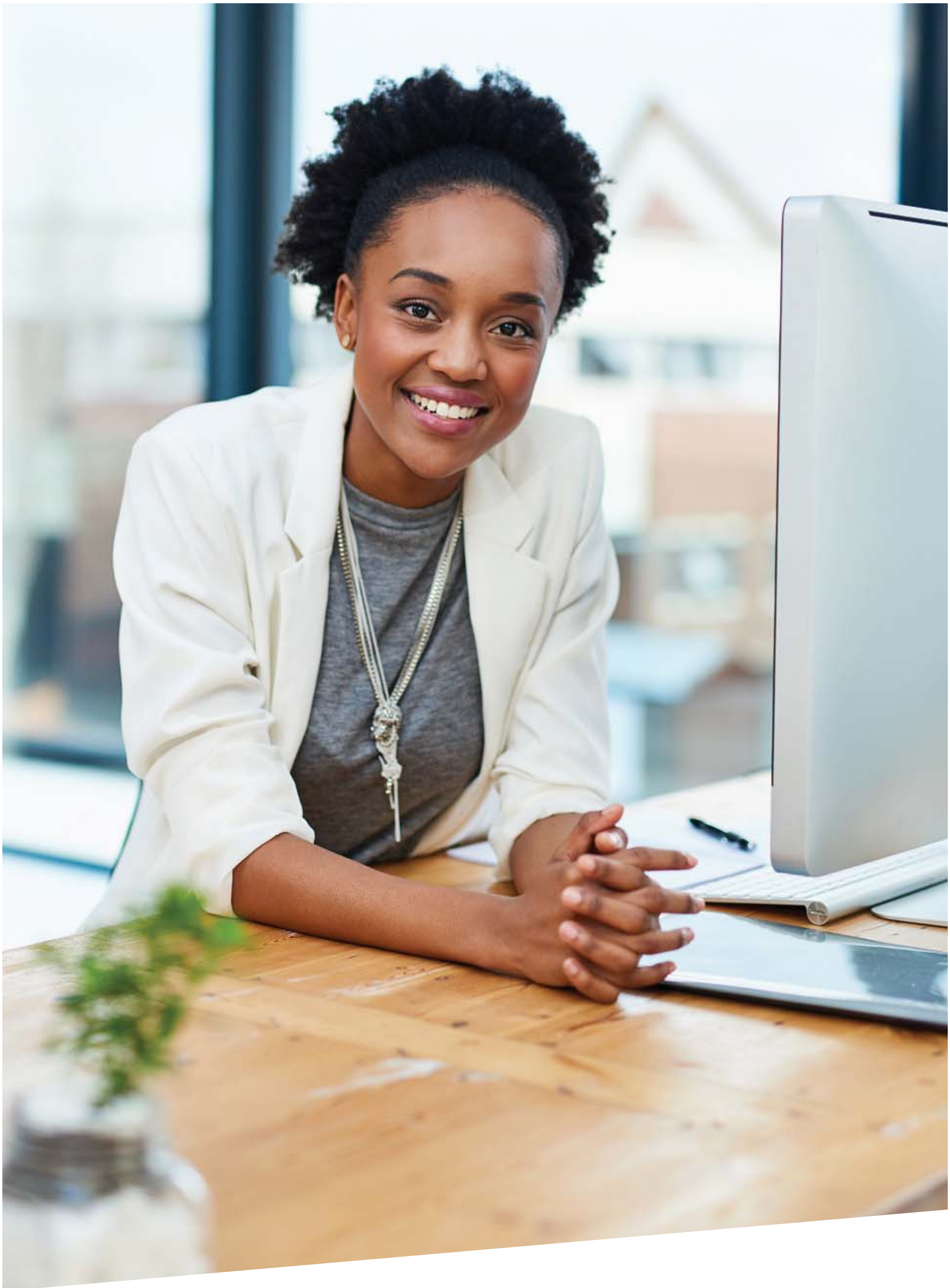
Growth drivers include smart city initiatives, smart water technologies and solutions, energy management and efficiency programmes, telecommunications technologies and broadband roll outs, public safety and security solutions and intelligent transport technology solutions. The relevancy of the Industrial Technology solutions in the rest of Africa, the Middle East and other emerging markets creates significant growth opportunities.

Business Process Outsourcing (BPO)

The revenue from BPO has grown from R2 660 million to R2 943 million representing a 11% increase in activity. Profit before tax has increased by 28% to R240 million (2016: R188 million). Margins have improved from 7,1% to 8,2%.

The majority of BPO engagements are multiple year contracts and as such, a significant portion of revenue is annuity based. The growth in revenue is stable with the profit before tax and margins increasing as a result of process and technology efficiencies. Customers continue to outsource activities for cost and efficiency purposes. The complexity of solutions contribute to customers being more willing to outsource processes to highly skilled technology services providers. Off-shoring opportunities will provide alternative avenues for growth in this area in the future.

GROUP CEO'S REPORT



Transformation

Sustainable Transformation is one of EOH's key business philosophies. Our approach is underpinned by EOH's strong appreciation that South Africa's development and growth is the responsibility of both government and business. It is our belief that people, business and the community are integrally linked; meaningfully contributing to sustainable transformation in South Africa which is fundamental to achieving a more equal society and a stable growing economy.

EOH is certified as a Large Enterprise B-BBEE Level 1 Contributor with black economic interest voting rights at 30,22%.

EOH's transformation initiatives are wide-ranging and include:

- Employment Equity initiatives;
- Skills training and development;
- Enterprise and supplier development; and
- Black ownership.

These initiatives are more fully explained in the corporate governance and sustainability sections of this report.

Corporate social responsibility

EOH understands that youth development is paramount to a prosperous South Africa. To this end, EOH's Corporate Social Investment ('CSI') activities include programmes and initiatives focused on the youth. These programmes include:

- Financial support for the Maths Centre
- Support for the child and youth development programmes of Afrika Tikkun;
- A Partnership with the South African Business Coalition on Health and AIDS (SABCOHA).

The EOH Youth Job Creation Initiative

The EOH Youth Job Creation Initiative has grown from strength to strength since its inception in 2012. Initiated by EOH's founder, Asher Bohbot, this initiative is deeply entrenched in our business. Since 2012, in partnership with customers and business partners, over 35 000 learners and graduates have been reached, with most of them completing learnership and internship programmes. Lives are changed when business gets involved.

Of the individuals who completed the programme, 83% have been employed by EOH or one of its business partners.

Sustainable business

EOH's sustainability strategy is founded on its guiding philosophies. These philosophies demonstrate EOH's commitment to sustainability by making a meaningful contribution to transformation and Broad Based Economic Empowerment in South Africa; by being a responsible employer; delivering excellent service to customers; by being ethical and fair in all business relationships and by maintaining a low environmental footprint.

Refer to the Sustainability report on pages 22 to 33.

Corporate governance

EOH adheres to the King IV corporate governance principles. The Board is committed to high levels of corporate governance and has implemented and continues to refine structures, policies and procedures aimed at strengthening governance throughout EOH.

Corporate governance is integral to EOH's business philosophy of ethical leadership. There is no doubt that good corporate governance is a key element in ensuring growth, economic efficiency and enhancing investor confidence

Refer to the Corporate Governance report on pages 34 to 59.

Subsequent event

During the first quarter of 2018, EOH unwound its original transaction with the GCT group of companies.

The unwinding involved selling back the companies in the GCT Group to the former shareholders for an amount of R365 million, which is equal to the cash originally paid and the value-adjusted EOH shares originally transferred.

The unwinding is expected to result in a non-cash, once-off reduction in consolidated earnings of R385 million for the financial year ending 31 July 2018. No impact on headline earnings is expected.

Further details of this transaction and its effect are disclosed in note 41 on pages 122 to 123 of this report.

Outlook

The technology sector remains somewhat resilient in a very tough South African economic environment. EOH sees further growth in South Africa in the medium term as the broader political and economic environment stabilizes, coupled with the rest of Africa, the Middle East and other emerging markets.

The Group will continue to develop new services, products and solutions; meet customers' ever-increasing technology needs; partner with new vendors both locally and abroad; build stronger partnerships with existing customers and provide more of their technology needs through the various divisional strategic account management programs.

The Group will be deliberate in finding suitable businesses to join EOH in order to complement and supplement its existing solution clusters both in South Africa, the rest of Africa, the Middle East and identified emerging markets. We will continue to develop, distribute and implement EOH's niche software and own IP solutions across EOH's existing footprint and new territories.

EOH is committed to transformation through its Youth Job Creation Initiative; the employment of more black people in managerial positions; increasing black ownership; enterprise development programmes; supplier and preferential procurement initiatives and increasing its spend on skills development.

During the last quarter of the 2017, the group executive initiated a strategic review. The aim of the review is to define a strategic blueprint aimed at simplifying the group's business model, enhancing effectiveness, commercial agility and driving business performance well into the future.

Through our MyEOH programme we will reinforce our purpose of being an ethical and relevant force for good in society, underpinned by our philosophies of "Best People', 'Partner for Life', 'Right 1st Time', 'Sustainable Transformation', and 'Leading and Growing'. EOH strives to consistently deliver significant value to all our stakeholders, continually guided by our values of integrity, respect, excellence, and being a just, caring and humane organization.

SUSTAINABILITY REPORT

EOH is a customer and people-centric organisation and its approach to business relationships and technology partners is firmly embedded in EOH's philosophies of 'Best People' and 'Partner for Life'.

EOH's purpose is:

- to provide the technology, knowledge, skills and organisational ability critical to the development and growth of the markets it serves; and
- to be an ethical and relevant force for good and to play a positive role in society, beyond normal business practice.

EOH's philosophies demonstrate our commitment to sustainability by being a responsible employer, delivering excellent service to our customers, being ethical and fair in all our business relationships and by maintaining a low environmental footprint.

We respect the human rights of every person involved in our business and invest in our people (human capital) and our external stakeholders (social and relationship capital).

EOH's first rule of business is the employment of high-performing, experienced people with the right set of skills. EOH believes that the inter-dependence of people, business and the community is inseparable, and that a company is fundamentally a social structure.

SUSTAINABILITY REPORT

EOH's sustainability strategy is founded on the following five guiding philosophies which are aligned to stakeholder interests.

Sustainability objective	Description	Initiative
Best People	Be a responsible employer; attract and nurture talented people from diverse backgrounds; promote collaboration and well-being at work	• Hire the best people • Reward our people appropriately • Continuous training and development of employees through the EOH Academy • Learnership development programmes for previously unemployed people • Financial assistance available to employees who wish to enhance their careers • Employee Assist Programmes ('EAP') • Executive health programmes
Partner for Life	Ensure a high level of customer and vendor satisfaction	• Design and implement customer and industry oriented solutions • Build solid business relationships with customers and vendors
Right 1st Time	Conduct business in an ethical and responsible way in all of our spheres of influence	• Right 1st Time philosophy • Meet customers' expectations • Excellence in project execution
Sustainable Transformation	Zero-tolerance to any form of discrimination; create a work environment that promotes equal opportunities for all; ensure that the environment in which we work reflects the demographics of the society in which we live.	• Social and Ethics Committee • Economic empowerment plans • Economic empowerment forums • Youth Job Creation Initiative • Skills development programmes • Management development programmes • CSI Programmes • Preferential procurement and supplier development programmes
Lead and Grow	Ensure that EOH is sustainable and will continue to make a valuable contribution to society	• Understand and manage our environmental footprint • Ensure sound leadership • Ensure financial stability • Embrace change and the opportunities associated therewith • Stimulate growth by encouraging entrepreneurship • Create economic and shareholder value

To ensure that EOH continues to make a valuable contribution to society risks (both micro and macro) are properly identified and managed.

The process of managing enterprise risk within EOH is encapsulated in the EOH Group Enterprise Risk Management ('ERM') policy which describes EOH's risk management framework, philosophy, approach and process. The EOH Group ERM philosophies drive the design and deployment principles of the enterprise-wide operational risk programme. The identified risks, their likelihood of occurrence, impact if occurred, mitigating measures (controls/procedures) are discussed on a regular basis. No risks identified exceeded tolerance levels.

Commitment to Stakeholders

Sustainability is a shared responsibility and proactive engagement with our stakeholders is an essential part of being a responsible company. EOH's success depends on the effectiveness with which we listen to and respond to the needs and expectations of stakeholders who, directly or indirectly, affect the activities of EOH. These stakeholders include employees, customers, suppliers, government institutions, investors and local communities. EOH's stakeholder initiatives help us identify risks and opportunities and adapt to social, technological and regulatory changes.

Stakeholder group	Strategic approach	Activities
Employees	Attract, develop and retain the best people	• Recruitment policies and procedures • Employment equity forums • Fair remuneration for employees • Provide a healthy and safe working environment • Performance appraisal and development programmes • Employee wellness programmes • Training and skills development
Customers	Deliver high-quality products, services and solutions to meet customer needs and expectations. This is ensured through EOH's Right 1st Time quality process	• Account Executives for strategic and key accounts • Customer service desks • Industry specific solutions • Customer forums and events • Quality programmes • Quality compliance certificates
Supplier/Technology partners	Maintain long-term relationships with suppliers and partners	• Supplier and partnership agreements • Communication with key suppliers/partners • Nurture ongoing relationships • Preferred supplier protocols
Investors	Remain an attractive investment for shareholders	• Solid financial performance • Investor relations programme • Investor meetings (one-on-one) • JSE SENS announcements • Annual General Meeting interactions • Public relations media communications • Publication of financial results
Society/community	Contribute to a prosperous South Africa through improved education, health, wellness and job creation initiatives	• Youth Job creation initiative • CSI initiatives • Donations to and involvement in community projects • Enterprise development programmes
Government and other regulatory bodies	Strengthen relationships at all tiers of government	• Compliance with relevant Acts, regulations and legislation • Proactive interaction and communication with public sector customers • Participation in economic forums

SUSTAINABILITY REPORT

Best People

Our employees are fundamental to the way EOH does business. More than 75% of our revenue is derived from services rendered by our people. With the right mix of challenging work, encouragement and organisational support, our people develop their personal skills and experience and enjoy a successful career at EOH. We not only aim to attract, develop and retain the best people, but through the acquisition of complementary businesses, we also bolster our internal capability with scarce and critical skills, especially within a millennial and young talent demographic.

EOH values the contribution made by every employee and we encourage our employees to develop their skills and knowledge so that they can deliver value-added services to our customers and contribute to their success. In 2017, we continued to invest in critical skills training and professional development for our people to strengthen their skills, drive innovation and build the next generation of leaders.

We embrace and value diversity and offer an inclusive work place environment which leads to a better understanding of, and engagement with, the people with whom we work, the customers we serve and the communities in which we operate. It is essential for our growth and competitiveness that we recognise the value of the diversity of our workforce. EOH strives to attract and retain top performers by addressing the evolving needs of our people in terms of quality of life and career expectations. By having a diverse workforce, stimulating productivity, creativity and innovation, we maintain our competitive edge.

EOH is committed to sustainable transformation and the empowerment of those who were previously economically marginalised or disadvantaged through discriminatory practices. EOH continues its drive towards economic and social equity through the process of Broad-Based Black Economic Empowerment ('B-BBEE'). Transformation is managed at an operational level and reported and monitored at Group level via EOH's various reporting structures.

Remuneration and Benefits

EOH's approach to remuneration and benefits is aligned with the business strategy to attract, retain, motivate and reward employees to deliver our long and short-term strategic objectives. A combination of guaranteed annual salaries (with benefits commensurate with the market place); profit share incentives that reward short-term operational performance; and share option schemes (long-term share-based incentives) that promote retention and drive performance is core to our employee value proposition.

The key principles of EOH's remuneration approach is to provide market-related remuneration packages to attract, retain and motivate staff. Our remuneration packages consist of, but are not limited to:

- Guaranteed remuneration aligned to the relevant market data with an annual salary review;
- Short-term incentive plan which is a variable pay portion that is performance based and aligned to individual performance and strategic business objectives (management and key employees); and
- Long-term incentive plan which is focused on long-term sustainability and shareholder value creation by retaining key and critical talent in the organisation.

Employee Benefits

EOH provides access to competitive market-related Employee Benefits such as Risk Cover, Retirement Benefits and Medical Aid. During 2017 an additional medical scheme for lower earning employees was implemented to assist with the affordability of medical cover. EOH reviews its employee benefits annually to ensure that the best market-related value propositions are offered to employees.

Each employee has access to a team of professional employee benefits advisors who ensure that they have access to the relevant information. They are thus equipped to make informed decisions within the context of their personal circumstances with the aim of ensuring sufficient provision is made for day-to-day medical, risk and long-term retirement needs.

Performance Management

The EOH Performance Management approach – referred to as EOH Connect – is a performance based process that focuses on what has been achieved, how it was achieved and future goals. EOH Connect aligns the goals of individuals with EOH's overall objectives, enabling EOH employees to maximise their potential.

In addition, to enhance personal development, and improve service delivery, EOH is prioritising a digitally enabled process featuring ongoing development reviews to allow employees to manage their own continuous improvement.

Learning and Development

The EOH Learning Hub represents EOH's commitment to develop and retain the Best People. The purpose of the EOH Learning Hub is to build business relevant competencies through the provision of short learning programmes, skills programmes and national qualification offerings. Emphasis is placed on empowering the workforce through proven methodologies, processes, provision of diagnostic tools and access to expertise.

Our continued focus on developing a strong leadership bench across the middle and senior management levels of the organisation saw an increase in demand in our flagship programmes such as:

- IMPACT Programme (Improve, Motivate, Purpose, Achieve, Challenge, Together) which is a Self-Leadership programme, and
- Emerging Management and Advanced Management courses which are our core management programmes.

Delegate reviews of the IMPACT programme who have successfully completed the programme were very positive. Graduates have shared how the programme has changed the way in which they engage in business and the way in which they view themselves in relation to others. Due to its popularity, the IMPACT programme is in the process of being accredited as a National Qualification and will become a cornerstone programme for developing future leaders in EOH.

Skills Academies continue to operate in the various business areas, ensuring that our employees are trained and certified with the relevant skills and competencies.

Employee Wellness

EOH recognises that employee mental and physical health, and a balanced work-life is essential for excellent service delivery and superior performance.

Executive health programme

This programme focuses on comprehensive medical assessments and personalised preventive strategies for executive staff. The aim is to identify and manage risk factors which may have a negative impact on one's wellness and quality of life.

Employee assistance programme ('EAP')

The MyWellness@work programme is a confidential programme designed to support employees and their families with the following: Psycho-social needs; Financial and legal assistance; Nutrition and exercise programmes; and Wellness coaching.

Partner for Life

One of EOH's philosophies is 'Partner for Life' which requires an ongoing mutually beneficial relationship. To ensure long-term, mutually beneficial relationships, companies need to provide services that meet the highest professional standards of the industry and to have the confidence of customers. EOH takes measures to avoid conflicts of interest and to train its employees accordingly. EOH also has a zero-tolerance policy towards bad behaviour and unethical practices.

EOH has regular contact with its people, customers, suppliers, investors, Non-Government Organisations ('NGOs') and official bodies, and is receptive to their expectations and views. Open and continuous dialogue helps EOH gain an understanding of stakeholder expectations.

EOH seeks to meet and exceed customer expectations by providing innovative solutions and properly implementing such solutions.

EOH's relationships with its vendors and suppliers are based on strong partnerships, transparency and ethical conduct.

EOH's strategy is to build greater confidence with shareholders/investors through good governance, strong financial performance, transparency and increased disclosure.

EOH's interaction with society as a whole, which encompasses the media, government and industry associations, is designed to promote long-term relationships with these groups.

The financial value generated by EOH benefits a long line of stakeholders. This includes 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 goods and services delivered; customers in the form of high-quality products and services; and shareholders in the form of dividends and share appreciation.

SUSTAINABILITY REPORT

Right 1st Time

EOH's Right 1st Time philosophy is to ensure excellence, professional planning and a high level of execution in all that we do. The overall objective is to reduce business risk and ensure successful implementations by having the appropriate skills, processes, structures and by identifying any potential risks timeously.

In order for a company to have a social licence to operate, it requires a sound ethical culture, effective governance structures and effective internal controls. EOH has adopted the governance structures as outlined in the Corporate Governance section of this report on pages 34 to 59 to ensure effective management throughout the organisation.

Data Confidentiality

We recognise that customers, employees and others care about the privacy and security of their data. EOH has a company-wide governance structure to drive an holistic approach to the stewardship of data. This includes having the correct policies, procedures, governance and security measures in place.

During the reporting year, there were no complaints regarding breaches of customer privacy or loss of customer data. No fines were imposed for non-compliance with laws and regulations.

Health and Safety

EOH provides rules and guidelines to its employees in order to comply with the provisions of the Occupational Health and Safety Act and to ensure the safety of employees and visitors. This is achieved by maintaining a safe work environment and by having adequate training and supervision. EOH is also bound by the Act and its regulations to ensure the safety of all other persons who may be affected by EOH's activities.

Health and safety committees, with trained health and safety representatives, have been set up in each region. EOH has a Health and Safety Manager who is responsible for ensuring that EOH is compliant with the relevant health, safety and environmental legislation and regulations. Operational health and safety aspects are managed regionally across the divisions and the various EOH locations.

Sustainable Transformation

The sustainable development and transformation of South Africa is intrinsic to EOH's way of life. Our transformation initiatives are wide-ranging including employment equity programmes; skills training and development; diversity and inclusion training; enterprise and supplier development; preferential procurement; and increasing black ownership.

Corporate Social Responsibility

EOH understands that youth development is paramount to a prosperous South Africa. As a business that is dependent on highly specialised skills, we appreciate the necessity of reducing the current skills gap and ensuring scarce and critical skills are found locally among our youth – enabling our youth to become tomorrow's productive citizens. To this end, EOH's Corporate Social Investment ('CSI') activities include programmes and initiatives focused on the youth.

The EOH Youth Job Creation Initiative

Lives are changed when business gets involved

In 2012, EOH launched its EOH Youth Job Creation Initiative on the basis that business has the resources and responsibility to help reduce the problem of unemployment. The aim of the programme is to work with business partners, customers and the government to stimulate job creation. To date EOH has partnered with over 700 large corporates and small, medium and micro-sized enterprises as part of this initiative.

Each year since 2012/13, EOH has employed over 600 learners/interns on our intern/learnership programmes and will continue to do so. Most of these young people become permanently employed by EOH.

In July 2016, EOH partnered with 702 and the South African National Treasury to encourage the spread of the message that a young person with a year's work experience has an 80% probability of being formally employed. In partnership with the radio station, 702, EOH has challenged all CEOs and government organisations to take at least 3% of their current staff complement as interns and learners each year. The campaign reached more than 750 000 active listeners and resulted in a database of over 300 large corporates and SMMEs showing an interest in participating in creating jobs using the EOH Youth Job Creation model.

The campaign was extended to Power 98.7, Cape Talk and Ukhozi FM to reach a wider audience and to create awareness of the successful initiative. The Services Sector Education and Training Authority ('SETA') has supported the EOH Youth Job Creation Initiative with the allocation of a Special Projects grant to place 9 000 unemployed young people in learnership, internship and apprenticeship programmes. In 2018 we plan to extend our reach to a wider audience in Cape Town and KwaZulu-Natal.

Maths Centre Initiative

EOH has been a strategic partner with the Maths Centre which focuses on building mathematics, science, technology and entrepreneurship competence in learners.

Over the years EOH has supported eight high schools of which two were special needs schools. To date, this initiative has benefited over a thousand students between grades 8 and 11. To date, 25 distinctions have been awarded in Mathematics and 30 distinctions in Physical Science.

Going forward, EOH will be focusing on supporting an additional 100 grade 12 students. Upon graduation, all matriculates will be given the opportunity to enrol in the EOH Youth Job Creation Initiative programme which will enable them to significantly improve their chances.

EOH YOUTH JOB CREATION INITIATIVE

LIVES ARE CHANGED WHEN BUSINESS GETS INVOLVED

Established in 2012 led by the founder of EOH, Asher Bohbot

2012

Over

35,000

young people have been placed

83%

of the 35,000 young people have permanent employment today

Over

700

large corporates and SMME's have formed part of the initiative to create a network

The Initiative reaches all industry verticals; manufacturing, IT, Finance, Engineering amongst many others

702

2016

EOH, in collaboration with 702 and other valuable partners, started the EOH Youth Job Creation Challenge to get business involved

It's good for our youth,
It's good for business and
It's imperative for our country.

To find out more about the initiative and how you can get involved, contact Katlego Ledimo: Katlego.Ledimo@eoh.com or 011 607 8100.

EOH

***Technology** makes it possible...*
***People** make it happen*

SUSTAINABILITY REPORT

Afrika Tikkun Initiative

EOH is proud to have worked with Afrika Tikkun for a number of years. This initiative has given us the platform to develop young people, from cradle to career by providing a holistic set of educational, health and social services designed to help them succeed. This partnership has enabled us to deliver effective and equitable solutions to one of the country's most important needs.

EOH Graduate Programme

EOH has launched an EOH Graduate Programme in collaboration with a tertiary institution focussing on learners from previously disadvantaged schools wanting to study Information Technology. We are proud of the fact that through this initiative, we have six African females graduating in 2018 who are part of the Infor Global Alliance Programme. EOH intends growing the programme over the coming years to produce work-ready graduates. The Maths Centre and Afrika Tikkun students will form part of the talent pool.

South African Business Coalition on Health and Aids ('SABCOHA')

EOH has partnered with the SABCOHA to make a difference to the lives of thousands of South Africans through comprehensive health screening and intervention programmes. 19 986 people were screened during the last year. The initiative provides free health screening for blood pressure, tuberculosis, diabetes, and HIV/Aids. It aims to make it easy and convenient for communities to prioritise their health and to understand the importance of early detection and behavioural change to manage key health risks.

Diversity and Inclusion

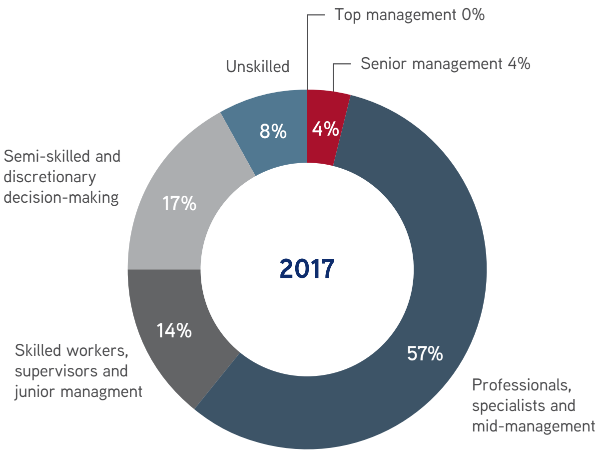
EOH is committed to creating a diverse, inclusive, and bias-free environment where we embrace different perspectives and enjoy an organisation where everyone can grow, contribute and be prosperous regardless of their race, gender, ethnic or social origin, religion, culture, language, disability or any other arbitrary criteria.

During 2017 the Department of Labour's Inspection and Enforcement Services initiated a National Director General ('DG') Review to review 72 JSE-listed companies to ensure compliance with their employment equity plans. EOH participated in this review and embraced the recommendations of their report.

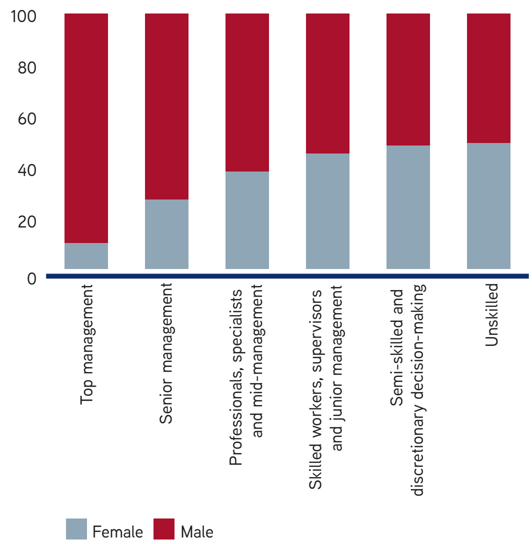
People with Disabilities

EOH employed 180 disabled employees during the year. 36 employees are currently studying towards their National Diplomas in IT at the Belgium Campus and 56 are currently studying towards a Generic Management National Qualification. EOH is committed to employing more disabled individuals to ultimately represent at least 2% of its overall headcount.

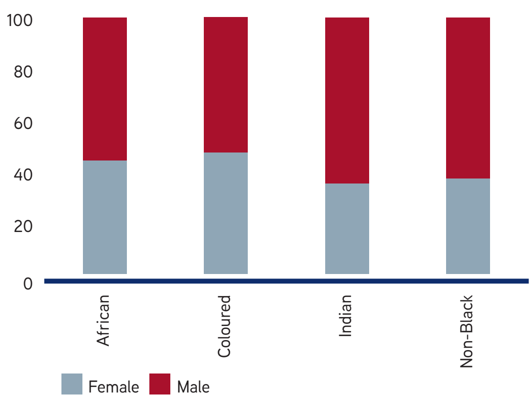
EMPLOYEES BY CATEGORY



GENDER DISTRIBUTION BY CATEGORY (%)



GENDER DISTRIBUTION PER ETHNIC GROUP (%)



Lead and Grow

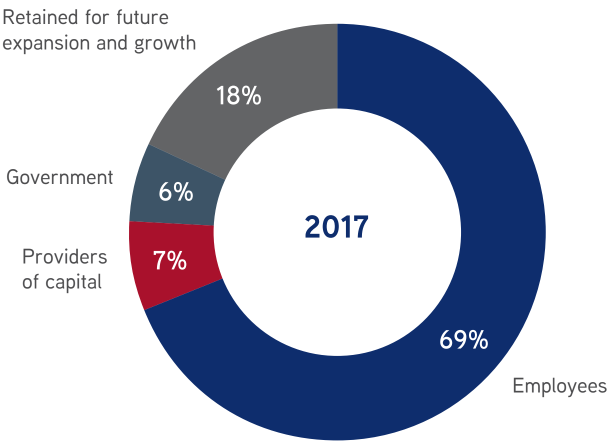
Value added statement

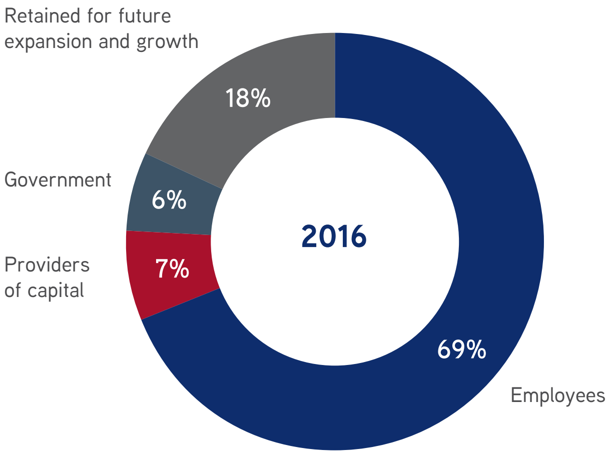
for the year ended 31 July 2017

The value added statement shows the wealth that the Group has created through its activities and how this wealth has been distributed to stakeholders. The statement reflects the amounts retained and reinvested in the Group for the replacement of assets and the growth of its operations.

Distribution of wealth created:

Figures in Rand thousand	2017		2016	
Wealth created				
Revenue	15 489 524		12 761 810	
Cost of materials and services	(7 945 706)		(6 762 098)	
Share of profits of equity-accounted investments	39 241		72 510	
Other income	72 743		49 379	
Total wealth created	7 655 802		6 121 601	
Wealth distributed		%		%
Employees				
Salaries, wages and related benefits	5 314 775	69	4 198 335	69
Providers of capital	511 618	7	408 807	7
Dividends to shareholders	253 069	3	194 340	3
Cost of funding	258 549	4	170 389	4
Government				
Corporate taxation	462 098	6	393 554	6
Wealth retained for future expansion and growth	1 367 311	18	1 120 905	18





SUSTAINABILITY REPORT

Environmental stewardship

EOH recognises the challenges that climate change presents to the global economy. As a major organisation, we believe we have a role to play in tackling these challenges where we can. We continue to monitor and actively manage our direct and indirect environmental footprint and have found new ways to help our customers to do the same. As a provider of professional services, EOH has a relatively low environmental footprint but believes that effective environmental stewardship is part of an organisation's licence to operate. EOH addresses this responsibility in two primary ways:

- By providing products and services that improve energy and water efficiency thereby reducing the potential harm to the environment; and
- By operating our facilities in a manner that protects the environment by minimising energy consumption and waste.

We apply our expertise, resources, research and innovation to provide solutions to some of the world's most challenging environmental problems. More than ever, organisations are applying new technologies to transform their operations, products and services to become more efficient, innovative and sustainable. We recognise that our greatest opportunity for building a more sustainable planet is to provide our customers with the technology to do so.

EOH Infrastructure Technologies combines state-of-the-art technology and best practice to create smart, safe, healthy and secure environments. By encouraging our customers to change energy management practices and by implementing EOH's energy and water technology solutions, they can substantially reduce their energy and water consumption.

Our own carbon footprint

As part of our corporate commitment to environmental sustainability, we measure the direct and indirect Greenhouse Gas ('GHG') emissions from our operations.

All fossil fuel consumption, purchased electricity and various other sources of emissions are included in the environmental data. Every new business that joins EOH automatically becomes part of the data-recording process.

EOH is committed to the protection of the environment through the implementation of effective environmental management programmes. The following environmental management principles are incorporated in business operations:

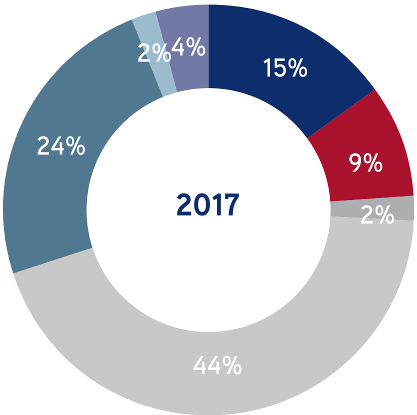
- Support and comply with the requirements of current environmental legislation and codes of practice associated with industry best practice;
- Minimise waste and re-use or recycle as much as possible;
- Minimise energy and water consumption in our buildings, vehicles and processes to minimise the consumption of natural resources;
- Operate and maintain EOH vehicles with due regard to environmental issues;
- Minimise air, water, noise and light pollution from EOH premises to reduce the impact on the environment; and
- As far as possible, purchase products and services that minimise the damage to the environment.

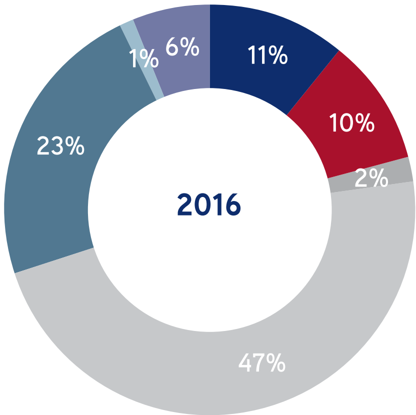
	Issue	Description	Response
Environmental responsibility	Waste management	Avoid, minimise and manage the disposal of general and hazardous waste	All hazardous IT waste is responsibly disposed of or recycled. Paper waste is recycled. Processes are being developed to sort, monitor and recycle general waste.
	Energy, greenhouse gases and other natural resources	Improve energy efficiency and promote renewable energy usage	Buildings are systematically being 'greened'. The Gillooly's Office Building was identified as a viable site for the generation of clean and sustainable energy. The design and installation of a carport solar panel system was implemented in 2017.

Environmental data	2017	2016	2015	2014
Scope 1 emissions (tonne CO_2e)	6 932	5 237	3 715	3 274
Scope 2 emissions (tonne CO_2e)	10 825	10 449	6 704	6 138
Scope 3 emissions (tonne CO_2e)	7 801	6 681	6 631	5 181
Fuel consumption diesel (litres)	1 458 075	952 663	467 154	398 422
Fuel consumption petrol (litres)	1 046 366	981 813	897 353	917 423
Electricity consumption (kWh)	10 825 011	10 448 505	6 704 199	5 821 366
Estimated business air travel (passenger km)	36 592 941	29 958 812	22 060 230	16 800876
Estimated travel in personal cars for business purposes (tonne CO_2e)	1 084	1 318	2 572	2 134
Business travel in rental cars (km)	2 630 279	1 582 278	930 405	912 874
Paper consumption estimated (tonnes)	101	55	42	21
Water consumption (kilolitres)	135 932	40 935	35 883	18 395
Emissions intensity (scope 1 and 2 emissions/number of full-time employees)	1,36	1,24	0,94	0,91

Environmental impact

Scope 1: Emissions are direct emissions from sources that a company directly owns or has control over.
Scope 2: Emissions are from purchased electricity, heat or steam.
Scope 3: Emissions are a consequence of a company's activities, but occur at sources owned or controlled by another company.





- Mobile consumption (company-owned vehicles) – Diesel
- Mobile consumption (company-owned vehicles) – Petrol
- Refrigerants and air conditioning
- Purchased electricity (KWH)
- Estimated business air travel (passenger kilometres)
- Rental car travel distance (kilometres)
- Business travel in employee-owned vehicles (kilometres)

CORPORATE GOVERNANCE

The Board of Directors ('the Board') is committed to the concept and principles of effective corporate governance.

Corporate governance includes the framework and principles and practices by which the Board ensures accountability, fairness and transparency in EOH's relationship with all its stakeholders. This concept is integral and aligned to EOH's philosophies:

- Best People;
- Partner for Life;
- Right 1st Time;
- Sustainable Transformation; and
- Lead and Grow.

The Board takes overall responsibility for EOH's success. Its role is to exercise leadership and sound judgement in directing EOH to achieve sustainable growth whilst acting in the best interests of shareholders.

In line with best practice, the roles of the Chairman and Chief Executive Officer are separate. The Chairman is responsible for leading the Board, whilst the Chief Executive Officer is responsible for the operational management of the Group.

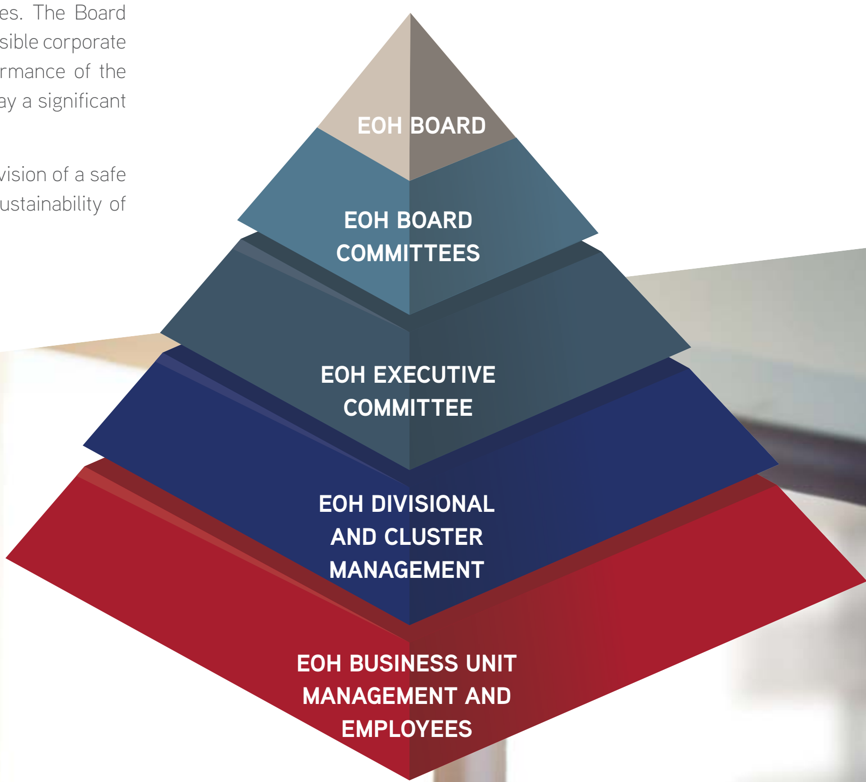
Governance structure

Governance standards throughout the organisation are regularly reviewed to ensure sustainable performance and to preserve shareholder value. Strategy, performance, sustainability and risk are inseparable. EOH has successfully applied the King IV principles and continually invests in improving overall governance.

EOH reviews its governance structures to ensure that they support effective decision-making, provide robust controls and are aligned to best practice.

Sustainability is an integral part of how EOH operates. The Board ensures that the Company is, and is seen to be, a responsible corporate citizen. The Board not only considers financial performance of the Group, but also strives to be a force for good and to play a significant role in society.

EOH's efficient use of resources, together with the provision of a safe and healthy working environment, contribute to the sustainability of the Group.



THE BOARD OF DIRECTORS

Executive Directors

Zunaid Mayet

Data Processing & Systems Software Engineering, Executive Leadership Development Programme

Appointed 12 May 2017

Responsibilities:

Group CEO

Member: Social and Ethics Committee
Member: Technology and Information Committee
Member: Risk and Governance Committee
Invitee: Audit Committee
Invitee: Remuneration Committee
Invitee: Nominations Committee

John King

BCom, BAcc, CA(SA)

Appointed 1 March 2008

Responsibilities:

Group Financial Director

Member: Social and Ethics Committee
Member: Technology and Information Committee
Member: Risk and Governance Committee
Invitee: Audit Committee
Invitee: Remuneration Committee
Invitee: Nominations Committee

Rob Godlonton

BCom (Hons), Associate Management Accountant (UK)

Appointed 12 May 2017

Responsibilities:

CEO of ICT Division

Member: Technology and Information Committee

Brian Gubbins

BCom, MBS and MSC

Appointed 12 May 2017

Responsibilities:

Group Business Development

Ebrahim Laher

BSc, BDS, PDM Business Administration

Appointed 12 May 2017

Responsibilities:

CEO of International Division

Jehan Mackay

BA (Economics)

Appointed 12 May 2017

Responsibilities:

CEO of Public Services Division

Johan van Jaarsveld

BCom (Econometrics), BCom (Hons) (Econometrics), MDP, MBL

Appointed 12 May 2017

Responsibilities:

CEO of BPO Division

Non-executive Directors

Sandile Zungu

BSc (Mechanical Engineering), MBA

Reappointed 19 February 2016

Responsibilities:

Chairman of the Board

Rob Sporen

Re-appointed 22 February 2017

Responsibilities:

Lead Independent Non-executive Director

Chairman: Remuneration Committee
Chairman: Nominations Committee
Member: Audit Committee
Member: Risk and Governance Committee
Member: Social and Ethics Committee

Pumeza Bam

BSc (Biochemistry), PMD

Appointed 1 March 2017

Responsibilities:

Non-executive Director

Chairperson: Social and Ethics Committee
Member: Remuneration Committee
Member: Nominations Committee

Lucky Khumalo

BSc (Computer Science)

Reappointed 22 February 2017

Responsibilities:

Independent Non-executive Director

Member: Audit Committee
Member: Technology and Information Committee
Member: Remuneration Committee
Member: Nominations Committee

Tshilidzi Marwala

BSc (Mechanical Engineering), MSc (Engineering), PhD

Reappointed 19 February 2016

Responsibilities:

Independent Non-executive Director

Chairman: Technology and Information Committee
Member: Audit Committee
Member: Risk and Governance Committee

Moretlo Molefi

BSc, MBCHB, SMP and Foreign Telemedicine

Appointed 12 May 2017

Responsibilities:

Independent Non-executive Director

Member: Social and Ethics Committee

Grathel Motau

BCompt, BCompt (Hons), CA(SA), Master of Philosophy

Appointed 1 March 2017

Responsibilities:

Independent Non-executive Director

Chairperson: Audit Committee
Chairperson: Risk and Governance Committee

CORPORATE GOVERNANCE

Regulatory and statutory compliance

Compliance with all relevant regulations affecting the business activities of the Group are of the utmost importance. The principle compliance framework includes:

Role and the responsibilities of the Board

The overriding role of the Board is to ensure the long-term sustainability and success of EOH for the benefit of all stakeholders. The duties, responsibilities and powers of the Board, the delegation of authority and matters reserved for the Board are set out in the Company's Memorandum of Incorporation ('MOI') and the Board charter. The Board is responsible for determining the long and short-term strategy of EOH and how business is conducted. This includes the setting, monitoring and review of strategic targets and objectives; the approval of material capital expenditure; acquisitions; internal controls; risk management and IT governance.

The directors bring to the Board a wide range of experience and expertise and, in the case of the independent non-executives, an independent perspective and judgement on issues of policy, strategy and performance.

Board members are expected to act in the best interest of EOH and the Group Company Secretary maintains a register of directors' interests.

Board charter

The Board charter details the responsibilities of the Board, which include:

- Input into the Group's strategic direction;
- Providing effective leadership based on an ethical foundation and a sound Governance, Risk and Compliance ('GRC') framework;
- Ensuring that the Group conducts itself in accordance with the principles of fairness, accountability, transparency, responsibility, competence and integrity;
- Ensuring that an appropriate GRC framework is in place and applied across the Group;
- Ensuring that the Code of Ethics is adopted and implemented across the Group;
- Ensuring that the Group is, and is seen to be, a responsible corporate citizen;
- Defining levels of materiality and risk tolerance;
- Governing risk and opportunities in a way that supports the Group achieving its goals;
- Ensuring the adequacy and effectiveness of the Group's internal control systems and procedures;
- Ensuring that appropriate technology systems are in place;
- Approving the annual budget and operating plan of the Group;
- Approving EOH's annual financial statements and public pronouncements on financial performance and ensuring the integrity of such reports;
- Considering and, if appropriate, declaring distributions in accordance with the provisions of the Companies Act;
- Ensuring that the Group remunerates fairly, responsibly and transparently;
- Communicating with internal and external stakeholders in a transparent and timely manner; and
- Ensuring the overall sustainability of the Group.

Ethical leadership

The Board subscribes to ethical leadership which forms the basis of the EOH Code of Conduct. Decisions and actions are based on the following core values:

- Integrity is non-negotiable;
- Respect the dignity of every individual;
- Act professionally and strive for excellence;
- Be legitimate and long-term contributors;
- Care for the environment;
- Promote the fight against corruption;
- Everyone is a valued contributor; and
- Build relationships with customers and vendors to understand and meet their needs.

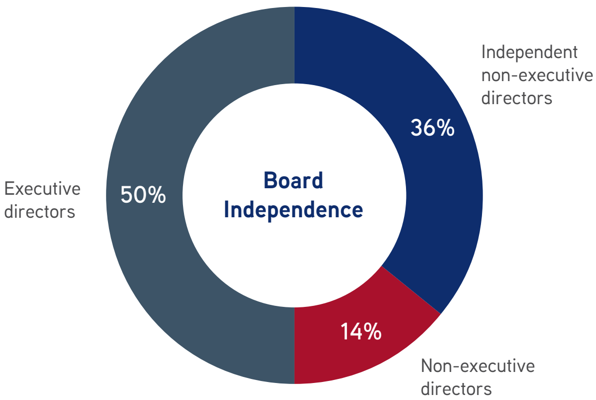
The EOH Executive Committee ('EXCO') is responsible for ensuring that these values are adhered to throughout the Group and the Board's Social and Ethics Committee ensures the application of these principles.

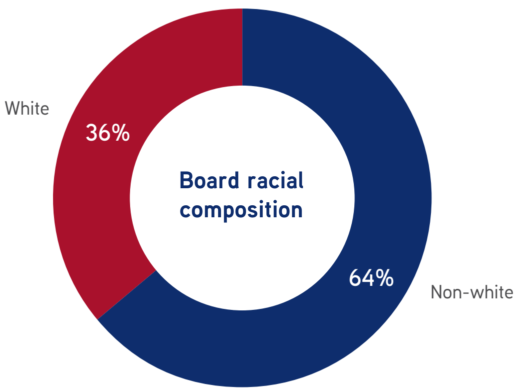
Composition of the Board

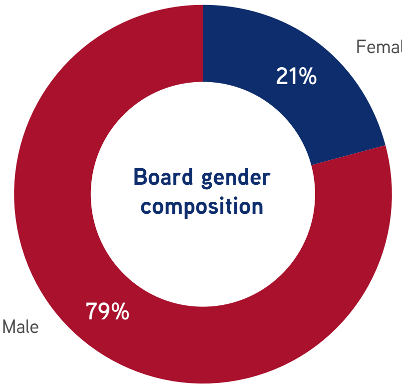
The Group has a unitary Board, the composition of which promotes the balance of authority and precludes any one director from dominating decision-making. The Board of EOH is sufficiently equipped to conduct the business of a board in terms of its collective knowledge, skills, experience, resources and diversity. Directors are classified as executive directors if they are full-time employees of EOH.

As at the date of this report, the Board consisted of 14 individuals. Seven are executive directors, five are independent non-executive directors and two are non-executive directors. Nine of the Board members are non-white, of which three are black women.

Full details of the directorate are set out on pages 36 and 37.







Independence of non-executive directors

The Board is satisfied that non-executive directors, through their actual conduct at Board and committee meetings, have no relationships or circumstances which could affect their independence. Directors serving in their capacity for longer than nine years are re-assessed annually to ensure that they remain independent.

Gender diversity policy of the Board

The Board has adopted a gender diversity policy which sets out the approach to gender diversity of the Board. The aim of the policy is to create a fair, equitable and respectful workplace where both genders are supported in an inclusive environment regardless of their gender or term of employment.

Subsidiary boards

EOH has several wholly owned subsidiaries. Each of EOH's subsidiary companies has a board of directors. The boards of the subsidiaries and the management committees of the various operating divisions have the necessary mix of skills and experience.

Election and re-election of directors

Newly appointed directors are ratified at the next Annual General Meeting ('AGM') following their appointment.

In terms of the Company's MOI, one third of the non-executive directors are required to 'retire' at each AGM, and if they are eligible and available for re-election, their names are put forward for re-election by the shareholders at the next AGM. The non-executive directors who have been in office for the longest period since their appointment are required to 'retire' in terms of the rotation policy.

The Nominations Committee is responsible for the process of electing/re-electing directors following a thorough assessment of candidates.

CORPORATE GOVERNANCE

Succession planning

Should a director retire, resign or be disqualified and removed, the Nominations Committee is tasked with identifying potential candidates. The committee assesses the appropriateness of candidates in terms of their experience and skills. The process of selection, induction and ongoing training of directors is formalised. A basic succession plan for key executives is in place in the event of any resignations.

Group Company Secretary

The Group Company Secretary supports the directors and Chairman. The Board is satisfied that the Group Company Secretary is suitably qualified, competent and experienced to provide such guidance. The Group Company Secretary has direct access to and ongoing communication with the Chairman. The Group Company Secretary is not a director of the Company or its subsidiaries and the Board is satisfied that an arm's length relationship exists. All directors have access to the services of the Group Company Secretary and directors may obtain independent professional advice.

Adri Els, CA(SA) is the Group Company Secretary. The Group Company Secretary is also the secretary of the Board committees.

Board committees

The Board has delegated certain functions to committees. In so doing, the Board has not abdicated any of its responsibilities. The committees are chaired by non-executive directors. All the Board committees operate under Board-approved Terms of References.

Shareholders are required to elect the members of the Audit Committee at the Company's AGM.

The Board has six committees:

- **Audit Committee**
  Only independent non-executive directors with other participants as invitees;
- **Risk and Governance Committee**
  Majority of members are independent non-executive directors;
- **Technology and Information Committee**
  Both non-executive and executive directors;
- **Remuneration Committee**
  Majority of members are independent non-executive directors;
- **Nominations Committee**
  Majority of members are independent non-executive directors; and
- **Social and Ethics Committee**
  Majority of members are non-executive directors.

EOH reviews its governance structures, policies and procedures to ensure that they are resilient and robust and aligned to best practice.

The EOH EXCO is responsible for managing the Group's operations and the Group's overall strategy, which is discussed, debated and approved by the Board.

The Board response to the King IV Report

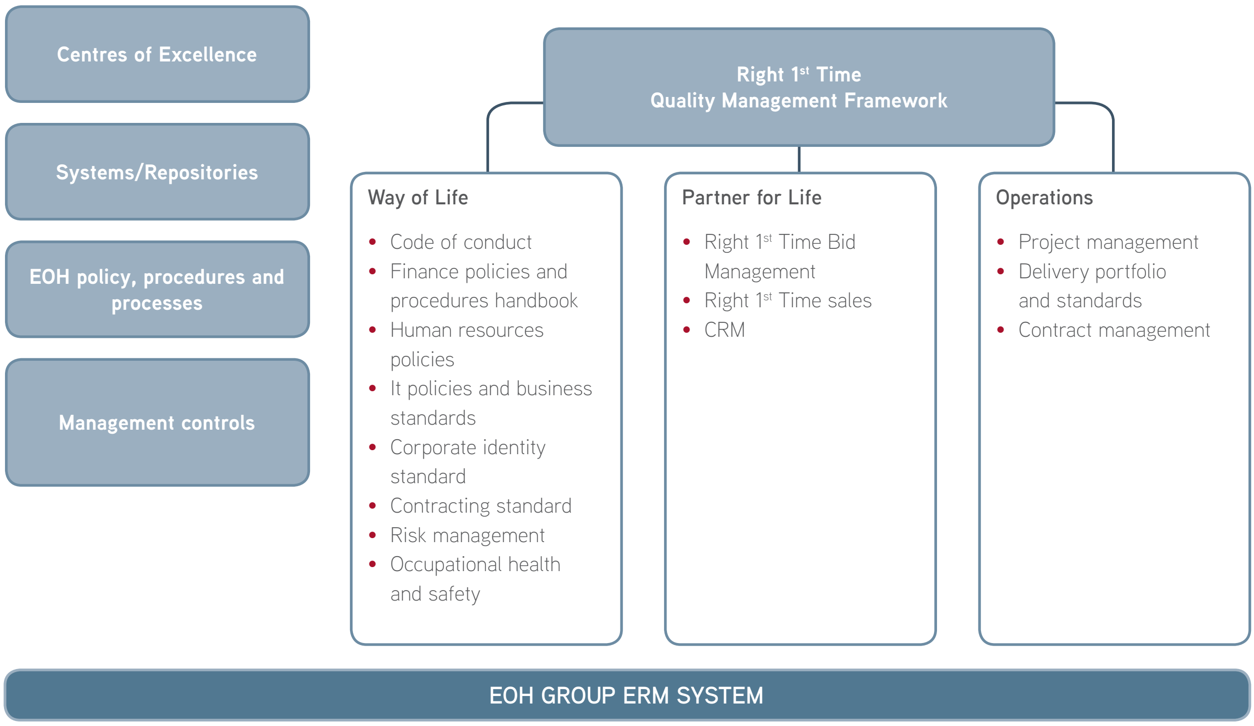
The King IV Report on Corporate Governance™ for South Africa ('King IV') was released on 1 November 2016.

King IV advocates an outcomes based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control; and
- Legitimacy.

The paragraphs which follow briefly outline how the outcomes are being achieved. These outcomes are supported by 16 principles to ensure effective governance. A more detailed narrative on how EOH is achieving such principles is available for information on EOH's website – www.EOH.com.

EOH governance system



Ethical culture

EOH's Board of Directors exercises effective leadership. The directors are competent and act ethically in discharging their responsibility to provide strategic direction and effective governance in terms of the Board Charter and EOH's MOI.

The Board is committed to driving the strategy, based on an ethical foundation, to support a sustainable business, acting in the best interests of the Group, society, the environment and its stakeholders.

The Board's responsibility is to set the tone for an ethical organisation and has discharged its responsibilities by ensuring that a robust and resilient GRC framework is in place. There are systems, procedures and monitoring structures in place to ensure the effectiveness of such a framework.

Board members are under a legal duty to prevent any conflict of interest with Company business and to make full disclosure of any areas of potential conflict.

The EOH Code of Ethics, adopted by the Board, commits EOH and its employees to the highest ethical standards of conduct particularly in relation to non-discriminatory practices, unethical practices, bad behaviour, and confidentiality of personal information.

Good performance

The directors individually and collectively are responsible for realising the Group's strategic objectives and to manage risks and opportunities to ensure an ongoing sustainable business.

The Board oversees and monitors, with the support of its committees, the implementation and execution by management of the policies and procedures in order to ensure that it achieves the Group's objectives.

The sustainability of the Group's businesses is a key consideration in the development and implementation of the Group's business model. It is supported by formal policies governing environmental, corporate social investment, ethical and remuneration matters, all of which form key components of the value-creation process.

EOH's EXCO is responsible for working with the CEO to implement the strategies and policies determined by the Board. The Board assumes responsibility for ensuring that the Group's reporting on the Group's financial performance is reported fairly with the assistance of the Audit and Risk Committees and the external auditors.

CORPORATE GOVERNANCE

Effective control

To ensure that the Company's leadership is effective, appointments to the Board and its committees are proposed by the Nominations Committee.

The Nominations Committee evaluates the effectiveness and performance of the Board, its committees and the individual directors.

The appointment of the executive management team falls within the mandate of the CEO, in consultation with the Board. Clarification of roles and responsibilities are finalised through a formal internal process.

Board members collectively possess a wide range of financial, commercial and technical knowledge, together with the required level of experience.

EOH has a Delegation of Authority framework to ensure that the business operates efficiently and effectively.

The Board assumes responsibility for governance and enterprise risk management and determines how risk is to be approached and addressed across the Group. The implementation thereof is the responsibility of management.

The Group risk function assists the Board with the risk management process. The Audit and Risk and Governance Committees assist the Board by providing an independent and objective view on the Group's financial, accounting and control mechanisms and the Group's compliance with all relevant statutory and regulatory requirements.

The Board is ultimately responsible for ensuring that the technology and information needs of the businesses are in place and effectively governed. The Technology and Information Committee assists in this regard.

A formal internal audit function is in the process of being separated from the GRC function and will be implemented during 2018.

The Board commits to the Constitution of the Republic of South Africa (including the Bill of Rights) and accepts the principles of fairness, accountability, integrity and transparency.

Legitimacy

EOH strives to ensure a systematic and integrated approach to stakeholder engagement across the Group, facilitated through engagement programmes.

Stakeholders are kept informed of the Group's financial performance through the publication of reviewed and audited results and other announcements. The Board, through its committees, ensures that the interests of all stakeholders are addressed.

Directors dealings

Directors' interest in contracts

Directors are required to declare their interests annually in order to determine whether there are any conflicts with their duties and the interests of EOH.

Directors are also required to disclose any conflicts of interest if and when they arise. The directors have certified that they have no material interest in any transaction of any significance with the Company or any of its subsidiaries. A register detailing directors' interests in the Company is available for inspection at the Company's registered address.

Directors' interests in EOH shares

It is not a requirement of the Company's MOI or the Board Charter that directors own shares in the Company. The shares held by the directors as at 31 July 2017 are contained in the Annual Financial Statements on page 35.

Trading in Company shares

The Group Company Secretary informs the Board and management of its closed periods, when trading in EOH shares by directors and senior executives is prohibited. The closed periods commence on 1 February and 1 August each year and remain in force until the publication of the interim and final results respectively. Any period during which the Company may trade under cautionary announcement is classified as a closed period.

All directors' trading of EOH shares require the prior approval of the Group CEO or Group Financial Director. No director can approve his own trading of EOH shares. The Group Company Secretary retains a record of all such share dealings.

Statement of effectiveness of the Board

The Board appraises the Chairman under the guidance of the Lead Independent Director, while the Remuneration Committee appraises the Group CEO. The Remuneration Committee assesses the remuneration of the Chairman and directors. The Nomination Committee evaluates the performance of the Board and its committees. Individual directors complete formal evaluations of their own effectiveness, at least every two years. The Board assesses the appropriateness of the Board structure and its effectiveness.

Statement of compliance with King IV

External advice is sought to assess the application and implementation of King IV and the current levels of compliance across the Group. Such advice is sought on a regular basis.

Effectiveness of Internal controls

Based on a review of internal controls and assessment of the risk management process, nothing has come to the attention of the Board that causes it to believe that the Group's system of internal control and risk management process are not effective.

Attendance at Board and Board committee meetings

The Board meets quarterly and on an ad hoc basis when considered necessary. Board meetings are convened by formal notice incorporating detailed agendas and accompanied by background material relating to matters to be discussed at each meeting to enable the directors to prepare in advance.

	Board	Audit	Risk and Governance	Technology and Information	Remune-ration	Social and Ethics	Nomina-tions
Number of meetings	4	3	2	2	2	2	2
Executive directors							
Zunaid Mayet (CEO)	1/1[>]		1/1[>]	1/1[>]	1/1[^]	1/1	1/1[^]
Pumeza Bam	2/2*				1/1*	1/1*	1/1*
Asher Bohbot	3/3*	3/3*[^]			1/1*[^]	1/1*	1/1*[^]
Rob Godlonton	1/1[>]			1/1[>]			
Brian Gubbins	1/1[>]						
John King	4/4	3/3[^]	2/2	2/2	2/2[^]	2/2	2/2[^]
Ebrahim Laher	1/1[>]						
Jehan Mackey	1/1[>]						
Dion Ramoo	3/3*						
Jane Retief (neé Thomson)	2/3*						
Johan van Jaarsveld	1/1[>]						
Non-executive directors							
Sandile Zungu (Chairman)	4/4						
Pumeza Bam	2/2[>]				1/1[>]	1/1[>]	1/1[>]
Lucky Khumalo	3/4	3/3	1/2	1/2	1/2	1/2	1/2
Danny Mackay	3/3*						
Moretlo Molefi	1/1[>]						
Grathel Motau	2/2[>]	1/1[>]	1/1[>]				
Tshilidzi Marwala	4/4	3/3	1/2	2/2			
Audrey Mothupi	3/4*	1/1*					
Rob Sporen	3/4	2/3	2/2		2/2	2/2	2/2
Invitees							
Rob Godlonton (ICT Executive)				1/1[^]			
Hendrick Mosopa (CIO)				1/2[^]			
Isobel Townsend (Finance)						2/2[^]	

[^] *By invitation.*

* *Resigned during the year.*

[>] *Appointed during the year.*

AUDIT COMMITTEE REPORT

The mandate of the Audit Committee ('the committee') is to oversee the integrity of EOH's control environment and to provide reasonable assurance relating to the integrity and reliability of the financial statements prepared in compliance with IFRS, and to safeguard, verify and ensure accountability of the Group's assets.

The Audit Committee's operation is guided by its Terms of Reference which is in line with the Companies Act of South Africa. The committee does not assume the functions of management. This remains the responsibility of the executive directors and senior management.

Role and responsibilities of the Audit Committee

The committee's statutory duties and responsibilities are varied and include:

- Overseeing the qualification and independence of the external auditors;
- Assessing the scope and effectiveness of the external audit function;
- Overseeing the quality and ensuring the integrity of the Group's Annual Integrated Report and other public announcements in respect of the financial results (interim and final);
- The effectiveness of the Group's financial internal controls; and
- Ensuring compliance with legal and other regulatory requirements that impact financial reporting.

Composition of the committee

The committee comprises four independent non-executive directors and is chaired by a qualified Chartered Accountant. The members of the committee must have the requisite financial knowledge, skills and experience to oversee and assess the strategies, processes and controls developed and implemented by management to manage the business.

The committee members appointed by EOH's shareholders at the AGM held on 22 February 2017 are:

- Grathel Motau – Chairperson, Independent non-executive director
- Lucky Khumalo – Independent non-executive director
- Tshilidzi Marwala – Independent non-executive director
- Rob Sporen – Independent non-executive director

All the current members of the committee have been nominated by the Board for re-election, subject to shareholder approval at the AGM to be held on 12 April 2018.

The Group Chief Executive Officer and Group Financial Director attend all committee meetings by invitation. Representatives from the external auditors are present at committee meetings where results are approved or audit services are discussed and approved.

Activities during the year

The committee met three times during the year in order to discharge its responsibilities and focused on several areas:

Integration of businesses that joined the Group (acquisitions)

The acquisition integration process is well established. The external auditors focus on new acquisitions when performing their annual audit. The Company Secretary, together with the Finance Function, Legal Function, HR Function and GRC Senior Manager take new joiners through EOH's processes and compliance requirements of the EOH Group. All employees attend a one day 'orientation day' to familiarise themselves with EOH's policies, procedures and guidelines. The financial systems are aligned to EOH's financial systems to ensure visibility, transparency and ease of reporting. This migration ensures standardised financial reporting and controls throughout the Group.

Profit warrant audits, where applicable, are conducted by the external auditors as and when required in terms of the contractual obligations of the purchase and sale agreements. These services are billed separately.

Combined Assurance Model

In line with King IV, a combined assurance model is used to ensure the effectiveness of processes and internal controls. Divisional Financial Directors oversee the financial management function of the various operations. Finance staff report to the centre (shared services) and are rewarded based on their performance not related to the profits achieved. A Risk, Governance and Compliance ('GRC') framework is in place.

A separate, independent, robust and effective internal audit function is planned for 2018 to further strengthen the combined assurance model using internal staff and external service providers such as external auditors, legal advisors, IFRS consultants and other specialist advisors.

Annual Financial Statements

The committee reviewed the Annual Financial Statements and summarised financial results, interim and preliminary announcements and all other announcements on the Group's financial performance before being made public.

Group Financial Director

The committee confirms that it is satisfied with the expertise and experience of John King, BCom, BAcc, CA(SA).

Finance function

The committee has reviewed the expertise and experience of the Group's finance function and confirms to shareholders that the finance function is effective.

Review of internal controls

The effectiveness of internal controls remains the responsibility of the committee. The required tests and assessments are performed by the external auditors and by the divisional finance directors.

The committee is of the opinion, having considered the assurance provided by management and external service providers, that the Group's system of internal financial controls, in all material aspects, is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the Annual Financial Statements.

External auditors

The committee is responsible for the appointment of the external auditor and overseeing the external audit process. The Audit Committee is satisfied with the performance of the external auditors and that the audit firm acted with unimpaired independence, free from any scope restrictions.

The Audit Committee has considered the JSE's most recent report on their proactive monitoring of financial statements, and those of previous periods, and has taken appropriate action where necessary to respond to the findings when preparing the annual financial statements for the year ended 31 July 2017.

The committee has, *inter alia*:

- Determined the terms of engagement and fees to be paid to Mazars (Gauteng) Inc.;
- Reviewed the quality and effectiveness of the external audit process and ensured that the designated audit partner was independent;
- Monitored the independence of Mazars (Gauteng) Inc. as it relates to the signing off of the Annual Financial Statements for F2017;
- Approved contracts for non-audit services rendered by Mazars (Gauteng) Inc, particularly in relation to 'profit warrant' audits;
- Ensured that there is a process for the committee to be informed of any reportable irregularities identified by the external audit firm (as per the Auditing Profession Act);
- Nominates that Mazars (Gauteng) Inc. be re-appointed as external auditors by shareholders at the AGM to be held in April 2018; and
- Ensured that the appointment complied with the Companies Act and other relevant legislation.

Annual integrated reporting

The committee oversaw the preparation of the Annual Integrated Report for the year ended 31 July 2017 and has:

- Considered factors and risks that could impact the integrity of the Annual Integrated Report;
- Considered the basis on which the Company has been assessed as a going concern and ensured that solvency and liquidity tests have been performed and covenant ratios met;
- Reviewed the Annual Financial Statements and the accounting policies and notes thereto;
- Considered whether there were any material sustainability issues;
- Reviewed the content of the report to ensure that it provided a balanced view; and
- Recommended the Annual Integrated Report to the Board for approval.

Sustainability policy

The committee, in conjunction with the Social and Ethics Committee, has ensured that the relevant management structures and processes are in place to meet the objectives of EOH's sustainability policy. Refer to the Sustainability Report on pages 22 to 33.

Audit Committee recommendation

The committee hereby reports the following to the shareholders:

Going concern

The committee has reviewed and considered the applicability of the going concern assertion by management. The committee concluded that the Group is a going concern for the foreseeable future.

Statutory reporting

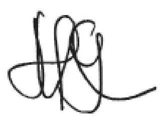
The committee has evaluated the Consolidated Annual Financial Statements for the year ended 31 July 2017 and considers that the Group complies, in all material respects, with the Companies Act, IFRS, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, the JSE Listings Requirements and applicable legislation.

Annual Integrated Report

The committee, having fulfilled the oversight role regarding the reporting process and all material factors that may impact the integrity of the Annual Integrated Report, recommended that the Annual Integrated Report and the consolidated Annual Financial Statements for the year ended 31 July 2017 be approved by the Board. The Board has subsequently approved the consolidated annual financial statements which will be open for discussion at the forthcoming AGM.

Conclusion

The committee is satisfied that it has met the requirements of its Terms of Reference.



Grathel Motau CA(SA)
Chairperson, Audit Committee
Independent Non-Executive Director

12 January 2018

RISK AND GOVERNANCE COMMITTEE REPORT

The Board considers risk management as key in EOH's pursuit to meet the strategic objectives of the Group in an effective manner. The day-to-day management of the Group is underpinned by an awareness of risk and the activities and processes to mitigate such risks.

The Board is responsible for the governance of risk across the Group, for setting the risk appetite and for monitoring the effectiveness of risk processes. The Board has tasked the Risk and Governance Committee ('the committee') to assist it in carrying out its risk responsibilities.

The committee ensures that there is an ongoing assessment of risks. The EOH EXCO is accountable to the Board for designing, implementing and monitoring the risk management processes. Senior management is responsible for effectively managing the risk within their respective areas of responsibility.

King IV has a strong focus on opportunity management in addition to risk management, and as such it has tasked the committee with the identification of the risks associated with such opportunities.

Role and responsibilities of the Risk and Governance Committee

The committee performs all functions necessary to fulfil its aforementioned role, including the following:

- Overseeing the development, implementation and annual review of the Group Risk Policy and Group Risk Management Plan;
- Monitoring the implementation of the Group Risk Policy and Group Risk Plan by management;
- Integrating and embedding risk management in the business activities and culture of the Group;
- Making recommendations to the Board regarding acceptable levels of risk (risk tolerance) and ensuring that risks are managed within these levels;
- Assessing the risks and opportunities that the Group faces;
- Assessing the impact of such risks and the potential negative impact on achieving the Group's objectives should such risks occur;
- Ensuring that the risk management plan is disseminated and integrated into the day-to-day activities of the various operations of the Group;
- Ensuring that risk management assessments are performed on a regular basis;
- Ensuring that the framework and methodologies are implemented to anticipate, assess and manage risk;
- Ensuring that management considers and implements appropriate risk responses;
- Liaising closely with the Audit Committee;
- Expressing the Committee's formal opinion to the Board on the effectiveness of the Enterprise Risk Management Process;
- Reviewing the Risk and Governance Report to be included in the Annual Integrated Report; and
- Establishing and implementing business continuity arrangements that allow the operations to continue to operate under adverse circumstances and to withstand and recover from such adverse conditions.

Composition of the committee

The committee comprises non-executive directors and executive directors, requiring a majority of non-executive directors. The members of the committee have the requisite knowledge, skills and experience to effectively carry out the committee's mandate. The committee consists of:

- Grathel Motau – Chairperson, Independent non-executive director
- Rob Sporen – Independent non-executive director
- Tshilidzi Marwala – Independent non-executive director
- Zunaid Mayet – Group Chief Executive
- John King – Group Financial Director

Enterprise Risk Management ('ERM') overview

The process of managing enterprise risk within EOH is encapsulated in the EOH Group ERM policy. The policy framework describes EOH's risk management framework, philosophy, approach and processes.

The effective management of enterprise risk is central to EOH. The EOH Group ERM policy drives the design and deployment principles of the Group-wide operational risk programme.

The EOH ERM objectives are aligned with EOH's philosophies, namely:

- Best People
- Partner for Life
- Right 1st Time
- Sustainable Transformation
- Lead and Grow

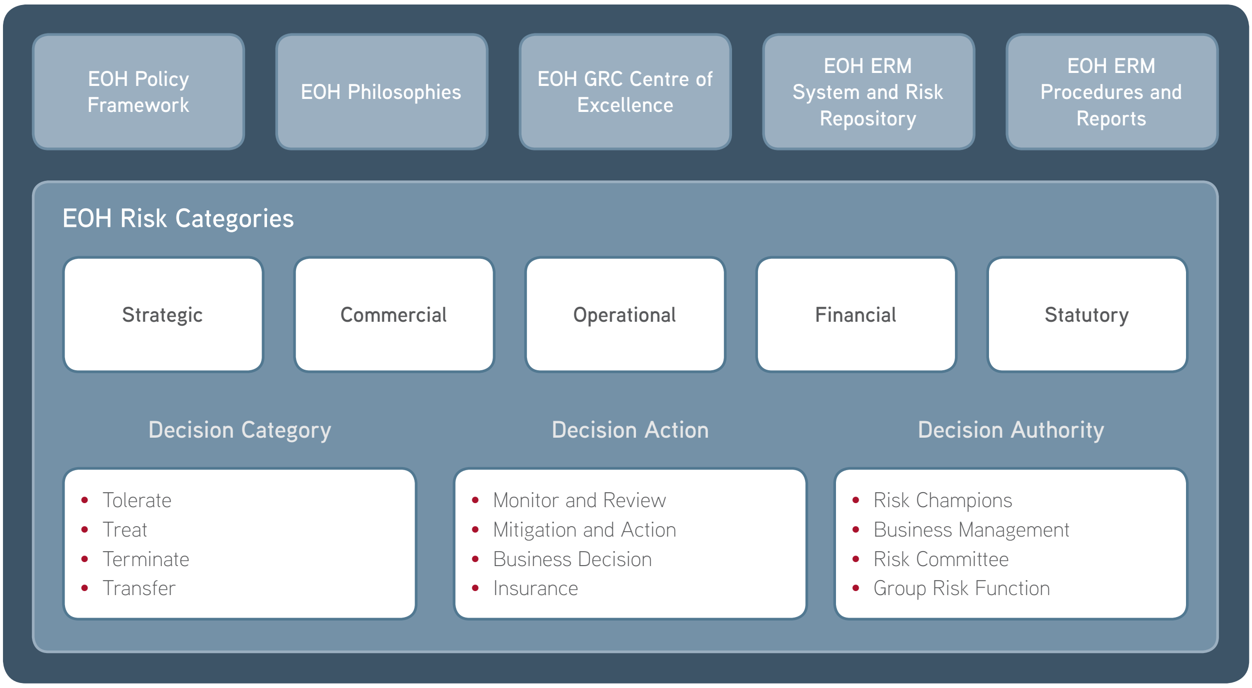
The ERM framework is underpinned by:

- EOH Policy Framework;
- EOH's philosophies;
- GRC Centre of Excellence;
- Risk systems and repository of risk data;
- Monthly compliance processes and reports; and
- Right 1st Time.

ERM process

The EOH ERM process is divided into two streams, namely the 'strategic risk management process' and the 'tactical risk management process'. The strategic risk process is about policy, overall communication, overall roles and responsibilities and the measurement and review of the overall programme. The tactical risk process is about the identification, registration and treatment of risks.

Operational business unit managers, as well as the Group IT, finance, strategic sales and HR functions carry out regular self-assessments of risk. The process identifies critical business, strategic, commercial, operational, financial and compliance exposures facing the Group and the adequacy and effectiveness of processes and controls. The assessment methodology takes into account the severity and probability of occurrence and applies a rating based on the quality of the control procedures, thereby ranking and setting priorities. The top risks, elevated to Group level, are addressed through Group action plans put in place with responsibilities assigned to the appropriate people. The Group's integrated risk management model considers business, strategic, commercial, operational, financial and compliance risks.



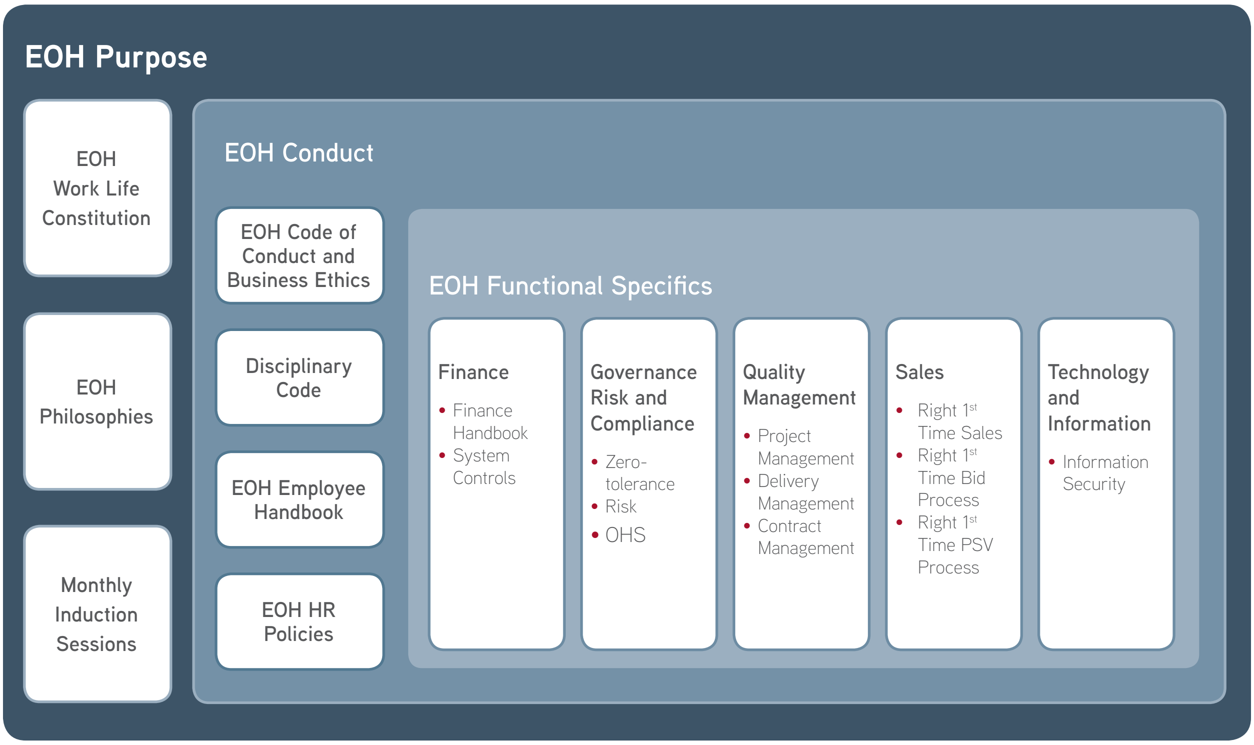
EOH ERM is a collaborative endeavour to identify risks and to put in place actions, processes and measures to mitigate the probability of such risks materialising.

The identified risks, their likelihood of occurrence, impact on business objectives if they materialise, mitigating measures (controls/procedures) and the risk management outcomes are discussed on a regular basis. Risks are ranked and prioritised, ensuring a swift response and intervention to mitigate risks outside acceptable risk tolerance levels. No risks identified exceed risk tolerance levels as procedures are in place to ensure that the residual risk of all top risks is low.

Liquidity risks are managed on a short-term and long-term basis ensuring the pairing of known cash in and outflows, with forecasted expected cash flows.

CORPORATE GOVERNANCE

The ERM process is strengthened by EOH's GRC Policy Framework outlined below.



Ownership of risk management

The committee is responsible for the ERM process and reports to the Board.

The EOH EXCO is responsible for the ERM programme and monitors and reviews EOH's ERM process and reports its findings to John King, who is the Chief Risk Officer, on a regular basis.

Management is responsible for implementing the ERM programme and ensuring that the necessary operational controls are adequate and effective in their respective business areas.

Combined assurance model

A combined assurance model in terms of King IV has been designed and implemented to adequately cover the Group's significant risks by combining a number of assurance functions, including the Group's own line functions (that own and manage risks), the Group's specialist functions (that facilitate and oversee risk management), the use of external services providers and the Group's external auditors.

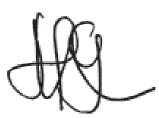
EOH is strengthening the combined assurance model by formalising and implementing an independent robust and effective internal audit function during 2018 which will be separate from EOH's existing GRC function.

Activities during the year

- The committee met twice during the year;
- Reviewed the GRC framework;
- Standardised the GRC framework and guidelines for use throughout EOH;
- Reviewed and considered the risk reports presented to the committee;
- Focused on the top risk areas and the mitigating actions to reduce such risks to acceptable levels;
- Monitored Project 'Wise Owl' which was established to strengthen EOH's GRC framework and to standardise governance policies, procedures, guidelines and templates throughout the Group; and
- Entrenched the 'Right 1st Time' philosophy, principles and methodologies/tools at all levels, with a focus on good business practice, the sales process and project management process.

Conclusion

The committee is satisfied with EOH's ERM policies, procedures and structures and the processes to identify risks and the actions to mitigate such risks materialising. The committee is satisfied that it has met the requirements of its Terms of Reference.



Grathel Motau
Chairman, Audit Committee
Independent Non-Executive Director

12 January 2018

REMUNERATION COMMITTEE REPORT

The remuneration report highlights the key components of the remuneration policy which is aligned to the Group's strategy and how this policy translates into reward outcomes.

The Remuneration Committee ('the Committee') is tasked by the Board to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of the Group's strategy and grow shareholders value. The policy aims to attract and retain skilled resources which is aligned with shareholders' interests.

King IV, and specifically Principle 14, addresses fair, responsible and transparent remuneration practices that promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.

Role and responsibilities of the Remuneration Committee

The role of the committee is to:

- Ensure that the Company remunerates directors, management and staff fairly and responsibly;
- Ensure that the remuneration policy promotes the achievement of strategic objectives and encourages individual performance;
- Approve material HR policies for the EOH Group;
- Approve proposals for average annual salary adjustments across the Group;
- Consider the status of Employee Benefits and Standard Conditions of employment;
- Oversee the setting and administering of remuneration at all levels in the Group;
- Ensure that the mix of fixed and variable pay meets the Group's needs and strategic objectives;
- Ensure that remuneration is appropriately benchmarked;
- Ensure that remuneration structures are reasonable;
- Consider the results of the evaluation of the performance of the CEO and other executive directors;
- Review incentive schemes/retention schemes to ensure that the incentive schemes/retention schemes are administered in terms of the rules of some schemes;
- Approve proposals on new short-term and long-term incentive schemes and where appropriate make recommendations to the Board for approval by shareholders;
- Consider the appropriateness of the early vesting of share options at the end of employment;
- Support the CEO in the measurement criteria used to measure the performance of Executive Directors in discharging their functions and responsibilities;
- Review the objectives relevant to the setting of the remuneration of the CEO;
- Review the outcomes of implementing the remuneration policy to ensure that the required objectives are being achieved;
- Advise on the remuneration of non-executive directors;
- Ensure that the disclosure of directors' remuneration in the Annual Financial Statements of the Group are accurate, complete and transparent; and
- Oversee the preparation of the Remuneration Committee's report, which includes a background statement, the overall Remuneration Policy and the Implementation Report, which forms part of the Annual Integrated Report.

Composition of the committee

- Rob Sporen – Chairman, Independent non-executive director
- Lucky Khumalo – Independent non-executive director
- Pumeza Bam – Non-executive director

The Group Chief Executive Officer (CEO), Group Financial Director and Group Human Resources Director attend committee meetings by invitation.

The Remuneration Committee meets formally at least twice a year. The Chairman of the Board and the Group CEO meet as and when required to discuss the performance of the executive directors.

Background statement

EOH's primary remuneration philosophy is to employ and reward high-calibre and high-performing employees who subscribe to the values and culture of EOH. EOH recognises that people are integral to the achievement of corporate objectives and that they should be remunerated accordingly for their contribution and the value that they deliver. Executive remuneration must be fair and responsible in the context of overall remuneration in the Group.

EOH's remuneration strategy is to use a combination of guaranteed annual salaries (with benefits commensurate with the market place) bonus/commission arrangements and profit incentive arrangements to reward short-term operational performance; and share options (long-term retention mechanism) to retain high-performing individuals.

The Remuneration Policy underpins EOH's Group strategy, and it supports the EOH Philosophies of Best People, Partner for Life, Right 1st Time, Sustainable Transformation and Lead and Grow.

EOH's Remuneration Committee approves the remuneration policies and practices to ensure that they are fair, responsible and transparent. This ensures that the best people are attracted, motivated, rewarded and retained which promotes a high-performance culture across the Group.

The remuneration approach throughout the Group considers EOH's strategic objectives and EOH's role as a responsible corporate citizen in our economically active market place across industries. The following contributing factors were considered when designing the remuneration model:

- Business requirements and skills development;
- Competitive market behaviour and affordability;
- Links between strategy, risk and reward; and
- Performance contributions and the quality of delivery.

Remuneration is set at levels that are competitive and appropriate within the specific markets and industries in which the Group operates.

CORPORATE GOVERNANCE

Governance

The Remuneration Committee is responsible for developing and administering the Remuneration Policy. It plays a significant oversight role relating to the remuneration paid and rewards accruing to EOH management and staff.

The Remuneration Policy is reviewed regularly by the Group CEO, and if deemed appropriate, considered by the Remuneration Committee for recommendation to the Board. Any amendments are formally approved by the Board of Directors.

The responsibility for the fair and equitable implementation of the Remuneration Policy is the responsibility of management with the assistance of Human Resources executives.

The Remuneration Policy and Implementation Report will be published annually as part of the Integrated Annual Report as recommended by King IV.

The Remuneration Policy and Implementation Report will be tabled at each AGM.

EOH Remuneration Policy

EOH's Remuneration Policy aims to ensure sustainable value through:

Sustainable Growth	Policy and Structures	Strategy and Objectives	Employer of Choice	Governance
Shareholder interest	Transparent and understandable	Linked performance-based incentives	Competitive with market norms and benchmarks	Compliant with applicable laws and regulations

Key Principles

The key principles of EOH's Remuneration Policy are:

- To provide appropriate remuneration packages to attract, retain and motivate staff, whilst giving consideration to remuneration levels, both within EOH and benchmarks outside EOH;
- To ensure that packages are competitive as talent is mobile, both locally and globally, and to take advice from external remuneration specialists from time to time to meet these objectives;
- Guaranteed remuneration is targeted broadly at the median position of the relevant market data. Annual salary adjustments are governed by factors such as the consumer price index ('CPI'), retention strategies, the producer price index ('PPI'), industry performance, contractual arrangements and affordability;
- The guaranteed remuneration package is intended to provide all employees with pay which is satisfactory given their responsibilities;
- The annual package includes the cost to EOH of all forms of remuneration, including basic salary, travel and other allowances, and the advice and facilitation of retirement savings, risk insurance, life cover and medical aid;
- Permanent employees are required to belong to a medical aid scheme;
- Permanent employees are members of a defined contribution provident fund scheme – the assets of the provident funds are managed independently and do not form part of EOH's assets;
- Variable pay is often an important component of remuneration and both annual and long-term performance-based schemes are in place in support of EOH's business strategy;
- The objective is, amongst others, to value and reward individual contributions;
- In applying the above mentioned principles, remuneration within EOH should remain within the income range associated with the applicable job profile, and in accordance with market trends, qualifications, experience, knowledge and performance of the employee.

In addition to these principles, the following additional principles apply to management and key individuals:

- The Remuneration Committee has approved that the Group CEO is empowered to determine the remuneration packages of senior executives based on the guidelines agreed at the Remuneration Committee meetings;
- Retention scheme performance measures are assessed by the Remuneration Committee – these measures include corporate performance, individual performances, and financial and non-financial criteria;
- Performance measures are taken into account before issuing share options in terms of the long-term share incentive retention schemes;
- Annual bonuses are based on performance for the financial year.
- A principle underlying variable pay is that senior executives and managers have more influence over the outcome of the overall performance of EOH, its divisions, clusters and/or business units and hence variable pay is linked to the achievement of specified performance criteria and budgets;
- Variable pay is designed to incentivise and reward both team and individual effort, and the share retention schemes serve as a tool to retain management and key staff needed to achieve the goals of a business unit and/or division;
- Executive reward is by its nature individualistic and performance-based. Accordingly, there is a guaranteed component of an executive's remuneration with a variable component specific to each individual's performance.

Retention Schemes

The Group has two share retention schemes, the EOH Share Trust and the Mthombo Trust. Under the terms of the EOH Share Trust, up to 18 000 000 shares are reserved for share options. The share options are equity settled.

The EOH Share Trust

The scheme is governed by a Trust Deed approved by shareholders and is a registered Schedule 14 Share Trust approved by the JSE Limited. The primary objective of the share trust is to retain highly skilled and talented individuals. Should a person leave, any unvested share options are forfeited. Share options are only issued to high-performing individuals based on their contribution to the Group. The option strike price is the share price at the date when share options are offered less a 40% discount.

Share options vest in four tranches, with the first tranche being 24 months after the initial grant date. The vested share options will lapse ten years after grant date.

- 25% of share options after two years
- 25% of share options after three years
- 25% of share options after four years
- 25% of share options after five years

The Mthombo Trust

The scheme is governed by a Trust Deed approved by shareholders and was specifically introduced to promote black economic transformation. It is a B-BBEE scheme with the only participants being qualifying EOH employees. The option strike price is the share price at the date when share options are offered less a 40% discount.

Share options vest in three tranches, with the first tranche being 36 months after the initial grant date. The vested share options will lapse eight years after grant date.

- 33,33% of share options after three years
- 33,33% of share options after four years
- 33,33% of share options after five years

Non-executive director remuneration

The remuneration of non-executive directors is based on proposals from the Remuneration Committee, which are submitted to the Board for approval. Non-executive directors sign engagement letters with the Company which set out their duties and remuneration terms.

The term of office of non-executive directors is governed by the Memorandum of Incorporation, which provides that directors who have served for three years will retire by rotation.

The remuneration of non-executive directors who serve on the Board and its committees is reviewed by the Remuneration Committee on an annual basis and recommended to the Board for approval. Remuneration is compared with that of selected peer companies and is a market-related adjustment based on listed entities of a similar size and determined through a market-related remuneration study and an independent market survey.

Non-executive remuneration is paid monthly, based on an annual retainer fee.

Fees are approved annually on this basis at the annual general meeting.

Remuneration Implementation Report

Purpose

The purpose of the Implementation Report is to show how the Remuneration Policy has been applied.

The EOH remuneration model structures remuneration in a fair and responsible manner between executives and staff. It is furthermore cognisant of the responsibility, accountability, competencies, institutional IP, performance and scarcity of skills.

The Remuneration Policy has been implemented across the Group at all levels. Excellent performance was rewarded, which ensured the retention of key talent and high performers. Conversely, poor performance was managed.

CORPORATE GOVERNANCE

Types of Remuneration models implemented

The remuneration types are based on the remuneration model below:

Guaranteed Fixed Package

- Fixed
- Guaranteed level of earnings per pay period
- Set around the median of the specific role and responsibilities

Short-term based Incentives

- Variable
- Payable annually for linked achievements per set period
- KPIs aligned to strategic and personal performance

Long-term based Incentives

- Variable
- Payable for sustained corporate performance
- KPIs aligned to strategic and business performance

The details of each of the elements of the remuneration types are summarised below:

Type	Description	Components	Purpose	Eligibility	Authority
Guaranteed Fixed Package	• Fixed • Structured Total Cost to Company (Benchmarked against independent data)	• Basic Salary • Qualified allowances • Retirement related contribution • Medical Aid related contributions • Insurance related contributions • Leave enhancement (MEIBC employees only)	• Reflects the scope and depth of the role • Based on the level of responsibility required and skills and/or experience	• All management and staff	• CEO where appropriate • EXCO • Divisional Director
	• Variable • Performance-based criteria	• Commission • Key Performance Indicators	• Per agreement • Agreed Key Performance Indicators	• Management and Key Individuals	• CEO (if Executive Director) • EXCO where appropriate • Divisional Director
Short-term based Incentives	• Linked to agreed KPIs delivered annually measured against objectives and targets	• Bonus schemes	• Rewards personal performance	• Management and key individuals	• CEO (if Executive Director) • EXCO (where appropriate) • Divisional Director
		• Discretionary bonus payments	• Rewards individuals for specific performance which impacts Group performance	• Management and key individuals	• EXCO
Long-term based Incentives	• Share option retention schemes	The Mthombo Trust	• Employment Equity retention mechanism to promote B-BBEE for top performing individuals	• Qualifying previously disadvantaged employees and key employees	• Approved by CEO • Ratified by Trustees
		The EOH Share Trust	• Retention mechanism for top performing individuals	• Executives • Senior Management • Key employees	• Approved by CEO • Ratified by Trustees

Remuneration reviews and increases

The salaries of employees are reviewed each year. Employees' salaries are recommended by the business unit leaders and are approved by the Group CEO. Various macro factors are taken into account including CPI, market and trading conditions, skills shortages in specific areas and salary surveys/benchmarks. Increases are considered based on market information, organisational performance and affordability. Changes in the scope and roles of individuals are specifically considered.

The Group CEO and Group Financial Director are employed in terms of executive employment contracts with a notice period of six months. Other executive directors and senior management are employed in terms of standard employment contracts with a notice period of three months. All directors sign restraints of trade agreements for a minimum period of 12 months following their resignations as directors.

Bonuses are paid to certain employees based on them meeting pre-determined performance criteria.

In addition to basic remuneration, long-term incentive benefits are allocated to management and key individuals who have met their key performance criteria and EOH wishes to retain over the long-term. A basic formula is applied to calculate share option allocations but discretion is applied to ensure that it is reasonable. See note 35 Directors' interest in shares of the Company; note 36 Directors' remuneration for the period whilst a director; and note 37 Share based payments.

Performance criteria for senior management and executives are set. Criteria are set for short-term incentives based on Divisional and Group performance. PBT calculated net of 'working capital related interest' targets are set and achievement is calculated pro rata between 50% and 100%, thereafter, linear, and capped at 150%. Additional Debtors Days (including work in progress and revenue accruals) incentives are set and measured. The achievement excludes acquisitions and acquisition related costs.

Target setting and weighting of bonuses	Percentage of bonus (weighting) %	Maximum payment* %
Targets are set and bonuses weighted based on certain criteria.		
Achievement of divisional PBT after 'Working Capital related interest'	60	150
Achievement of Group PBT after 'Working Capital related interest'	25	150
Realisation of debtors days	15	200

** This indicates the maximum that a person can be paid as a percentage of target bonus amount.*

Outcome of implementation of Remuneration Policy

- Fair and responsible remuneration of employees;
- Sustainable growth and profitability of the EOH Group;
- Low staff turnover; and
- The retention of management and key individuals.

Activities during the year

The following areas have been addressed during the year:

- Reviewed the remuneration policy in the context of King IV recommendations;
- Reviewed and approved the range of average salary increases for F2017/18;
- Reviewed non-executive directors' remuneration for F2017/F2018 for approval at the next AGM;
- Approved share options issued for F2017/F2018 to executives, senior management and key individuals;
- Reviewed the Remuneration Implementation Report; and
- Revised the committee's Terms of Reference.

Conclusion

The Remuneration Committee met twice during the 2017 financial year and conducted its affairs in compliance with its Terms of Reference. The committee is satisfied that the overall principles set out by King IV have been applied and that the Companies Act has been adhered to.

Rob Sporen
Chairman Remuneration Committee
Lead Independent Non-executive Director

12 January 2018

NOMINATIONS COMMITTEE REPORT

The Nominations Committee's ('the Committee') function is to assist with identifying and evaluating suitable candidates for appointment to the Board and its sub-committees.

The key function of the committee is to ensure that the Board and its committees are appropriately structured and resourced to enable them to efficiently fulfil their duties in terms of their Charters or Terms of Reference. The committee ensures that appointments to the Board and committees are governed by a formal and transparent process.

With regard to potential appointments, consideration is given to their independence, experience, diversity, skills and demographics. All new appointees are subject to confirmation of appointment by shareholders at the next AGM.

Roles and responsibilities of the Nominations Committee

The committee is responsible for:

- Ensuring that the size and composition of the Board is appropriate to enable it to execute its duties effectively and to annually review such;
- Making recommendations to the Board for the appointment of executive directors and the appointment and re-appointment of non-executive directors;
- Annually reviewing the independence of non-executive directors, taking into account all applicable corporate governance requirements;
- Ensuring that directors undergo proper 'on-boarding'/induction.
- Ensuring that directors receive ongoing training as and when required;
- Ensuring that formal succession plans are in place for members of the Board, the CEO and senior executives; and
- Assisting the Chairman and the Board in evaluating the performance of the Board, its committees and individual directors.

Composition of the committee

- Rob Sporen – Chairman, Independent non-executive director
- Lucky Khumalo – Independent non-executive director
- Pumeza Bam – Non-executive director

CORPORATE GOVERNANCE

Activities during the year

The Nominations Committee met twice during the year. The Group CEO, Group Financial Director and Group Human Resources Director attend committee meetings by invitation.

During the year the following persons were appointed to the Board:

Name	Position	Date
Grathel Motau	Independent Non-Executive Director	1 March 2017
Pumeza Bam	Non-Executive Director	1 March 2017
Zunaid Mayet	Executive Director (Group CEO)	12 May 2017
Rob Godlonton	Executive Director	12 May 2017
Brian Gubbins	Executive Director	12 May 2017
Ebrahim Laher	Executive Director	12 May 2017
Jehan Mackay	Executive Director	12 May 2017
Moretlo Molefi	Independent Non-Executive Director	12 May 2017
Johan van Jaarsveld	Executive Director	12 May 2017

The following people resigned from the Board:

Name	Position	Date resigned
Pumeza Bam	Executive Director	1 March 2017
Asher Bohbot	Executive Director (former CEO)	12 May 2017
Danny Mackay	Non-Executive director	12 May 2017
Dion Ramoo	Executive director	12 May 2017
Jane Retief (neé Thomson)	Executive director	12 May 2017
Audrey Mothupi	Independent Non-Executive director	31 August 2017

The committee has also been involved in the interviewing and referral of candidates with particular focus on black female candidates for the positions of Chief Information Officer and Group Human Resources Director. The committee has assessed and continues to reassess the composition of the Board and its sub-committees. The committee fulfilled its duties in compliance with its mandate as per the Terms of Reference.

Conclusion

The committee is satisfied that the overall principles laid down by King IV have been applied and that the Companies Act and the regulatory and statutory requirements have been adhered to.

Rob Sporen
Chairman Nominations Committee
Lead Independent Non-executive Director

12 January 2018

TECHNOLOGY AND INFORMATION COMMITTEE REPORT

The Board has tasked the Technology and Information Committee ('the committee') with ensuring the effectiveness of EOH's information technology policies, processes and standards.

Role and responsibilities of the Technology and Information Committee

The role of the committee is to:

- Ensure the effectiveness of the IT strategy and to ensure that it supports the Group's business strategy;
- Ensure the effectiveness of the integration of people, technologies, information and processes across the Group;
- Evaluate and ensure that there is management capacity and appropriate resources and IT systems (applications, hardware, software and networks);
- Ensure that technology and information risks are incorporated into the Group's ERM processes;
- Pro-actively monitor intelligence to identify and respond to incidents, including cyber attacks and adverse media events;
- Manage the performance of, and the risks pertaining to, third-party and outsourced service providers;
- Review the capital and operating budgets for IT investments and IT services;
- Assess the value delivered to the Group through investments made in technology;
- Ensure the effectiveness of the documentation relating to systems, programming, networks and operational processes and activities;
- Ensure effective backup procedures for all material data and the regular testing of these arrangements through disaster planning and data recovery activities to ensure business resilience;
- Ensure the responsible disposal of obsolete technology to preserve and protect the confidentiality of information; and in a way that has a minimal impact on the environment;
- Ensure the responsible use of technology and information; and
- Comply with the Companies Act and all relevant laws and regulations.

Composition of committee

- Tshilidzi Marwala – Chairman, Independent non-executive director
- Lucky Khumalo – Independent non-executive director
- Zunaid Mayet – Chief Executive Officer
- John King – Group Financial Director
- Rob Godlonton – CEO ICT Division
- Hendrick Mosopa – Chief Information Officer (invitee)

Activities during the year

- The committee met twice during the year;
- Monitored the return on investment of significant IT expenditure;
- Supported the roll-out of projects including operational systems for Human Resources and Finance; enhanced reporting systems; consolidation and standardisation of the active directory and EOH domains; network security projects; self-assessing software licensing project;
- Disaster Recovery Plans were enhanced and tested;
- Business Continuity Plans were tested;
- Assessed the adequacy of the IT risk management framework; and
- Reviewed the IT governance policies, procedures and controls to ensure the resilience thereof.

Conclusion

The committee is satisfied that it has met the requirements of its Terms of Reference.

Tshilidzi Marwala
Chairman, IT Governance Committee
Independent Non-Executive Director

12 January 2018

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee ('the committee') assists the Board with matters relating to good business practice, ethical conduct and transformative social actions to promote EOH's purpose of being a force for good.

The committee monitors EOH's activities in terms of legislation, regulation and Codes of Best practice relating to ethics, stakeholder engagement, strategic empowerment and compliance with transformation codes. The committee applies international best practice to provide guidance to management in respect of its duties relating to social, ethics, transformation and sustainability issues.

Roles and responsibilities of the Social and Ethics Committee

The committee is responsible for:

- The ethical conduct of the Company, its executives and senior officials in terms of the provisions of EOH's Code of Conduct;
- Approving EOH's Code of Conduct;
- Approving policies relating to anti-bribery and corruption and EOH's Zero-tolerance towards such, B-BBEE initiatives, EE initiatives and programmes, implementation and compliance with the PAIA Manual and the Protection of Personal Information Act ('POPI Act');
- Sustainable transformation strategies, objectives and targets and advising the Board accordingly;
- Approving the overall principles for the development of EOH's EE plan;
- Monitoring the achievement of targets set in terms of our B-BBEE initiatives with specific reference to the amended ICT sector code of B-BBEE Act 53 of 2003 as amended by the B-BBEE Act 46 of 2013;
- Good corporate citizenship including the promotion of equality, prevention of unfair discrimination and zero-tolerance towards bribery and corruption;
- The development of communities guidance regarding sponsorships and donations;
- Monitoring changes in legislation and Codes of Best Practice;
- Social and economic development activities of EOH including health, public safety and environmental issues; and
- Application and implementation of sound labour and employment practices.

Composition of the committee

- Pumeza Bam – Chairperson, Non-executive director
- Moretlo Molefi – Independent non-executive director
- Rob Sporen – Independent non-executive director
- Zunaid Mayet – Group Chief Executive Officer
- John King – Group Financial Director
- Isobel Townsend – Operations Finance Director (ad hoc invitee)

Activities during the year

The committee met twice during the year and deliberated on all aspects in accordance with section 72 of the Companies Act, read in conjunction with Regulation 43 of the Companies Regulations, 2011.

Key areas of focus by the committee during the reporting period included EE, B-BBEE rating based on the amended ICT sector code and the training and development of employees.

Transformation initiatives

The Board recognises that social and transformation issues are crucial for the sustainability of the Group and that continued investment in its employees and the communities within which it operates is key to EOH's ongoing viability.

EOH continues its drive towards economic and social equity through the process of B-BBEE. Transformation is managed at an operational level and reported and monitored at Group level via EOH's various reporting structures. During the current year the amended ICT sector code became applicable to EOH. The best measure of EOH's overall success is reflected in EOH's B-BBEE rating – a Level 1 contributor status under the South African Department of Trade and Industry ('DTI') Code of Good Practice – the highest rating of its peers on the JSE.

The Board has formalised a transformation programme with measurable objectives in terms of transformation, ownership, skills development and training. The Board is continuously assessing options and ownership models to enhance Black Ownership. The Board has also formalised a gender diversity policy for the composition of the Board and its committees.

Skills development programme

Skills development is an integral part of human capital management that ensures efficiency and effectiveness and the deployment of the best skills. A workplace skills plan was prepared and submitted to the Services SETA.

Accelerated training for middle and senior management, with a focus on African employees, is in place to facilitate rapid promotion through the ranks.

EOH has various learnerships (employed and unemployed participants) and an internship programme as part of the EOH Youth Job Creation initiative. Unemployed participants obtain the opportunity to receive relevant training and to gain on-the-job experience whilst EOH employees receive additional specific training as part of a defined learnership programme.

Socio-economic development programme

EOH has a comprehensive socio-economic development programme and has partnered with organisations to help realise and support its vision. Some initiatives include the support for the Maths Centre, Afrika Tikkun, SABCOHA and several other programmes.

Additional funding is being made available for pupils who have participated in the Maths and Science programme to be placed on EOH's Learnership programme, whilst completing a graduate programme. EOH is driving this initiative in partnership with the Botihale village and the Belgium Campus.

Enterprise and Supplier Development

The Supplier Development process is continually being enhanced to provide more opportunities for Enterprise Development. This process includes the selection, partnering, development, investment and the subsequent review of such programmes and initiatives.

Preferred suppliers are being sourced by every division and being placed on a centralised technology platform for the benefit of all. All suppliers are vetted/re-accredited before being captured on the centralised technology platform. The Enterprise and Supplier Development process at divisional level has recently been standardised to ensure consistency across EOH.

Employment Equity ('EE') Initiatives

EOH continues to focus on the development of talented employees for promotion. Graduate programmes support EOH's strategy of fast-tracking talented employees.

The 2017 Diversity programme has been rolled out and specific situational training programmes, diversity toolkit and other life skills programmes developed.

Stakeholder Interaction

Together with our Investor Relations advisors, we have increased our engagement with our shareholders through surveys, direct one-on-one engagements, meetings, investor open days and local and international investor roadshows.

Reporting and Compliance Activities

EOH complies with the relevant environmental, social and governance regulatory reporting requirements. Such reporting is guided by the Global Reporting Initiatives ('GRI') guidelines. The committee reviewed the GRC framework, including the policies relating to Zero-tolerance on bribery and corruption; Occupational Health and Safety; PAIA Manual; POPI Act; Information Security; Communication Strategy; best business practice; and EOH's Code of Conduct.

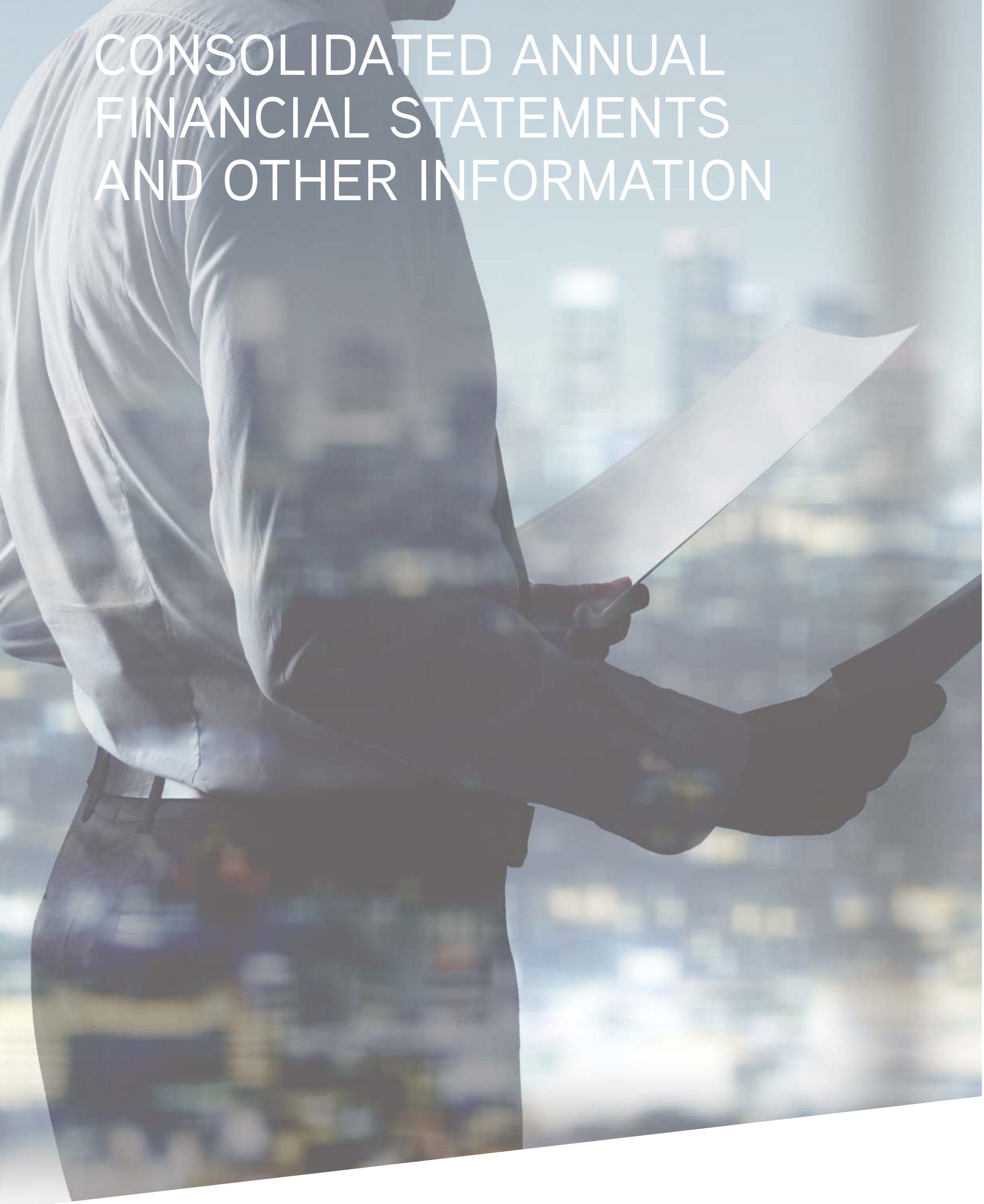
EOH has a zero-tolerance approach towards unethical behaviour and is committed to ensuring that the Group and its employees uphold EOH's reputation as a responsible and caring corporate citizen.

Conclusion

The committee confirms that EOH gives the necessary attention to its transformation, social and ethics responsibilities and has complied with the required regulatory requirements. Policies and programmes are in place to advance social and economic development, sound ethical behaviour, fair labour practices, responsible environmental practices and good customer relations.

The committee has conducted its affairs in compliance with its Terms of Reference and has discharged its responsibilities contained therein.

Pumeza Bam
Chairman, Social and Ethics Committee
12 January 2018



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND OTHER INFORMATION

CONTENTS

The reports and statements set out below were prepared under the supervision of John King CA(SA), Group Financial Director, and comprise the Annual Financial Statements presented to the shareholders.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2017

The directors have pleasure in submitting their report for the year ended 31 July 2017.

Nature of business

EOH Holdings Limited ('EOH or the Company') is a holding company domiciled in South Africa and listed on the JSE Limited under the category Technology: Software and Computer Services. EOH and its subsidiaries ('the Group'), is the largest technology services company in Africa and has a wide range of solutions in Industry Consulting, IT Services, Software, IT Infrastructure, Industrial Technologies and Business Process Outsourcing.

Directors and Group Company Secretary

The names of the directors and the Group Company Secretary at the date of this report, and who served throughout the current financial year, are detailed on pages 36 to 40.

None of the directors of the Company had an interest in any contract of significance during the financial year under review.

At the Annual General Meeting (AGM) held on 22 February 2017, Rob Sporen and Lucky Khumalo were re-elected to the Board as per the Company's Memorandum of Incorporation.

There were a number of changes to the directorate of the Company during the year:

- Grathel Motau was appointed as a non-executive director and chairperson of the audit committee with effect from 1 March 2017;
- Pumeza Bam resigned as an Executive Director and was appointed as a non-executive director with effect from 1 March 2017.
- The following changes to the board were effected on 12 May 2017:
  - Zunaid Mayet was appointed as the Group Chief Executive Officer;
  - Rob Godlonton, Brian Gubbins, Ebrahim Laher, Jehan Mackay and Johan van Jaarsveld were appointed as Executive Directors;
  - Dion Ramoo and Jane Retief (née Thomson) resigned as Executive Directors;
  - Danny Mackay resigned as a non-executive director; and
  - Moretlo Molefi was appointed as a non-executive director.
- Asher Bohbot resigned as an executive director of the Company, effective 30 June 2017.
- Audrey Mothupi resigned as a non-executive director of the Company, effective 31 August 2017, due to a conflict of business interests.

Financial statements and results

The Group's results and financial position are reflected on pages 70 to 71.

Subsidiaries, joint ventures and associates

Details of the Company's investments in subsidiaries and the Group's investments in associates and joint ventures are set out in note 6 – Equity-accounted investments and note 39 – Schedule of investments in subsidiaries.

Acquisition of businesses

Details are reflected in note 30 – Acquisition of businesses.

Stated capital

The authorised and issued stated capital of the Company at 31 July 2017 is set out in note 13 – Stated capital. The Company issued 9 343 854 ordinary shares during the year.

- 3 757 132 shares were issued for a cash consideration of R581 million;
- 1 426 395 shares were issued as a result of share options being exercised;
- 4 160 327 shares were issued as a result of business acquisitions; and
- Shares were issued as a result of businesses meeting profits warranted.

Ordinary shares in issue at 31 July 2017 amounted to 150 095 467. At 31 July 2017, 4 493 817 shares were held by a wholly-owned subsidiary of the Company. These shares will not be cancelled. 1 501 796 shares have been issued subsequent to year end as a result of business acquisitions and 411 419 shares have been issued as a result of share options being exercised.

Shareholder spread and material shareholders

In terms of the JSE Listings Requirements, EOH complies with the minimum shareholder spread requirements, with 85% (2016: 85%) of ordinary shares being held by the public at 31 July 2017. Details of the Company's shareholder spread and material shareholders are set on page 124.

Special resolutions

On 22 February 2017, shareholders approved the following special resolutions at its AGM:

- approval of non-executive directors' remuneration for services as directors;
- general authority to repurchase shares of the Company;
- general authority to provide financial assistance to related or inter-related entities; and
- general authority to provide financial assistance to individuals (excluding directors).

The next AGM is to be held on 12 April 2018. The notice of the AGM is set out on pages 126 to 132.

No change statement

The Annual Financial Statements do not contain any material modification to the reviewed provisional condensed consolidated results that were published on 19 September 2017.

Subsequent events

Details are reflected in note 41 – Events after the reporting date.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements present fairly the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards ('IFRS'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act of South Africa and the Listings Requirements of the JSE Limited.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements. The Annual Financial Statements are prepared in accordance with IFRS and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards to ensure that the Group's business is conducted in a manner that is above reproach.

The focus of risk management in the Group is to identify, assess, manage and monitor all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The Audit Committee performs an oversight role in matters relating to financial and internal controls.

The directors are of the opinion that, based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the subsequent year and, in light of this review and the current financial position, they are satisfied that the Group has adequate resources to continue operating for the foreseeable future.

The Annual Financial Statements, which have been prepared on the going concern basis, were approved by the Board of Directors on 12 January 2018 and are signed on its behalf by:

Rob Sporen
Lead Independent Non-Executive Director

12 January 2018

Zunaid Mayet
Group Chief Executive Officer

12 January 2018

AUDIT COMMITTEE'S REPORT

FOR THE YEAR ENDED 31 JULY 2017

In terms of section 94 of the Companies Act of South Africa, the report by the Audit Committee, which is chaired by Grathel Motau, is presented below.

During the financial year ended 31 July 2017, in addition to the duties set out in the Audit Committee's terms of reference (a summary of which is provided on page 44) the Audit Committee carried out its functions, *inter alia*, as follows:

- Approved the fees to be paid to Mazars (Gauteng) Inc. and its terms of engagement;
- Ensured that the appointment of Mazars (Gauteng) Inc. complied with the legislation relating to the appointment of auditors; and
- Approved the nature and extent of any non-audit services which Mazars (Gauteng) Inc. may provide to the Group.

During the year under review, the Audit Committee approved non-audit services provided by Mazars (Gauteng) Inc., including the review of internal controls within the Group. The Audit Committee has satisfied itself through enquiry that Mazars (Gauteng) Inc. and Miles Fisher, the designated auditor, are independent of the Group.

The Audit Committee has considered the JSE's most recent report on their proactive monitoring of financial statements, and those of previous periods, and has taken appropriate action where necessary to respond to the findings when preparing the annual financial statements for the year ended 31 July 2017.

The Audit Committee is entirely satisfied with the competence and expertise of the Group Financial Director.

The Audit Committee recommended the Annual Financial Statements for the year ended 31 July 2017 for approval to the Board. The Board has subsequently approved the Annual Financial Statements which will be open for discussion at the forthcoming AGM.

Grathel Motau
Chairman of the Audit Committee

12 January 2018

COMPANY SECRETARY'S CERTIFICATE

In my capacity as the Company Secretary, I hereby certify that EOH Holdings Limited has lodged with the Companies and Intellectual Property Commission ('CIPC') for the financial year ended 31 July 2017, all such returns and notices as are required of a public company in terms of the Companies Act of South Africa and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Adri Els
Group Company Secretary

12 January 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EOH HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of EOH Holdings Limited and its subsidiaries ('the Group') set out on pages 70 to 123, which comprise the consolidated statement of financial position as at 31 July 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 July 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors ('IRBA Code') and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. All key audit matters relate to the consolidated financial statements.

Matter	Audit response
Valuation of goodwill (note 4) Goodwill has been recognised in the consolidated statement of financial position and comprises 25% of the total assets of the Group. As required by the applicable accounting standards, the directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models. There are a number of key areas of estimation and judgement made in determining inputs into these models which include among others: • Future revenue; • Operating margins; • Interest rates; • Discount rates applied to projected future cash flows; and • Purchase price allocations ('PPA'). The impairment test performed on goodwill and the subjectivity involved in the PPA is considered to be a key audit matter due to the extent of judgement and estimation involved.	We focused our assessment of the impairment test of goodwill on the key assumptions and judgements made by the directors. Our audit procedures included: • Inspecting the list of cash generating units ('CGUs') to determine whether the new business units have been allocated to the appropriate CGU; • Evaluating whether the model used by the directors to calculate the value in use of the individual cash generating units comply with the requirements of IAS 36 Impairment of Assets; • Assessing the appropriateness of the discount rate used in the cash flow forecast calculation; • Analysing the reasonableness of future projected cash flows used in these models; • Agreeing the cash flows to budgets for 2017 as approved by the directors; • Reviewing the PPA calculation performed by management on new acquisitions for reasonableness and consistency with industry norms, including the tax effect thereof; • Performing audit procedures on a selection of assets acquired through acquisitions to verify fair value with reference to external information; • Re-performing the calculation based on the audited inputs and comparing it to the calculation performed by management; and • Reviewing the adequacy of disclosure as required in terms of IAS 36.

Matter	Audit response
Business combinations and "Vendors for acquisition" ('VFA') liability (notes 14 and 30) The Group entered into major business combinations during the financial period. The net asset value acquired through business combinations in the current period account for 23% of the Group's net asset value. Liabilities arising as result of new acquisitions, includes a contingent portion. This requires a certain level of judgement. Due to the magnitude of these transactions and the complexity of the accounting at acquisition, especially the subjectivity involved in the valuation of the liability, this is considered a key audit matter.	Our procedures to address the key matters include: • Assessing the validity of the acquisitions by inspecting the sales agreement; • Inspecting the minutes of meetings and SENS announcements to identify new acquisitions, and confirming that the list of new acquisitions include all acquisitions identified; • Comparing the list of new acquisitions to the VFA schedule; • Evaluating the VFA schedule by determining the individual components which comprise the movement during the financial year, and agreeing the movement to supporting documents and audit evidence obtained in other areas of the audit; • Assessing the estimates made by management for reasonableness; and • Independently re-performing the reconciliation on VFA liability by obtaining anticipated adjustments directly from the purchase agreements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa and the Annual Report, which we obtained prior to the date of this report. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EOH HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars (Gauteng) Inc. has been the auditor of EOH Holdings Limited for 7 years (2 years as PKF Gauteng Inc.).

Mazars (Gauteng) Inc.

Mazars (Gauteng) Inc.
Registered Auditors
Partner: **M. Fisher**
Registered Auditor
18 January 2018
Johannesburg

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2017

Figures in Rand thousand	Notes	2017	2016
Assets			
Non-current assets			
Property, plant and equipment	3	677 719	492 221
Goodwill	4	4 625 403	3 894 720
Intangible assets	5	1 449 296	1 249 522
Equity-accounted investments	6	847 917	626 085
Other financial assets	7	214 156	162 038
Deferred taxation	8	196 764	162 110
Finance lease receivables	9	169 611	203 773
		8 180 866	6 790 469
Current assets			
Inventory	10	599 764	468 392
Other financial assets	7	141 112	207 212
Current taxation receivable		84 383	21 694
Finance lease receivables	9	74 610	87 122
Trade and other receivables	11	5 132 697	3 664 333
Cash and cash equivalents	12	2 506 551	1 949 399
		8 539 117	6 398 152
Total assets		16 719 983	13 188 621
Equity and liabilities			
Equity			
Stated capital	13	3 333 678	2 263 307
Shares to be issued to vendors	14	1 013 809	1 164 870
Reserves	15	665 937	603 015
Retained earnings		3 491 764	2 544 975
Equity attributable to the owners of EOH Holdings Limited		8 505 188	6 576 167
Non-controlling interest		56 416	9 678
		8 561 604	6 585 845
Liabilities			
Non-current liabilities			
Other financial liabilities	16	3 017 416	2 451 968
Finance lease payables	17	65 594	26 366
Deferred taxation	8	406 132	340 864
		3 489 142	2 819 198
Current liabilities			
Other financial liabilities	16	1 523 676	1 163 713
Current taxation payable		148 182	119 210
Finance lease payables	17	41 187	25 406
Trade and other payables	18	2 466 647	1 876 472
Deferred income	19	489 545	598 777
		4 669 237	3 783 578
Total liabilities		8 158 379	6 602 776
Total equity and liabilities		16 719 983	13 188 621

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Notes	2017	2016
Revenue	20	15 489 524	12 761 810
Cost of sales		(10 409 487)	(8 656 183)
Gross profit		5 080 037	4 105 627
Operating expenses*		(3 298 291)	(2 733 206)
Operating profit before interest and equity-accounted income	21	1 781 746	1 372 421
Investment income	22	72 743	49 379
Share of profits of equity-accounted investments	6	39 241	72 510
Finance costs*	23	(258 549)	(170 389)
Profit before taxation		1 635 181	1 323 921
Taxation	24	(462 098)	(393 554)
Profit for the year		1 173 083	930 367
Profit attributable to:			
Owners of EOH Holdings Limited		1 164 234	927 354
Non-controlling interest		8 849	3 013
		1 173 083	930 367
Other comprehensive income:			
Exchange differences on translating foreign operations that may be reclassified subsequently to profit or loss		(44 627)	35 955
Total comprehensive income for the year		1 128 456	966 322
Total comprehensive income attributable to:			
Owners of EOH Holdings Limited		1 121 277	963 877
Non-controlling interest		7 179	2 445
		1 128 456	966 322
Earnings per share (cents)	26	825	704
Diluted earnings per share (cents)	26	801	668

* *Comparative amounts have been reclassified for improved disclosure. Refer to note 21 for further detail.*

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Stated capital	Shares to be issued to vendors	Foreign currency translation reserve	Other reserves	Retained earnings	Total attributable to the owners of EOH	Non-controlling interest	Total equity
Balance at 1 August 2015	1 533 163	663 461	40 667	449 638	1 813 023	4 499 952	8 672	4 508 624
Profit for the year					927 354	927 354	3 013	930 367
Other comprehensive income for the year			36 523			36 523	(568)	35 955
Shares issued	894 015	(554 537)				339 478		339 478
Non-controlling interest acquired					(1 062)	(1 062)	(1 439)	(2 501)
Movement in treasury shares	(163 871)			20 290		(143 581)		(143 581)
Shares to be issued to vendors		1 055 946				1 055 946		1 055 946
Share-based payments				55 897		55 897		55 897
Dividends (note 27)					(194 340)	(194 340)		(194 340)
Balance at 1 August 2016	2 263 307	1 164 870	77 190	525 825	2 544 975	6 576 167	9 678	6 585 845
Profit for the year					1 164 234	1 164 234	8 849	1 173 083
Other comprehensive income for the year			(42 956)			(42 956)	(1 671)	(44 627)
Shares issued	1 194 809	(562 098)				632 711		632 711
Non-controlling interest acquired					(12 581)	(12 581)	39 560	26 979
Movement in treasury shares	(124 438)			10 887		(113 551)		(113 551)
Shares to be issued to vendors		459 242				459 242		459 242
Transfer within equity		(48 205)			48 205	–		–
Share-based payments				94 991		94 991		94 991
Dividends (note 27)					(253 069)	(253 069)		(253 069)
Balance at 31 July 2017	3 333 678	1 013 809	34 234	631 703	3 491 764	8 505 188	56 416	8 561 604
Notes	13	14	15	15				

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Notes	2017	2016
Cash flows from operating activities			
Cash generated from operations*	28	1 314 064	917 197
Investment income		72 681	49 269
Finance costs*		(201 715)	(166 698)
Taxation paid	29	(524 111)	(401 465)
Net cash inflow from operating activities		660 919	398 303
Cash flows from investing activities			
Additions to property, plant and equipment		(231 121)	(194 068)
Proceeds on the sale of property, plant and equipment		44 306	64 358
Intangible assets acquired		(284 419)	(183 656)
Net cash inflow/(outflow) from businesses acquired	30	46 037	(71 222)
Cash outflow on investment in equity-accounted investments		(91 377)	–
Cash inflow/(outflow) relating to financial assets		27 910	(77 604)
Net cash outflow from investing activities		(488 664)	(462 192)
Cash flows from financing activities			
Proceeds from the issue of shares		613 213	300 037
Proceeds from other financial liabilities		1 293 455	1 471 509
Repayment of other financial liabilities		(1 030 810)	(1 038 462)
Purchase of treasury shares		(171 941)	(145 572)
Finance lease payments		(50 401)	(31 902)
Dividends paid	31	(253 019)	(194 300)
Net cash inflow from financing activities		400 497	361 310
Net increase in cash and cash equivalents		572 752	297 421
Foreign currency translation		(15 600)	(11 840)
Cash and cash equivalents at the beginning of the year		1 949 399	1 663 818
Cash and cash equivalents at the end of the year		2 506 551	1 949 399

* *Comparative amounts have been reclassified for improved disclosure. Refer to note 21 for further detail.*

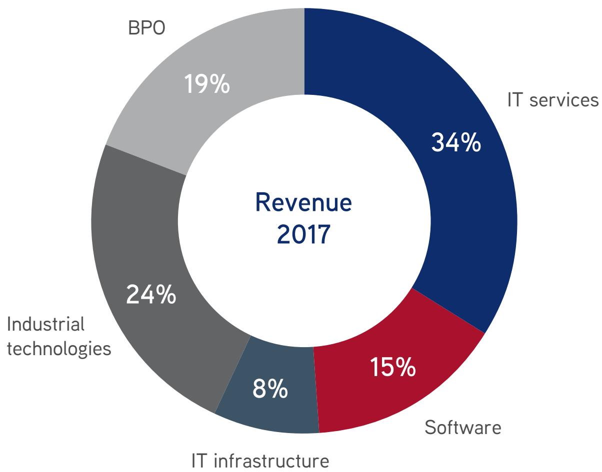
SEGMENT RESULTS
FOR THE YEAR ENDED 31 JULY 2017

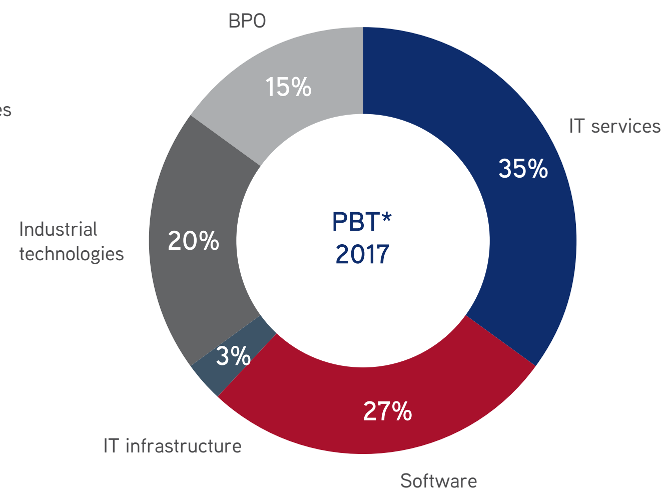
The reportable segments of the Group have been identified based on the nature of the business activities. This basis is representative of the internal management reporting structure. Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise income and expenditure relating to the Group treasury function. Management does not assess segment performance based on geographical location as it is not material.

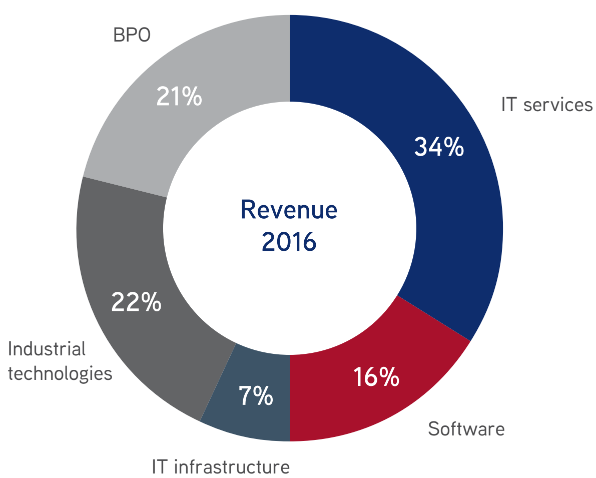
No individual customer comprises more than 3% (2016: 3,2%) of total revenue.

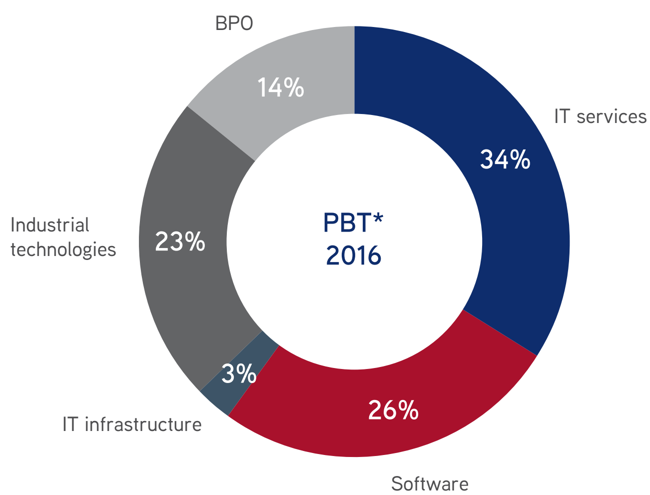
Figures in Rand thousand	IT services	Software	IT infra-structure	Industrial technologies	BPO	Reportable segments	Not specifically allocated	Total
2017								
Revenue	5 215 214	2 337 776	1 289 500	3 703 625	2 943 409	15 489 524	–	15 489 524
Profit before taxation ('PBT') includes:	591 928	434 790	50 942	317 515	240 006	1 635 181	–	1 635 181
Depreciation and amortisation	(155 913)	(94 404)	(18 970)	(90 925)	(87 085)	(447 297)	–	(447 297)
Investment income	25 356	15 353	3 085	14 787	14 163	72 743	–	72 743
Impairment of assets	–	–	–	–	(9 784)	(9 784)	–	(9 784)
Equity-accounted profits	39 241	–	–	–	–	39 241	–	39 241
Finance costs	(76 789)	(80 409)	(4 912)	(25 855)	(70 584)	(258 549)	–	(258 549)
PBT and equity-accounted profit margin (%)	10,6	18,6	4,0	8,6	8,2	10,3		10,3
2016								
Revenue	4 309 821	2 023 100	923 620	2 845 302	2 659 967	12 761 810	–	12 761 810
Profit before taxation ('PBT') includes:	452 190	341 433	36 692	305 869	187 737	1 323 921	–	1 323 921
Depreciation and amortisation	(121 041)	(80 075)	(13 449)	(79 679)	(70 120)	(364 364)	–	(364 364)
Investment income	16 052	10 619	1 784	10 567	9 299	48 321	1 058	49 379
Impairment of assets	–	–	–	–	(20 514)	(20 514)	–	(20 514)
Equity-accounted profits	72 510	–	–	–	–	72 510	–	72 510
Finance costs	(64 307)	(42 308)	(5 953)	(32 661)	(25 161)	(170 389)	–	(170 389)
PBT and equity-accounted profit margin (%)	8,8	16,9	4,0	10,7	7,1	9,8		9,8

REVENUE AND PROFIT BEFORE TAXATION AND EQUITY-ACCOUNTED INVESTMENTS BY SEGMENT









* *PBT and equity-accounted profits*

1. Accounting policies

Reporting entity

EOH Holdings Limited ('EOH' or the 'Company') is a holding company domiciled in South Africa that is listed on the JSE Limited under the category Technology: Software and Computer Services. EOH is the largest ICT services provider in South Africa and is committed to providing the technology, knowledge, skills and organisational ability critical to the development and growth of the markets it serves. The consolidated Annual Financial Statements of EOH, as at 31 July 2017 and for the year ended 31 July 2017, comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's investments in associates and joint ventures.

Statement of compliance

The consolidated Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and Interpretations as issued by the IFRS Interpretations Committee ('IFRIC'), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ('FRSC'), the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

Basis of preparation

The Annual Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

These accounting policies are consistent with the previous period, as there have been no new standards and amendments mandatorily effective for the first time in the current year as described in note 2 and the Group has not chosen to early adopt any new standards and interpretations not yet effective.

The Annual Financial Statements are presented in South African Rand, which is the Group's functional currency. All financial information has been rounded to the nearest thousand except for when otherwise indicated. The going concern basis has been used in preparing the Annual Financial Statements as the directors have a reasonable expectation that the Group will continue as a going concern for the foreseeable future.

The principal accounting policies are set out below.

1.1 Consolidation

Basis of consolidation

The consolidated Annual Financial Statements incorporate the Annual Financial Statements of the Company and all investees which are controlled by the Company. Control exists when the Group has power over the investee; it is exposed to or has rights to variable returns from its involvement with the investee; and it has the ability to affect those returns through its control over the investee.

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.

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 in 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 the 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.

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 value of assets transferred, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except for the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

1. Accounting policies continued

1.1 Consolidation continued

Business combinations continued

Contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise are not effected against goodwill, unless they are valid measurement period adjustments. If the contingent arrangement is classified as equity, then it is not remeasured and subsequent settlement is accounted for in equity. Subsequent changes in the fair value of other contingent arrangements are recognised in profit or 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.

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 interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The treatment is not an accounting policy choice but is made on a transaction-by-transaction basis.

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
- 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from effective date of the acquisition.

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 and fair value adjustments to identifiable assets acquired and liabilities assumed through the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised through other comprehensive income in the statement of profit or loss and other comprehensive income.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated Annual Financial Statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted subsequently to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

1. Accounting policies continued

1.1 Consolidation continued

Investments in associates and joint ventures continued

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

1.2 Use of significant estimates and judgements

In preparing the Annual Financial Statements, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts represented in the Annual Financial Statements and related disclosures. Use of available information, historical experience and the application of judgement are 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 period affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Annual Financial Statements include:

Valuation allowances

Judgement is used to write-down inventory 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.

Consolidated financial statements

No significant judgements or assumptions were necessary in determining whether control over the investments in subsidiaries existed. Control over the investees was established by virtue of the Group's representation on the respective company's board of directors, involvement in the daily operations and majority ownership.

Joint control is established by virtue of the Group's representation on the respective company's board of directors and involvement in the daily operations as governed by a shareholders' agreement. Percentage ownership is also considered.

Revenue

Revenue for projects in progress is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed based on surveys and milestones of work performed.

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 37 Share-based payments.

Fair value estimation

The fair value of financial instruments for disclosure purposes is established by using valuation techniques. These include the use of recent market observable data, quoted prices in active markets, 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. The Group Financial Director reviews significant unobservable inputs and valuation adjustments and has the overall responsibility for overseeing all significant fair value measurements.

When measuring the fair value of an asset or liability, the Group uses market observable data, as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from price)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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, intangible and tangible assets.

1. Accounting policies continued

1.2 Use of significant estimates and judgements continued

Impairment testing continued

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. 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 of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value-in-use of goodwill, intangible and tangible assets are inherently uncertain and could materially change over time.

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. 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 forecasted 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.

Property, plant and equipment

Management has made certain estimates with regard to the determination of estimated useful lives and residual values of items of property, plant and equipment, as disclosed further in accounting policy note 1.3 – Property, plant and equipment.

Intangible assets

Management has made certain estimates with regard to the determination of estimated useful lives and residual values of intangible assets, as disclosed further in accounting policy note 1.4 – Goodwill and intangible assets.

1.3 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently at cost less accumulated depreciation and any impairment. 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	3 to 6 years
IT equipment	2 to 5 years
Leasehold improvements	Period of the lease
Medical equipment	6 years
Other equipment	5 to 10 years

Land included in land and buildings is not depreciated.

Leased assets are depreciated over the shorter of the lease term and the asset's useful life. If it is reasonably certain that the Group will obtain ownership by the end of the lease term, the asset is then depreciated over the useful life of the asset.

1. Accounting policies continued

1.3 Property, plant and equipment continued

The residual value, useful life and depreciation method of each asset is 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 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 Goodwill and 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.

Goodwill and 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. 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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis and adjustments, where applicable, are accounted for as a change in accounting estimate. Amortisation, charged to profit or loss, is provided to write down the intangible assets, on a straight-line basis, over the finite useful life of the asset, to nil as follows:

Item	Useful life
Contracts	1 to 5 years
Customer relations	2 to 15 years
Intellectual property	2 to 10 years
Internally generated software	3 to 15 years
Other intangible assets	2 to 13 years

Goodwill is subsequently measured at cost less impairment.

1.5 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- loans and receivables;
- financial assets at fair value through profit or loss – designated;
- financial liabilities measured at amortised cost; and
- financial liabilities at fair value through profit and loss – designated.

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for financial assets designated as held for fair value through profit or loss, which are not classified out of the fair value through profit or loss category.

1. Accounting policies continued

1.5 Financial instruments continued

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Transaction costs directly attributable to the acquisition or issue of loans and receivables as well as financial liabilities at amortised cost are included in the measurement of these financial instruments on initial recognition.

Subsequent measurement

After initial recognition loans and receivables are measured at amortised cost, using the effective interest method, less accumulated impairment losses. Cash and cash equivalents and trade and other receivables fall into this category of financial instruments. Other financial assets are subsequently measured at amortised cost, using the effective interest method or at fair value through profit or loss based on appropriate classification.

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are subsequently measured at amortised cost, using the effective interest method or at fair value through profit and loss based on appropriate classification.

For all financial instruments carried at amortised cost where the impact of discounting is not considered to be material these instruments are not discounted as their original fair values adjusted for transaction costs approximate their amortised cost values.

Derecognition

Financial assets are derecognised if the Group's rights to the cash flows from the financial assets expire.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those held 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.

Impairment losses/reversal of impairments 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 does not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss. When such assets are written off, the write-off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written-off are recognised in profit or loss.

Other financial assets

Other financial assets include loans receivable from joint ventures, directors, managers, employees, other enterprise development partners and trade and other receivables. These financial assets are classified as loans and receivables. Valuation allowances may be raised against loans and receivables. Management determines estimates based on the information available.

Other financial assets that are classified as financial assets at fair value through profit or loss include securities investments that are traded on the open market and non-controlling interests in unlisted businesses.

1. Accounting policies continued

1.5 Financial instruments continued

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, breach of contract and default or delinquency in payments are considered indicators that the receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss within operating expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are recognised in profit or loss. Trade and other receivables are classified as loans and receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Other financial liabilities

Other financial liabilities include borrowings and bank overdrafts that are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for finance charges.

Vendors for acquisition

The amounts due to vendors represent the expected purchase consideration owing in respect of acquisitions which will be settled in cash resources when the relevant profit warranties have been fulfilled. Vendors for acquisition are classified as financial liabilities at fair value through profit or loss, with any gains or losses arising on remeasurement recognised in profit or loss.

1.6 Taxation

Tax assets and liabilities

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.

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or 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.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, unless 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, associates and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent is able to control the timing of the reversal of the temporary difference; and
- 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).

1. Accounting policies continued

1.6 Taxation continued

Deferred tax assets and liabilities continued

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, 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 to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

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.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Finance leases – lessor

The Group recognises finance lease receivables in the statement of financial position at an amount equal to the net investment in the lease. Finance lease income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

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, at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and the amount to reduce 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 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 expenses on a straight-line basis over the lease term. Any contingent rents are expensed in the period they are incurred.

1. Accounting policies continued

1.8 Inventory

Inventory is 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 inventory 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 inventory to their present location and condition.

When inventory is sold, the carrying amount of that inventory is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventory 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 inventory, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

1.9 Deferred income and expenditure

Where costs have been incurred and revenue received prior to the implementation of a project, these are capitalised and recognised in profit or loss over the implementation period of the project, on a percentage-of-completion basis.

1.10 Impairment of non-financial assets

The Group assesses whether there is any indication that a non-financial asset may be impaired at the end of each reporting period. If any such indication exists, the Group estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the Group also 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. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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.

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

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 Group 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.

1.11 Stated capital

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

Shares in the Company held by its subsidiaries, are classified in the Group's shareholders' interest as treasury shares. These shares are deducted from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

If the Group re-acquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those treasury shares, is 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 Company's own equity instruments. Consideration paid or received is recognised directly in equity.

1. Accounting policies continued

1.12 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or 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.

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

The fair value of the equity instrument is measured at grant date using the Binomial model and recognised as an expense with a corresponding increase in equity over the vesting period.

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 can 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 are measured, indirectly, by reference to the fair value of the equity instruments granted.

Vesting conditions which are not market-related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market-related are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount, so that ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value of equity-settled options is not remeasured subsequently.

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

Management re-assesses the number of options that ultimately vest based on non-market vesting conditions.

The impact of the revision to the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

1.13 Employee benefits

The cost of short-term employee benefits (those expected to be settled before 12 months after the end of the annual reporting period in which the employees render the related service) 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.

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

1.14 Shareholders for dividends and dividends declared

Dividends payable are recognised as a liability on the date of declaration.

1.15 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is to be made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

Revenue comprises the invoiced value of services rendered and technology and product sales, including completed services provided not yet invoiced, but excluding VAT.

1. Accounting policies continued

1.15 Revenue continued

In terms of contracts, where milestones and invoicing dates are not aligned, revenue is recognised according to the stage of completion. Stage of completion is measured as the amount of work completed, as a percentage of the agreed work to be done.

Where revenue is received in respect of product development on fixed price contracts and the work has not been performed, the revenue attributed thereto is not recognised and deferred income is shown as a liability in the statement of financial position. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

1.16 Cost of sales

The related cost of providing services associated with revenue recognised in the current period is included in cost of sales. Contract costs comprise:

- Costs that relate directly to the specific contract;
- Costs that are indirectly attributable to contract activity; and
- Such other costs as are specifically chargeable to the customer under the terms of the contract.

1.17 Finance charges

Finance charges comprise interest payable on borrowings calculated using the effective interest rate method. The interest expense component of finance lease payments is recognised in the statement of profit or loss using the effective interest rate method. All other borrowing costs are recognised as an expense in the period in which they are incurred.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest amount over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability or, where appropriate, a shorter period.

1.18 Translation of foreign currencies

Functional and presentation currency

Items included in the Annual Financial Statements of each of the Company's 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 presentation and functional currency.

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; and
- 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.

1. Accounting policies continued

1.18 Translation of foreign currencies continued

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 in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in 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.

Foreign operations

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; and
- All resulting exchange differences are recognised in 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 in other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through 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.

2. New standards and interpretations

2.1 Adoption of new standards, amendments to standards and interpretations

There were no new standards nor amendments to standards and interpretations applicable for the first time during the year under review which had a material impact on the financial statements.

2.2 New standards, amendments to standards and interpretations in issue not yet effective

The following standards and interpretations have been published and will become mandatory for the Group's accounting periods beginning on or after 1 August 2017 or later periods which are not yet effective. These standards and interpretations will be adopted when they become effective. The directors are still in the process of assessing the impact of these new standards and interpretations.

IFRS 9 – Financial Instruments

A finalised version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement (effective 1 January 2018). The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:

- IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.
- The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.
- IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

2. New standards and interpretations continued

2.2 New standards, amendments to standards and interpretations in issue not yet effective continued

IFRS 15 – Revenue from Contracts with Customers

New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers.

The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The new standard supersedes IAS 18 – Revenue (effective 1 January 2018).

The directors preliminary assessment is that there will be no material affect due to current contracts exceeding 12 months.

IFRS 16 – Leases

New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 – Statement of Cash Flows (effective 1 January 2019).

IAS 7 – Statement of Cash Flows

Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses) (effective 1 January 2017).

IAS 12 – Income Taxes

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value (effective 1 January 2017).

2.3. Standards and interpretations early adopted

The Group has chosen not to early adopt any new standards or interpretations.

3. Property, plant and equipment

Figures in Rand thousand	2017 Cost	2017 Accumulated depreciation	2017 Carrying value	2016 Cost	2016 Accumulated depreciation	2016 Carrying value
Land and buildings	115 708	(3 182)	112 526	90 493	(2 232)	88 261
Furniture and fixtures	87 918	(30 347)	57 571	75 068	(26 555)	48 513
Motor vehicles	100 436	(32 251)	68 185	78 235	(22 906)	55 329
Office equipment	85 871	(45 443)	40 428	77 311	(40 437)	36 874
IT equipment	504 124	(237 166)	266 958	524 304	(331 339)	192 965
Leasehold improvements	126 414	(86 249)	40 165	92 765	(65 407)	27 358
Medical equipment	6 008	(4 787)	1 221	6 007	(4 397)	1 610
Other equipment	125 769	(35 104)	90 665	53 997	(12 686)	41 311
	1 152 248	(474 529)	677 719	998 180	(505 959)	492 221

Reconciliation of property, plant and equipment

Figures in Rand thousand	Opening balance	Additions	Additions through business combin-ations	Disposals	Transfers	Foreign currency translation	Depreciation	Closing balance
2017								
Land and buildings	88 261	1 287	24 781	–	(851)	–	(952)	112 526
Furniture and fixtures	48 513	14 809	3 515	(1 638)	(282)	(34)	(7 312)	57 571
Motor vehicles	55 329	19 955	17 898	(7 061)	(112)	(110)	(17 714)	68 185
Office equipment	36 874	9 288	8 236	(1 909)	606	7	(12 674)	40 428
IT equipment	192 965	170 524	18 922	(30 654)	72	(63)	(84 808)	266 958
Leasehold improvements	27 358	19 970	16 348	(2 841)	1 147	(27)	(21 790)	40 165
Medical equipment	1 610	249	–	–	–	–	(638)	1 221
Other equipment	41 311	35 658	42 287	(3 210)	(580)	–	(24 801)	90 665
	492 221	271 740	131 987	(47 313)	–	(227)	(170 689)	677 719
2016								
Land and buildings	89 621	342	–	(1 100)	–	–	(602)	88 261
Furniture and fixtures	44 005	10 705	4 844	(939)	187	369	(10 658)	48 513
Motor vehicles	27 292	18 128	27 299	(1 918)	329	155	(15 956)	55 329
Office equipment	40 373	18 140	7 258	(17 998)	218	(210)	(10 907)	36 874
IT equipment	155 352	147 495	8 722	(39 986)	2 381	377	(81 376)	192 965
Leasehold improvements	34 460	10 068	735	(15)	(92)	(7)	(17 791)	27 358
Medical equipment	1 453	819	799	(707)	–	–	(754)	1 610
Other equipment	19 603	16 251	15 036	(1 986)	(63)	–	(7 530)	41 311
	412 159	221 948	64 693	(64 649)	2 960	684	(145 574)	492 221

Buildings are pledged as security against other financial liabilities with a carrying value of R21 million (2016: R15 million). The pledge is limited to the carrying value of the related liability (refer to note 16).

Additions of R41 million (2016: R27 million) relate to finance leases (refer to note 17). For more details relating to additions through business combinations please refer to note 30.

Property, plant and equipment subject to finance leases shown at carrying value

Figures in Rand thousand	2017	2016
Motor vehicles	24 607	10 307
Other equipment	4 762	–
IT and office equipment	58 230	31 216
Buildings	13 961	–
	101 560	41 523

4. Goodwill

	2017			2016		
Figures in Rand thousand	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Goodwill	4 643 724	(18 321)	4 625 403	3 913 041	(18 321)	3 894 720

The aggregate carrying amounts of goodwill were allocated to the following cash-generating units:

Goodwill

Figures in Rand thousand	2017	2016
Construction and mining technologies	241 085	241 085
Health cluster	369 312	190 880
Energy cluster	301 607	242 601
Financial services and telecommunications solutions	263 471	263 957
Information services	286 940	286 940
Human capital	496 884	413 275
Smart government solutions	326 764	208 469
Security and defence cluster	604 593	604 593
Technology cluster	228 118	183 835
Transport technologies	176 924	176 924
Water technologies	195 296	188 459
Other	1 134 409	893 702
	4 625 403	3 894 720

The carrying amounts of all cash-generating units were greater than their recoverable amounts as determined using the value-in-use calculations. In the prior year, the carrying amounts of certain cash-generating units were less than their recoverable amounts using the value-in-use calculations and an impairment loss of R18 million was recognised against goodwill.

Reconciliation of goodwill

Figures in Rand thousand	2017	2016
Opening balance	3 894 720	2 398 603
Additions through business combinations	743 561	1 488 899
Foreign currency translation	(12 878)	25 539
Impairment	–	(18 321)
Closing balance	4 625 403	3 894 720

For more details relating to additions through business combinations refer to note 30.

Impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units. 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 each cash-generating unit. Cash-generating units have been identified to reflect the various solution clusters in EOH. Comparatives have been aligned to this structure. CGUs have been reassesed to align new acquisitions to the best suited CGUs.

Key assumptions used in discounted cash flow projection calculations

The discount rates used in the discounted cash flow models are calculated using the principles of the Capital Asset Pricing model, taking into account current market conditions.

A pre-tax weighted-average cost-of-capital rate ranging between 16,3% and 21,6% (2016: 16,1% and 20,1%) was used in discounting the projected cash flows depending on the nature of business. The cash flow projections were based on approved 2018 budgeted results and a reasonable growth rate applied for a further four years based on market conditions and historic trends. Thereafter a perpetuity growth rate of approximately 5,1% (2016: 5,0%) was applied based on conservative historical market trends. A sensitivity analysis has been performed by adjusting the weighted average cost-of-capital by 2%. It is at this point that the impairment would be triggered. The directors have determined that it is unlikely that such circumstances would arise.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on past experience and both external and internal data.

5. Intangible assets

Figures in Rand thousand	2017 Cost	2017 Accumulated amortisation	2017 Carrying value	2016 Cost	2016 Accumulated amortisation	2016 Carrying value
Contracts purchased	359 408	(272 130)	87 278	325 486	(186 150)	139 336
Customer relationships	572 059	(277 417)	294 642	506 304	(211 576)	294 728
Intellectual property	379 964	(58 273)	321 691	368 026	(32 489)	335 537
Internally generated software	585 168	(96 500)	488 668	468 248	(76 610)	391 638
Computer software	189 604	(47 000)	142 604	–	–	–
Other intangible assets	213 371	(98 958)	114 413	160 853	(72 570)	88 283
	2 299 574	(850 278)	1 449 296	1 828 917	(579 395)	1 249 522

Reconciliation of intangible assets

Figures in Rand thousand	Opening balance	Additions	Additions through business combina-tions	Transfers	Foreign currency translation	Amorti-sation	Closing balance
2017							
Contracts purchased	139 336	–	33 921	–	–	(85 979)	87 278
Customer relationships	294 728	–	65 755	–	–	(65 841)	294 642
Intellectual property	335 537	940	10 998	–	(20)	(25 764)	321 691
Internally generated software	391 638	105 575	19 515	(8 170)	–	(19 890)	488 668
Computer software	–	86 141	35 647	67 815	4 395	(51 394)	142 604
Other intangible assets	88 283	91 763	20 400	(59 645)	1 352	(27 740)	114 413
	1 249 522	284 419	186 236	–	5 727	(276 608)	1 449 296
2016							
Contracts purchased	21 216	–	197 319	–	–	(79 199)	139 336
Customer relationships	116 524	–	206 550	–	–	(28 346)	294 728
Intellectual property	90 196	–	267 987	(2 239)	–	(20 407)	335 537
Internally generated software	310 219	102 625	–	–	21 045	(42 251)	391 638
Other intangible assets	52 824	81 031	3 696	(721)	40	(48 587)	88 283
	590 979	183 656	675 552	(2 960)	21 085	(218 790)	1 249 522

For more details relating to additions through business combinations refer to note 30.

6. Equity-accounted investments

Figures in Rand thousand	2017	2016
Equity-accounted joint venture investments	400 623	165 979
Equity-accounted associate investments	447 294	460 106
	847 917	626 085
Share of profits of equity-accounted joint venture investments	27 955	6 043
Share of profits of equity-accounted associate investments	11 286	66 467
Share of profits of equity-accounted investments	39 241	72 510

6. Equity-accounted investments continued

Figures in Rand thousand	2017	2016
Aggregate information of equity-accounted investments that are not individually material:		
Joint ventures		
The Group's share of profit from operations	27 955	6 043
The Group's share of total comprehensive income	27 955	6 043
Aggregate carrying amount of the Group's interests in these joint ventures	400 623	165 979
Investment in associates		
The Group's share of (loss)/profit from operations	(1 341)	1 238
The Group's share of total comprehensive income	(1 341)	1 238
Aggregate carrying amount of the Group's interests in these associates	32 477	39 609

Material associate

Associate name:	Twenty Third Century Systems (Private) Limited ('TTCS')
Principal activity:	IT applications and business solutions provider
Country of incorporation:	Zimbabwe
Effective interest in issued ordinary share capital:	49%
Year end:	31 December (Aligned with the statutory requirements in Zimbabwe)
Effective date of acquisition:	1 July 2015

TTCS brings to the EOH Group a staff complement of over 500 skilled IT experts in finance, logistics, human capital management, analytics, mobility, cloud and database technologies and provides solutions across the spectrum. Its operations are underpinned by timely and effective systems integration, product delivery, maintenance and support. TTCS has a presence across the African continent with offices in Zimbabwe, Zambia, Malawi, Kenya, Uganda, Rwanda, Botswana and Nigeria and projects in several other countries including Ghana, Namibia, Tanzania and Cameroon.

Summarised financial information of the material associate

The latest available IFRS-compliant financial statements of TTCS were at 31 December 2016 (stated in USD).

Preparation of the financial statements at 31 July 2017 by TTCS is impractical and therefore appropriate adjustments have been made to the Group's interest and share of results for the effects of significant transactions and events that occurred for the six months up to the reporting date. The management accounts, converted to South African Rand, for the 12 months to 31 July 2017, were used to calculate the share of profits at the reporting date.

Figures in Rand thousand	2017	2016
Current assets	700 455	574 000
Non-current assets	9 265	8 130
Current liabilities	(504 285)	(360 814)
Non-current liabilities	(872)	(477)
Revenue	355 295	550 940
Profit for the year	25 769	133 120
Total comprehensive income for the year	25 769	133 120
Total net assets recognised by the Group	204 564	220 839
Proportion of the Group's ownership interest	100 236	108 211
Reconciliation of the carrying amount of the interest in TTCS:		
Balance at the beginning of the year	420 497	311 467
Foreign currency translation reserve	(18 307)	43 801
Share of profit from operations	12 627	65 229
Balance at the end of the year	414 817	420 497

7. Other financial assets

Figures in Rand thousand	2017	2016
Non-current other financial assets	214 156	162 038
Current other financial assets	141 112	207 212
	355 268	369 250
Financial assets carried at fair value through profit or loss	118 421	191 512
Other financial assets carried at fair value through profit or loss Other financial assets relate to investments acquired as part of a business combination. The fair value of the investments is determined by reference to the performance of indices in the active market.	78 959	165 529
Investment in 9% of Gibela Rail Transport Consortium Proprietary Limited The investment is measured at fair value through profit and loss. The directors have evaluated that the fair value of the investment is determined based on a valuation using a discounted cash flow model which has been adjusted for risk inherent in the investees' nature of operations.	39 462	25 983
Loans and Receivables	236 847	177 738
Enterprise development loans The loans' maturity dates range between one and five years.	92 201	51 867
Vendor loans and receivables The loans' maturity dates range between one and five years.	58 270	58 238
CA Incorporated Limited – multi-year contracts The loans' maturity dates range between one and two years.	3 477	6 659
Loans to related parties These loans are interest free and payable on demand	82 624	53 528
Other loans and receivables The loans are unsecured, interest free and have no fixed terms of repayment. The loans and receivables consist of a number of smaller loans to unrelated parties.	275	7 446
	355 268	369 250

Measurement of loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method. The present value of the loans and receivables is calculated using a risk-adjusted discount rate. The carrying value may be affected by changes in the credit risk of the counterparties. During the year an impairment of R9 million (2016: R2 million) was recognised against loans to related parties due to the directors' determination of the recoverability of the loan.

Loans and receivables are unsecured and interest free. There is no material difference between the fair value of loans and receivables and their book value.

8. Deferred taxation

Figures in Rand thousand	2017	2016
Aggregate of deferred taxation assets	196 764	162 110
Aggregate of deferred taxation liabilities	(406 132)	(340 864)
	(209 368)	(178 754)
Analysis of deferred taxation balances		
Deferred cost	(132 684)	(175 305)
Prepaid expenses	(12 631)	(14 781)
Leases	(17 246)	(27 022)
Intangibles	(306 397)	(307 128)
Property, plant and equipment	(8 639)	(4 784)
Valuation allowances	33 864	26 926
Payroll accruals	114 885	98 698
Deferred income	172 845	217 136
Assessed losses	39 979	9 674
Fair value adjustments	(93 344)	(2 168)
	(209 368)	(178 754)
Deferred taxation movement		
Balance at the beginning of the year	(178 754)	(30 593)
Acquired in business combinations	(33 014)	(185 305)
Movement through profit or loss	5 606	43 491
Foreign currency translation	(3 206)	(6 347)
Balance at the end of the year	(209 368)	(178 754)

9. Finance lease receivables

Figures in Rand thousand	2017	2016
Gross investment in the leases due		
within one year	96 865	119 467
within two to five years	193 810	263 123
beyond five years	1 317	1 234
	291 992	383 824
Less: unearned finance income	(47 771)	(92 929)
	244 221	290 895
Present value of minimum lease payments due		
within one year	74 610	87 122
within two to five years	168 421	202 672
beyond five years	1 190	1 101
	244 221	290 895

The Group entered into finance leasing arrangements for certain IT safety and security access equipment.

The lease terms are generally three to seven years and the average effective lending rate is 1,25% to 6,75% (2016: 2,0% to 6,5%) above prime lending rates

10. Inventory

Figures in Rand thousand	2017	2016
Finished goods	568 024	389 584
Consumables	23 308	29 028
Work in progress	28 396	61 517
	619 728	480 129
Inventory write-downs	(19 964)	(11 737)
	599 764	468 392

Cost of goods sold during the year amounted to R2 478 318 (2016: R2 386 848)

11. Trade and other receivables

Figures in Rand thousand	2017	2016
Financial instruments	4 867 742	3 421 103
Trade debtors	3 416 075	2 536 380
Work in progress	1 368 571	860 234
Other receivables	83 096	24 489
Non-financial instruments	264 955	243 230
Prepayments	218 411	198 405
VAT receivable	24 724	27 007
Other receivables	21 820	17 818
	5 132 697	3 664 333

Trade and other receivables amounting to R2 624 474 (2016: R1 617 784) are pledged to the Group's bankers for facilities as per note 16.

Trade and other receivables past due but not impaired

Trade and other receivables that are not past due are considered to be of good credit quality unless there are contrary indications. This assessment is based on the fact that the vast majority of these debtors are established large enterprises. The average credit terms across the Group range from 30 to 120 days. Trade and other receivables that are aged 90 days or less are not considered for impairment unless there is objective evidence to suggest otherwise. Debtors outstanding for 120 days or more, generally relate to retention debtors on longer term projects and amounts owing from public sector enterprises. At 31 July 2017, R909 454 (2016: R1 255 150) debtors were past due but not impaired, as there have not been any significant changes in the credit quality and the amounts are considered recoverable.

Figures in Rand thousand	2017	2016
– 30 days	240 266	429 401
– 60 days	16 518	251 451
– 90 days	157 652	115 895
– 120 days and over	495 017	458 403
	909 453	1 255 150

11. Trade and other receivables continued

Impairment allowance

Trade receivables are stated after impairment allowances based on management's assessment of customer credit worthiness.

Figures in Rand thousand	2017	2016
Opening balance	90 982	65 900
Additions through business combinations	7 241	–
Utilised	(12 546)	(1 229)
Charged to profit or loss	548	26 311
	86 225	90 982

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables above.

The Group does not hold any collateral as security.

12. Cash and cash equivalents

Figures in Rand thousand	2017	2016
Cash on hand	3 136	2 321
Bank balances and short-term deposits	2 503 415	1 947 078
	2 506 551	1 949 399

Cash and cash equivalents amounting to R1 691 million have been included in a cession in security for the interest-bearing secured facilities as per note 16.

The total amount of undrawn facilities available for future operating activities and commitments is R 554 757 (2016: R789 511)

13. Stated capital

Figures in Rand thousand	2017	2016
Stated capital		
Opening balance	2 263 307	1 533 163
Shares issued for cash[1]	580 904	300 037
Shares issued as a result of businesses acquired[2]	581 598	571 429
Shares issued to the Group share incentive schemes[3]	32 307	22 548
Treasury shares[4]	(124 438)	(163 870)
	3 333 678	2 263 307

[1] *At fair value;*
[2] *In terms of purchase and sale agreements;*
[3] *In terms of the Group share incentive schemes;*
[4] *Average price paid for treasury shares amounts to R110,63 per share*

Authorised shares

500 000 000 ordinary shares of nil par value

Reconciliation of the number of shares in issue:	2017	2016
Opening balance	140 752	132 039
Shares issued for cash	3 757	2 492
Shares issued as a result of businesses acquired	4 160	4 939
Shares issued to the Group share incentive schemes	1 426	1 282
Shares in issue at year end	150 095	140 752
Treasury shares held in the Group share incentive schemes	(2 066)	(2 568)
Treasury shares held by wholly owned subsidiaries of the Company that will not be cancelled*	(4 494)	(3 352)
	143 535	134 832

* *1,5 million shares were repurchased by the company during the year for an average price of R116,52 per share.*

Unissued

349 904 533 (2016: 359 248 387) unissued ordinary shares are under the control of the directors in terms of the resolution of members passed at the last AGM subject to the provisions of section 38 of the Companies Act of South Africa and the JSE Listings Requirements. The directors are authorised to issue up to a maximum of 5% of the issued number of shares for cash until the next AGM.

14. Shares to be issued to vendors

Figures in Rand thousand	2017	2016
Opening balance	1 164 870	663 461
Current year acquisitions	397 979	827 436
New acquisitions: business combinations	325 222	810 167
New acquisitions: equity-accounted investments	61 328	17 269
Acquisition of non-controlling interest	11 429	–
Shares issued relating to profits warranted	(549 040)	(326 027)
Shares issued: business combinations	(487 467)	(279 435)
Shares issued: prior year equity-accounted investments	(13 368)	(44 042)
Shares issued: acquisition of non-controlling interest		(2 550)
Transfer in equity for expired profit warrants	(48 205)	–
	1 013 809	1 164 870

15. Reserves

Figures in Rand thousand	2017	2016
Foreign currency translation reserve	34 234	77 190
Share-based payments reserve	306 719	211 728
Treasury shares reserve	324 984	314 097
	665 937	603 015

16. Other financial liabilities

Figures in Rand thousand	2017	2016
Non-current financial liabilities	3 017 416	2 451 968
Current financial liabilities	1 523 676	1 163 713
	4 541 092	3 615 681
Interest-bearing liabilities	3 298 497	2 290 367
Interest-bearing bank loans secured by a cession in security of trade receivables as per note 11 and cash and cash equivalents as per note 12.	2 681 237	675 354
The loans' maturity dates range between three and 10 years with interest rates between 8,30% and 11,75%.		
Interest-bearing bank loans secured by certain finance lease receivables with a carrying value of R52 million (2016: Rnil)	51 443	–
The loans' maturity dates range between three and seven years with interest rates at 1% above the prime lending rate.		
Interest-bearing bank loans secured by certain property with a carrying value of R81 million (2016: R66 million) (refer to note 3)	21 239	15 013
The loans' maturity dates range between three and nine years with interest rates between 8,50% and 12,00%.		
Unsecured interest-bearing bank loans	544 578	1 600 000
The loans' maturity dates range between one and three years with interest rates between 1,85% and 2,20% above JIBAR.		
Non-interest-bearing liabilities	1 242 595	1 325 314
Vendors for acquisition	1 167 453	1 284 763
The amounts due to vendors represent the expected purchase consideration owing in respect of the acquisition of businesses. The liability will be settled out of cash reserves when the relevant profit warranty conditions have been fulfilled. This is classified as fair value through profit or loss.		
Other non-interest-bearing liabilities	75 142	40 551
The above balance is made up of a number of smaller loans, payable to previous shareholders of businesses acquired, that are unsecured, interest free and have no fixed terms of repayment.		
	4 541 092	3 615 681
Financial instruments		
Measured at amortised cost	3 373 639	2 330 918
Financial liabilities carried at fair value through profit or loss (refer to note 40)	1 167 453	1 284 763
	4 541 092	3 615 681

17. Finance lease payables

Figures in Rand thousand	2017	2016
Present value of minimum lease payments due		
within one year	41 187	25 406
within two to five years	65 594	26 366
	106 781	51 772
Minimum lease payments due		
within one year	45 067	29 160
within two to five years	70 767	30 425
	115 834	59 585
Less: future finance charges	(9 053)	(7 813)
	106 781	51 772

The Group enters into finance leasing arrangements for certain motor vehicles, IT equipment and office equipment. The years of maturity range from 2017 to 2021 and the leases bear interest at rates up to prime plus 4% (2016: prime plus 4%). The Group's obligations under these finance leases are secured by the leased assets as per note 3.

18. Trade and other payables

Figures in Rand thousand	2017	2016
Financial instruments	1 758 664	1 312 538
Trade payables	1 113 313	764 903
Other accrued expenses	643 839	529 220
Other payables	1 512	18 415
Non-financial instruments	707 983	563 934
VAT	119 645	108 097
Payroll accruals	588 338	455 837
	2 466 647	1 876 472

19. Deferred income

Figures in Rand thousand	2017	2016
Deferred income	489 545	598 777
	489 545	598 777

20. Revenue

Figures in Rand thousand	2017	2016
Sale of goods	2 813 326	3 036 205
Rendering of services	12 586 108	9 657 609
Financing element of revenue	90 090	67 996
	15 489 524	12 761 810

21. Operating profit before interest

Figures in Rand thousand	2017	2016
Operating profit before interest is stated after taking into account the following:		
Amortisation	276 608	218 790
Amortisation included in cost of sales	20 257	–
Amortisation not included in cost of sales	256 351	218 790
Auditors' remuneration	17 295	11 408
Audit fee	13 568	9 908
Fees for other services	3 727	1 500
Depreciation	170 689	145 574
Depreciation included in cost of sales	69 431	39 035
Depreciation not included in cost of sales	101 258	106 539
Directors' remuneration of EOH Holdings Limited	21 918	22 806
Executive directors	20 150	16 165
Non-executive directors	1 768	6 641
Employee costs	5 314 775	4 198 335
Employee costs included in cost of sales	3 338 117	2 710 850
Employee costs not included in cost of sales	1 881 667	1 431 588
Share-based payments expense	94 991	55 897
Impairments of assets	9 784	20 514
Foreign exchange loss/(profit)	20 720	(30 677)
Fair value (gain)/loss on remeasurement of contingent consideration*	(35 764)	35 619
Fair value (gain) through profit or loss	(20 089)	(7 499)
Loss on disposal of property, plant and equipment	3 007	854
Operating lease charges	231 540	193 236
Operating lease charges on immovable property	211 575	176 185
Operating lease charges on movable property	19 965	17 051

* *Comparative amounts have been reclassified following recommendations emanating from the JSE's proactive monitoring process. The impact resulted in no change to profit before taxation nor cash flows from operating activities. An amount of R44 078 was reclassified from 'finance costs' to 'operating expenses' under 'fair value (gain)/loss on remeasurement of contingent consideration'.*

22. Investment income

Figures in Rand thousand	2017	2016
Interest income		
Bank	49 057	34 035
Other interest received	23 686	15 344
	72 743	49 379

23. Finance costs

Figures in Rand thousand	2017	2016
Other financial liabilities*	244 087	153 783
Finance lease payables	7 323	3 444
Bank	7 022	10 801
Other interest paid	117	2 361
	258 549	170 389

* *Comparative amounts have been reclassified following recommendations emanating from the JSE's proactive monitoring process. The impact resulted in no change to profit before taxation nor cash flows from operating activities. An amount of R44 078 was reclassified from 'finance costs' to 'operating expenses' under 'fair value (gain)/loss on remeasurement of contingent consideration'.*

24. Taxation

Figures in Rand thousand	2017	2016
Current taxation		
Local income taxation – current year	475 854	412 958
Local income taxation – prior years	(45 148)	20 134
Foreign income taxation – current year	36 998	3 953
	467 704	437 045
Deferred taxation		
Originating and reversing temporary differences	(52 033)	(34 950)
Prior year adjustments	46 427	(8 541)
	(5 606)	(43 491)
Total taxation	462 098	393 554

Reconciliation of rate of taxation	%	%
South African normal rate of taxation	28,0	28,0
Reduction in rate for the year, due to:		
Exempt income	(2,0)	–
Foreign taxation rate difference	(0,3)	(0,1)
Deferred taxation liability on amortisation	–	(3,3)
Share of profits of equity-accounted investments	(0,7)	(1,7)
Effect of utilised/not utilised estimated tax losses	(0,5)	–
Increase in rate for the year, due to:		
Non-deductible expenditure	3,6	5,3
Prior year adjustments to over/under-provision of deferred taxation/current taxation	0,1	0,9
Effect of utilised/not utilised on estimated tax losses	–	0,6
Capital gains taxation	0,1	–
	28,3	29,7

Unrecognised deferred taxation assets		
Deferred taxation assets not recognised in respect of taxation losses	623 074	586 674

The deductible temporary differences do not expire under the current taxation legislation. Deferred taxation assets have not been recognised in respect of these items because management does not yet consider it probable that future profit will be available against which the Group can utilise the benefits therefrom in the next 12 months.

In 2017, R144,5 million (2016: R90,0 million) of previously unrecognised taxation losses were recognised as management considered it probable that future taxable profits would be available against which they can be utilised in the next 12 months.

25. Headline earnings per share

	2017	2016
Headline earnings (R'000)	1 173 444	947 235
Weighted average number of shares in issue (000's)	141 072	131 754
Headline earnings per share (cents)	832	719
Diluted headline earnings (R'000)	1 173 444	947 235
Diluted weighted average number of shares in issue (000's)	145 300	138 850
Diluted headline earnings per share (cents)	808	682

Reconciliation between earnings, headline earnings and diluted headline earnings

	2017			2016		
Figures in Rand thousand	Gross	Tax	Net	Gross	Tax	Net
Profit attributable to owners of EOH Holdings Limited	1 164 234		1 164 234	927 354		927 354
Adjusted for:						
Loss on disposal of property, plant and equipment	3 007	(842)	2 165	854	(191)	663
Loss on deregistration of foreign operation	–	–	–	1 246	(349)	897
Impairment of assets	9 784	(2 739)	7 045	18 321	–	18 321
Headline earnings	1 177 025	(3 581)	1 173 444	947 775	(540)	947 235

26. Earnings per share

	2017	2016
Profit attributable to owners of EOH Holdings Limited (R'000)	1 164 234	927 354
Weighted average number of shares in issue (000's)	141 072	131 754
Earnings per share (cents)	825	704
Diluted earnings attributable to owners of EOH Holdings Limited (R'000)	1 164 234	927 354
Diluted weighted average number of shares in issue (000's)	145 300	138 850
Diluted earnings per share (cents)	801	668

Reconciliation between weighted average number of shares and diluted weighted average number of shares in issue

Figures in thousand	2017	2016
Weighted average number of shares in issue	141 072	131 754
Dilutive impact of share options	1 916	4 100
Dilutive impact of shares to be issued to vendors	2 312	2 996
Diluted weighted average number of shares in issue	145 300	138 850

27. Dividend per share

Figures in Rand thousand	2017	2016
Dividend declared	265 003	201 444
Dividend on treasury shares held by wholly owned subsidiaries of the Company	(7 010)	(3 497)
Dividend on treasury shares held through the Group share incentive schemes	(4 957)	(3 607)
Dividend paid to non-controlling interest	33	–
	253 069	194 340
Dividend per share (cents)	215	185

The dividend related to the year end 31 July 2017 was declared after year end and has been presented for information purposes. Further details regarding the dividend are set out in note 41.

28. Cash generated from operations

Figures in Rand thousand	2017	2016
Cash generated from operations	1 314 064	917 197
Reconciliation of cash generated from operations		
Profit before taxation	1 635 181	1 323 921
Adjusted for:		
Amortisation of intangible assets	276 608	218 790
Depreciation of property, plant and equipment	170 689	145 574
Foreign exchange loss/(profit)	20 720	(30 677)
Impairment of assets	9 784	20 514
Loss on disposal of property, plant and equipment	3 007	854
Fair value (gain)/loss on remeasurement of contingent consideration*	(35 764)	35 619
Fair value (gain) through profit or loss on other financial assets	(20 089)	(7 499)
Share-based payments expense	94 991	55 897
Investment income	(72 743)	(49 379)
Share of profits of equity-accounted investments	(39 241)	(72 510)
Finance costs*	258 549	170 389
Other non-cash items	(3 372)	(1 750)
Cash generated before changes in working capital	2 298 320	1 809 743
Working capital changes	(984 256)	(892 546)
(Increase) in inventories	(97 177)	(108 592)
(Increase) in trade and other receivables	(527 870)	(550 449)
(Increase) in work-in-progress receivables	(508 336)	(478 112)
Increase/(decrease) in trade and other payables	314 377	(89 662)
(Decrease)/increase in deferred income	(165 250)	334 269

* *Comparative amounts have been reclassified following recommendations emanating from the JSE's proactive monitoring process. The impact resulted in no change to profit before taxation nor cash flows from operating activities. An amount of R44 078 was reclassified from 'finance costs' to 'operating expenses' under 'fair value (gain)/loss on remeasurement of contingent consideration'.*

29. Taxation paid

Figures in Rand thousand	2017	2016
Group		
Amounts owing at the beginning of the year	(97 517)	(9 389)
Current taxation for the year	(467 704)	(437 045)
Capital gains taxation on movement in treasury shares	(1 209)	(6 760)
Adjustment in respect of businesses acquired and sold during the year including exchange rate movements	(22 633)	(45 788)
Foreign currency effects	1 153	–
Amounts owing at the end of the year	63 799	97 517
Taxation paid	(524 111)	(401 465)

30. Acquisition of businesses

Figures in Rand thousand	Total 2017	Total 2016
Fair value of assets and liabilities acquired		
Property, plant and equipment	131 987	64 693
Intangible assets	186 236	675 552
Other financial assets	12 764	204 323
Finance lease receivables	614	–
Inventory	34 195	164 113
Trade and other receivables*	381 905	349 323
Cash and cash equivalents	226 984	253 825
Other financial liabilities	(67 506)	(245 915)
Finance lease payables	(57 468)	(9 315)
Net deferred taxation liabilities	(33 014)	(185 305)
Net current taxation payables	(22 633)	(45 789)
Trade and other payables	(268 119)	(286 584)
Deferred income	(56 018)	(258 420)
Net assets acquired	469 927	680 501
Less: Non-controlling interests measured at their share of the fair value of net assets	(51 885)	–
Net assets acquired	418 042	680 501
Goodwill	743 561	1 488 899
Purchase price	1 161 603	2 169 400
Cash consideration paid	(180 947)	(325 047)
Less: Cash and cash equivalents acquired	226 984	253 825
Net cash inflow/(outflow) on acquisition	46 037	(71 222)
Consideration payable		
Cash paid	(180 947)	(325 047)
Shares issued**	(95 501)	(272 830)
Cash to be paid	(559 934)	(761 356)
Shares to be issued	(325 221)	(810 167)
Total purchase price	(1 161 603)	(2 169 400)

* *The gross contractual value of trade and other receivables for all acquisitions was R394 million.*
** *Shares are issued at fair value at the effective date.*

	Total 2017	Total 2016
Contribution to trading results for the year		
Revenue	1 018 100	1 241 404
Profit before taxation*	99 296	152 948

* *Shown after the effect of amortisation on identifiable assets of R21,6 million (2016: R85 million).*

	Total 2017	Total 2016
Contribution had the effective date been from 1 August 2016		
Revenue	1 665 867	2 261 441
Profit before taxation	167 295	266 361

30. Acquisition of businesses continued

Acquisition-related costs of R25 million (2016: R22 million) are included in operating expenses in the statement of profit or loss and other comprehensive income.

The contribution to the trading results of the Group has been accounted for from the effective date of the business combination. In determining the purchase consideration paid, the profit history of the relevant business and its growth prospects in the EOH Group are considered. The fair value of shares issued as part of the purchase price was determined based on the share price at the effective date. The accounting of these subsidiaries and businesses is based on best estimates and provisional fair values.

The Group has not yet completed its assessment of the fair value of all identifiable assets, liabilities and/or contingent liabilities. The fair values will be accurately determined within 12 months from the date of acquisition. Goodwill relates mainly to future profits of these businesses and the anticipated synergies to be derived as a result of joining EOH. The total purchase consideration for the current year acquisitions is R1 162 million, consisting of R741 million in cash and 2 657 731 EOH shares. With the exception of a 70% investment in the ASSET Technology Group and a 65% investment in the VILT Group, in all other instances 100% of the shares were acquired. Additional funding was obtained to finance some acquisitions.

For details of the acquisitions made in the prior year, refer to the 2016 Annual Integrated Report.

31. Dividends paid

Figures in Rand thousand	2017	2016
Amounts owing at the beginning of the year	(125)	(85)
Amounts charged to retained earnings	(253 069)	(194 340)
Amounts owing at the end of the year	175	125
Dividends paid	(253 019)	(194 300)

32. Contingencies

There are instances 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 provisions for impairments or credit note allowances.

There are certain claims from clients which, in the opinion of the directors, are not substantiated and are defendable. Where there is a perceived risk of an award, these incidents have been reported to the Group indemnity insurers. The directors are of the opinion that the resolution of these claims will have no material impact on the business.

33. Commitments

Figures in Rand thousand	2017	2016
Operating leases		
Minimum operating lease payments due – as lessee		
within one year	(321 451)	(78 937)
within two to five years	(932 390)	(94 730)
beyond 5 years	(20 897)	–
	(1 274 738)	(173 667)
Operating lease payments represent rentals payable for certain office premises and equipment rental. No contingent rent is payable. Average escalation percentages, already taken into account in the above amounts, are between 8% and 10%.		
Approved, but not yet contracted capital expenditure, relates to property, plant and equipment which will be financed from internally generated funds.	200 000	716

34. Retirement benefits

The Group is a member of a corporate defined contribution retirement scheme to which employees elect to make retirement contributions on an income sacrifice basis. The Group makes no additional contribution and is under no obligation to cover any other benefits. Employees are however eligible and obliged to become members of the Group risk benefit scheme, providing certain minimum death and disability benefits.

At 31 July 2017, the membership of the fund was 6 056 (2016: 3 926) employees.

35. Directors' interest in shares of the Company

	2017			2016		
Number of shares	Beneficial direct interest	Beneficial indirect interest	Total	Beneficial direct interest	Beneficial indirect interest	Total
Executive directors						
Rob Godlonton	619 364	4 500	623 864			
John King	305 542	272 765	578 307	636 089	–	636 089
Ebrahim Laher	652 259	63 331	715 590			
Jehan Mackay	29 692	7 143 859	7 173 551			
Zunaid Mayet	273 389	–	273 389			
Johan van Jaarsveld	–	206 200	206 200			
Pumeza Bam				113 227	–	113 227
Asher Bohbot				–	6 894 625	6 894 625
Dion Ramoo				39 712	–	39 712
Jane Retief (née Thomson)				279 137	–	279 137
Non-executive directors						
Pumeza Bam	23 477		23 477			
Lucky Khumalo	10 000		10 000	10 000	–	10 000
Tshilidzi Marwala	9 900		9 900	9 900	–	9 900
Rob Sporen		85 000	85 000	–	85 000	85 000
Sandile Zungu	1 200		1 200	1 200	–	1 200
Danny Mackay				–	7 225 116	7 225 116
	1 924 823	7 775 655	9 700 478	1 089 265	14 204 741	15 294 006

The following movements in directors' interests have occurred after year end:

Since the year end Jehan Mackay sold 3 660 270 shares, Rob Sporen sold 90 000 shares, Lucky Khumalo sold 5 000 shares, Tshilidzi Marwala sold 5 000 shares, Johan van Jaarsveld sold 8 547 shares and John King sold 294 321 shares.

Director appointments and resignations during the year:

Executive directors

Rob Godlonton	Appointed 12 May 2017
Ebrahim Laher	Appointed 12 May 2017
Jehan Mackay	Appointed 12 May 2017
Zunaid Mayet	Appointed 12 May 2017
Johan van Jaarsveld	Appointed 12 May 2017
Pumeza Bam	Resigned 1 March 2017
Asher Bohbot	Resigned 30 June 2017
Dion Ramoo	Resigned 12 May 2017
Jane Retief (née Thomson)	Resigned 12 May 2017

Non-executive directors

Pumeza Bam	Appointed 1 March 2017
Danny Mackay	Resigned 12 May 2017

36. Directors' remuneration for the period whilst a director

Directors' remuneration is only reflected from the date upon which an appointment commences and up to the date of resignation. Performance bonuses reflect the amounts paid during the year under review.

The share-based payments charge is recognised in the statement of profit or loss and other comprehensive income of the Group for share options granted to the respective director. This amount is not included in the remuneration amount for the director.

For details of the EOH Remuneration Policy please refer to the Remuneration Committee report on pages 49 to 54 of this Annual Integrated Report

	Short-term benefits				
Figures in Rand thousand	Remuneration	Bonuses	For services as directors	Total	Share-based payments charge
2017					
Executive directors					
Pumeza Bam (Resigned 1 March 2017)	1 134	750		1 884	348
Asher Bohbot (Resigned 30 June 2017)	2 859	2 300		5 159	3 734
Rob Godlonton (Appointed 12 May 2017)	596	–		596	793
Brian Gubbins (Appointed 12 May 2017)	555	–		555	735
John King	2 543	1 800		4 343	2 627
Ebrahim Laher (Appointed 12 May 2017)	660	–		660	585
Jehan Mackay (Appointed 12 May 2017)	654	–		654	551
Zunaid Mayet (Appointed 12 May 2017)	553	–		553	477
Dion Ramoo (Resigned 12 May 2017)	1 521	586		2 107	704
Jane Retief (née Thomson) (Resigned 12 May 2017)	1 668	1 393		3 061	958
Johan van Jaarsveld (Appointed 12 May 2017)	578	–		578	791
Non-executive directors					
Pumeza Bam (Appointed 1 March 2017)			33	33	251
Lucky Khumalo			201	201	
Danny Mackay (Resigned 12 May 2017)			130	130	
Tshilidzi Marwala			215	215	
Moretlo Molefi (Appointed 12 May 2017)			26	26	
Grathel Motau (Appointed 1 March 2017)			92	92	
Audrey Mothupi (Resigned 31 August 2017)			161	161	
Rob Sporen			320	320	
Sandile Zungu			590	590	995
	13 321	6 829	1 768	21 918	13 549
Less: Paid by subsidiaries	(13 321)	(6 829)	(1 768)	(21 918)	
	–	–	–	–	13 549
2016					
Executive directors					
Pumeza Bam	1 735	650		2 385	525
Asher Bohbot	3 353	2 100		5 453	3 314
John King	2 393	1 600		3 993	1 499
Dion Ramoo	1 830	–		1 830	636
Jane Retief (née Thomson)	1 880	624		2 504	557
Non-executive directors					
Lucky Khumalo			1 839	1 839	
Danny Mackay			146	146	
Tshilidzi Marwala			1 883	1 883	
Thoko Mnyango (Resigned 27 July 2016)			146	146	
Audrey Mothupi (Appointed 27 July 2016)			–	–	
Tebogo Skwambane (Resigned 19 February 2016)			83	83	
Rob Sporen			1 983	1 983	
Sandile Zungu			561	561	998
	11 191	4 974	6 641	22 806	7 529
Less: Paid by subsidiaries	(11 191)	(4 974)	(6 641)	(22 806)	
	–	–	–	–	7 529

37. Share-based payments

The Group has two share incentive schemes, the EOH Share Trust and the Mthombo Trust. Inclusion in the schemes allows directors, executive management and employees to benefit from the EOH share price performance. For both trusts, the participant needs to be in the employ of the Group in order to exercise vested options. The Mthombo Trust restricts participation to qualifying previously disadvantaged directors, executive management 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 EOH Share Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option strike 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 granted in tranches from time to time as set out below. The share options will lapse 10 years after grant date.

- 25% after two years
- 25% after three years
- 25% after four years
- 25% after five years

A reconciliation of the movement of all share options in The EOH Share Trust is detailed below:

	The EOH Share Trust			
	Number of options		Weighted average strike price (Rand)	
	2017	2016	2017	2016
Opening balance	6 884 634	7 555 999	44,86	88,93
Granted during the year	2 247 450	1 476 958	95,63	88,04
To management	2 032 450	1 171 958	96,11	87,16
To directors	215 000	305 000	91,05	91,40
Forfeited during the year	(140 890)	(852 476)	65,28	32,31
Exercised during the year	(1 820 014)	(1 295 847)	21,95	9,58
Options granted, but shares not issued up to the end of the year	7 171 180	6 884 634	66,48	44,86
Vesting of share options				
Number of options exercisable at year end	2 704 535	3 211 796	39,27	22,37
Exercise date within one year	1 630 970	1 367 223		
Exercise date between two and five years	2 835 676	2 305 615		
	7 171 181	6 884 634		

The Mthombo Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option strike 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 granted in tranches from time to time as set out below. The share options will lapse eight years after grant date.

- 33,33% after three years
- 33,33% after four years
- 33,33% after five years

37. Share-based payments continued

A reconciliation of the movement of all share options in the Mthombo Trust is detailed below:

	The Mthombo Trust			
	Number of options		Weighted average strike price (Rand)	
	2017	2016	2017	2016
Opening balance	1 928 857	1 976 839	52,85	40,92
Granted during the year	954 450	343 371	93,62	88,43
to management	954 450	343 371	93,62	88,43
Forfeited during the year	(84 545)	(160 549)	67,91	38,52
Exercised during the year	(220 932)	(230 804)	34,00	10,99
Options granted, but shares not issued up to the end of the year	2 577 830	1 928 857	69,07	52,85
Vesting of share options				
Number of options exercisable at year end	642 740	383 986	35,72	23,68
Exercise date within one year	510 284	486 330		
Exercise date between two and five years	1 424 806	1 058 541		
	2 577 830	1 928 857		

Basis of valuation

	The EOH Share Trust		The Mthombo Trust	
	2017	2016	2017	2016
Fair value was determined by using the Binomial model. The inputs were as follows:				
Weighted average share price (Rand)	159,25	149,20	158,37	134,41
Option strike price (Rand)	95,55	89,52	95,02	80,64
Expected volatility (%)	25,8	23,5	25,4	23,3
Expected dividend yield (%)	1,4	3,7	1,4	3,7
Weighted average expected life (years)	3,7	3,7	4,1	4,1
Weighted average fair value of options granted (Rand)	81,98	53,76	83,38	43,74
Expiry date from grant (years)	10	10	8	8

The volatility of the share price at grant date was determined using the share trading history of EOH prior to grant date.

The after tax risk-free rate applied was the zero-swaps curve at the grant date of the option.

37. Share-based payments continued

The analysis of share options granted to directors is detailed below:

	Outstanding at 31 July 2016 or date of appointment	Weighted average strike price (Rand)	Granted during the period	Exercised during the period	Weighted average exercise price (Rand)	Weighted average strike price (Rand)	Outstanding at resignation date	Weighted average strike price (Rand)	Outstanding at 31 July 2017
Executive directors									
Rob Godlonton	980 000	32,35	–	(487 500)	127,56			56,66	492 500
Currently exercisable	662 500	13,12		(487 500)	127,56			27,98	175 000
Exercisable in one year	70 000	49,17						49,17	70 000
Exercisable between two and five years	247 500	79,05	–					79,05	247 500
Brian Gubbins	287 500	74,10	–	–				74,10	287 500
Currently exercisable	18 750	36,07		–				36,07	18 750
Exercisable in one year	47 500	51,84						51,84	47 500
Exercisable between two and five years	221 250	82,10	–					82,10	221 250
John King	332 500	40,09	75 000	(175 000)	173,99			74,39	232 500
Currently exercisable	200 000	20,46		(175 000)	173,99			49,20	25 000
Exercisable in one year	55 000	57,13						57,13	55 000
Exercisable between two and five years	77 500	78,63	75 000					84,74	152 500
Ebrahim Laher	413 333	63,82	–	–				63,82	413 333
Currently exercisable	22 222	23,00		–				23,00	22 222
Exercisable in one year	111 111	38,99						38,99	111 111
Exercisable between two and five years	280 000	76,91	–					76,91	280 000
Jehan Mackay	346 667	71,68	–	–				71,68	346 667
Currently exercisable	–	–		–				–	–
Exercisable in one year	66 667	49,66						49,66	66 667
Exercisable between two and five years	280 000	76,92	–					76,92	280 000
Zunaid Mayet	396 667	62,95	–	–				62,95	396 667
Currently exercisable	66 667	32,88		–				32,88	66 667
Exercisable in one year	83 333	37,67						37,67	83 333
Exercisable between two and five years	246 667	79,63	–					79,63	246 667
Johan van Jaarsveld	335 000	69,14	–	–				69,14	335 000
Currently exercisable	–	–		–				–	–
Exercisable in one year	92 500	41,96						41,96	92 500
Exercisable between two and five years	242 500	79,51	–					79,51	242 500

37. Share-based payments continued

The analysis of share options granted to directors is detailed below:

	Outstanding at 31 July 2016 or date of appointment	Weighted average strike price (Rand)	Granted during the period	Exercised during the period	Weighted average exercise price (Rand)	Weighted average strike price (Rand)	Outstanding at resignation date	Weighted average strike price (Rand)	Outstanding at 31 July 2017
Non-executive directors									
Pumeza Bam	52 500	74,03	–	–				74,03	52 500
Currently exercisable	7 500	49,20		–				49,20	7 500
Exercisable in one year	15 000	70,93						70,93	15 000
Exercisable between two and five years	30 000	81,79	–					81,79	30 000
Sandile Zungu	100 000	94,47	–					94,47	100 000
Currently exercisable	–	–						–	–
Exercisable in one year	33 333	94,47						94,47	33 333
Exercisable between two and five years	66 667	94,47	–					94,47	67 667
Executive directors that resigned during the year									
Asher Bohbot	825 000	36,00	100 000	–		41,95	925 000		
Currently exercisable	550 000	19,53		–		19,53	550 000		
Exercisable in one year	106 250	61,98				61,98	106 250		
Exercisable between two and five years	168 750	56,18	100 000			79,93	268 750		
Dion Ramoo	62 500	77,01	10 000	–		78,94	72 500		
Currently exercisable	7 500	49,20		–		49,20	7 500		
Exercisable in one year	17 500	74,03				74,03	17 500		
Exercisable between two and five years	37 500	83,96	10 000			85,45	47 500		
Jane Retief (née Thomson)	127 500	49,35	30 000	–		57,29	157 500		
Currently exercisable	62 500	27,80		–		27,80	62 500		
Exercisable in one year	22 500	64,28				64,28	22 500		
Exercisable between two and five years	42 500	73,14	30 000			80,55	72 500		

38. Related party transactions

The Group entered into various transactions with related parties. These transactions occurred under terms and conditions no more favourable to those entered into with third parties except for loans receivable from related parties which are interest free.

Figures in Rand thousand	2017	2016
Transactions with equity-accounted investments		
Sale of products and services	96 500	63 192
Purchases of products and services	8 911	–
Trade receivables balances with related parties	131 737	63 192
Trade payables balances with related parties	916	–
Loans receivable from related parties:	82 624	53 528
Quantified Living Proprietary Limited	–	9 363
Twenty Third Century Systems (Private) Limited	26 640	28 197
BC Skills SARL	15 968	15 968
Virtuoso Consulting	32 505	–
aSay Enerji Inşaat Sanayi ve Ticaret Anonim Şirketi	756	–
EOH SEAL Limited	6 116	–
TCD MENA Proprietary Limited (Egypt)	639	–
These loans are interest free and payable on demand. Please refer to note 7.		
Transactions between the holding company and subsidiaries		
Dividends received by the Company	(265 900)	(204 150)
Management fees received from the operating subsidiaries relating to statutory costs	–	(2 749)
Loans receivable from/(payable) to subsidiary companies	Refer to note 39 for details	
Professional fees		
Management related professional fees paid to associates of non-executive directors.	7 417	2 282
Directors' remuneration		
The remuneration for directors of the Company paid during the year by subsidiaries within the Group has been disclosed in note 36. Executive directors are defined as key management.		
Employees' remuneration		
The remuneration to all employees amounted to:	5 314 775	4 198 335

39. Schedule of investments in subsidiaries

All the subsidiaries below are incorporated in South Africa unless otherwise indicated.

	Stated capital	Effective interest		Carrying amount of investment in shares		Loans owing (to)/from subsidiaries*	
Figures in Rand thousand	2017 R	2017 %	2016 %	2017	2016	2017	2016
Subsidiaries of EOH Holdings Limited							
Aptronics Proprietary Limited	–	–	100	–	218 729	–	–
CA Southern Africa Proprietary Limited	100	100	100	12 511	10 084	78 110	78 110
Enterprise Softworks Proprietary Limited	18 324 853	100	100	13 465	10 564	50 542	50 542
EOH Abantu Proprietary Limited	100	100	100	917 237	30 201	347 677	617 720
EOH Consulting Proprietary Limited	1 115	100	100	52 701	52 587	13 710	13 710
EOH Industrial Technologies Proprietary Limited	52 048	100	100	646 898	73 668	116 537	400 011
EOH International Proprietary Limited	100	100	100	381 751	128	19 006	44 642
EOH Mthombo Proprietary Limited	100	100	100	1 230 683	141 699	1 253 544	1 235 960
Intellient Proprietary Limited	1 000	100	100	9 451	8 963	26 355	26 355
Mthombo IT Services Proprietary Limited	537	100	100	43 157	43 252	–	8 000
V55 Investments Proprietary Limited	100	100	100	–	–	(44 908)	13 308
				3 307 854	589 875	1 860 573	2 488 358

	Stated capital	Effective interest		Loans owing (to)/from subsidiaries*	
Figures in Rand thousand	2017 R	2017 %	2016 %	2017	2016
Indirect subsidiaries of EOH Holdings Limited					
2Identify Proprietary Limited	100	100	100	–	–
4Water Supplies Proprietary Limited	100	100		–	
8 Bit Platoon Proprietary Limited	1 000	100	100	–	–
About Time Software Proprietary Limited	94	100	100	–	–
Afiswitch Proprietary Limited	100	100	100	–	–
Afon Private Limited	474 833	100		–	
Afon IT Private Limited	474 833	100		–	
Afon Systems Private Limited	474 833	100		–	
Afon Technologies Private Limited	474 833	100		–	
Amber Moon Trading 5 Proprietary Limited	100	100	100	–	–
Aptronics Proprietary Limited	1 000	100		–	
Arete Global FZ LLC, registered in Dubai	–	100		–	
Arete Global FZ LLC, registered in Saudi Arabia	1 790 831	100		–	
Arete Global, registered in Egypt	186 525	100		–	
Arete Business Consulting Limited, registered in India	–	100		–	
Ashreq Environmental and Occupational Hygiene Consultants Proprietary Limited	100	100	100	–	–
Ashreq Health and Safety Services Proprietary Limited	100	100	100	–	–
Asset Gulf FZ-LLC, registered in Dubai, United Arab Emirates		70		–	
Asset Technology Group, registered in Egypt		70		–	
Asset Technology Group-KSA, registered in Saudi Arabia		70		–	
Blick Properties SA Proprietary Limited	3 830 000	100	100	–	–
CCS Mining and Industrial Proprietary Limited	100 000	100	100	–	–
Censeo Botswana Proprietary Limited, incorporated in Botswana	3 599	100	100	–	–
EOH Forensic Services Proprietary Limited	3 000	100	100	–	–
CES Mozambique Limitada, incorporated in Mozambique	100	98	98	–	–
Change Logic CS Proprietary Limited	100	100	100	–	–
Civec Civil Engineering Consultants Proprietary Limited	100	100	100	–	–
Clearline Infrastructure Solutions Proprietary Limited	100	100	100	–	–

39. Schedule of investments in subsidiaries continued

Figures in Rand thousand	Stated capital 2017 R	Effective interest 2017 %	Effective interest 2016 %	Loans owing (to)/from subsidiaries* 2017	Loans owing (to)/from subsidiaries* 2016
Clearline IS Proprietary Limited	500	100	100	–	–
Coastal and Environmental Services Proprietary Limited	1 100	100	100	–	–
Combined Systems Proprietary Limited	100	100		–	
Comitant Solutions Proprietary Limited	100	100	100	–	–
Compu-Power Proprietary Limited	2 046 070	100	100	–	–
Computerised Health and Environment Surveillance Systems Proprietary Limited	1 000	65	65	–	–
Construction & Project Management Limited, incorporated in United Kingdom	2 388	100	100	–	–
Construction Computer Software (Asia) Limited, incorporated in Hong Kong	97	100	100	–	–
Construction Computer Software (Australia) Proprietary Limited, incorporated in Australia	2 028 398	100	100	–	–
Construction Computer Software (Gulf) LLC – incorporated in United Arab Emirates	615 246	100	100	–	–
Construction Computer Software Proprietary Limited	1 000 200	100	100	–	–
Cool Ideas 1016 Proprietary Limited	100	100	100	–	–
Cornastone Enterprise Services Proprietary Limited	100	100		–	
Cornastone Enterprise Systems Proprietary Limited	100	100		–	
Cornastone Enterprise Management Systems Proprietary Limited	100	100		–	
Cornastone Managed Services Proprietary Limited	100	100		–	
Cornastone Telecommunications Proprietary Limited	100	100		–	
Cortez Trading Proprietary Limited	100	100	100	–	–
CSV Water Consulting Engineers Proprietary Limited	1 000	100	100	–	–
Cybercare Proprietary Limited	470 170	100	100	–	–
Dcode Mobility Proprietary Limited	100	100	100	–	–
Deixis Proprietary Limited	120	100	100	–	–
Denis Insurance Administrators Proprietary Limited	120	100	100	–	–
Denis UK Limited, incorporated in United Kingdom	–	–	100	–	–
Denis Underwriting Managers Proprietary Limited		100	100	–	–
Dental Information Systems Holdings Proprietary Limited	100	100	100	–	–
Dental Information Systems Proprietary Limited	100	100	100	–	–
Dihlase Consulting Engineers Proprietary Limited	2 394 107	100	100	–	–
E-business systems Limitada, incorporated in Mozambique	6 518 945	80	80	–	–
ECDOH's Differentiated Amenities Proprietary Limited	120	100	100	–	–
Educos Vision S.A.R.L, Luxembourg	163 388	100	100	–	–
Educos Vision Services S.A.R.L, Luxembourg	163 388	100	100	–	–
Electronic Business Manager Investment Company Proprietary Limited	1 000	100	100	–	–
Emerald Sky Trading 730 Proprietary Limited	100	100	100	–	–
Employers Mutual Protection Service Proprietary Limited	100	100	100	–	–
Enablemed Proprietary Limited	100	100	100	–	–
Enablemed Services Proprietary Limited	70	100	100	–	–
Energy Cybernetics Proprietary Limited	600	100	100	–	–
Energy Insight Proprietary Limited	1 270 000	100	100	–	–
Enerweb Proprietary Limited	360	100	100	–	–
Emid Proprietary Limited	61 333 559	100	100	–	–
EOH Advisory Services Proprietary Limited	200	100	100	5 239	5 239
EOH Employee Benefits Proprietary Limited	100	100	100	–	–

39. Schedule of investments in subsidiaries continued

Figures in Rand thousand	Stated capital 2017 R	Effective interest 2017 %	2016 %	Loans owing (to)/from subsidiaries* 2017	2016
EOH Europe Limited, incorporated in United Kingdom	1 159	100	100	–	–
EOH Financial Solutions Proprietary Limited	200	100	100	–	–
EOH Human Capital Solutions Proprietary Limited	100	100	100	2 000	2 000
EOH Information Technology Namibia Proprietary Limited		100		–	
EOH Legal Services Proprietary Limited	100	100	100	501	501
EOH Linkstate Services Proprietary Limited	1 000	100	100	–	–
EOH Managed Services PS Proprietary Limited	319 000 100	100	100	–	–
EOH Microsoft Coastal Proprietary Limited	100	100	100	–	580
EOH Middle East, FZ LLC		100		–	
EOH Mthombo Mozambique Limitada, incorporated in Mozambique	6 977	95	95	–	–
EOH Power Systems Proprietary Limited	490	100	100	–	–
EOH Rwanda Limited, incorporated in Rwanda	11 480	100	100	–	–
EOH Security and Building Technologies Proprietary Limited	11 330 000	100	100	519	519
EOH Singapore Private Limited	102	100		–	
EOH Turkey Software Services Consulting	455 898	100		–	
EOH Wealth Proprietary Limited	100	100	100	–	–
Epsilon Learning Proprietary Limited			100		–
E-Secure Distribution Proprietary Limited			100		750
Exigo Sustainability Proprietary Limited	100	100	100	–	–
Ezobuchwepheshe Business Solutions Proprietary Limited	–	100	100	–	–
Faculty Training Institute Proprietary Limited	80	100	100	92	92
Faranani Sapremo Proprietary Limited	10 000	100	100	–	–
Forensic Data Analysts Proprietary Limited	100	100	100	–	–
Freethinking Business Consultants Proprietary Limited	1 250	100	100	–	–
Global Access Health Network (DRC), incorporated in Democratic Republic of Congo	23 840	80	80	–	–
Global Access Health Network (Isle of Man) Limited, incorporated in Isle of Man	125	70	70	–	–
GLS Consulting Proprietary Limited	117	100	100	–	–
GLS Software Proprietary Limited	2 024 017	100	100	–	–
Grid Control Technologies Proprietary Limited	200	100	100	–	–
Healthshare Health Solutions Proprietary Limited	100	100	100	–	–
Healthshare Result Oriented Solutions Limited	390 000	100		–	
HCI Financial Services Proprietary Limited	100	100	100	–	–
Highveld Wealth Management Proprietary Limited	1 000	100	100	–	–
Hlanganani Blick Proprietary Limited	100	100	100	–	–
Hoonar Tekwurks Consulting South Africa Proprietary Limited	100	100	100	–	–
Hospitality Professionals South Africa Proprietary Limited	100	100	100	–	–
Hymax SA Proprietary Limited	63 549 585	100	100	–	–
Hymax Talking Solutions Proprietary Limited	120	100	100	–	–
Imaging Solutions Private Limited, incorporated in Zimbabwe	315	75	75	–	–
Impact Human Resources Proprietary Limited	30 000	100	100	–	–
IMQS Software Proprietary Limited	743 417	100	94	–	–
In The Cloud Internet Services Proprietary Limited	100	100	100	–	–
Industrial Logistic Systems Proprietary Limited	18 100	100	100	–	–
Infrastructure System Integrators Proprietary Limited	120	100	100	–	–
Intelligens IT Solutions Proprietary Limited	400	100	100	–	–
Investigative Software Solutions Proprietary Limited	400	100	100	–	–
Isilumko Staffing Proprietary Limited	1 000	100	100	–	–

39. Schedule of investments in subsidiaries continued

Figures in Rand thousand	Stated capital 2017 R	Effective interest 2017 %	Effective interest 2016 %	Loans owing (to)/from subsidiaries* 2017	Loans owing (to)/from subsidiaries* 2016
iThemba Governance and Statutory Solutions Proprietary Limited	133	100	100	–	–
ITS Technologies Proprietary Limited	100	100	100	–	–
Joat Consulting Proprietary Limited	100	100	100	–	–
Joat Sales & Services EC Proprietary Limited	100	100	100	–	–
Joat Sales & Services GP Proprietary Limited	10	100	100	–	–
Joat Sales & Services Proprietary Limited	768	100	100	–	–
Lighting Cybernetics Proprietary Limited			100		–
Managed Integrity Evaluation Proprietary Limited	30	100	100	–	–
Managed Print Solutions Proprietary Limited	100	100	100	–	–
Mars Holdings Proprietary Limited	280	100		–	
MBAT Proprietary Limited	124 186	100		–	
Medical Services Organisation International Proprietary Limited	1 000	70	70	–	–
Medical Services Organisation South Africa Proprietary Limited	1 000	100	100	395	395
Medical Services Organisation, incorporated in Nigeria		100	100	–	–
Mehleketo Resourcing Proprietary Limited	1 000	100	100	–	–
Mikros Systems Proprietary Limited	250 975	50		–	
Mikros Traffic Monitoring Proprietary Limited	1 000	100		–	
Mikros Traffix Monitoring (KZN) Proprietary Limited	300	100		–	
MPC Recruitment Proprietary Limited	100	100	100	–	–
New Africa Rail Proprietary Limited	100	100	100	–	–
Paterson Candy International (South Africa) Proprietary Limited	540 475	100	100	–	–
PharmaLTx Proprietary Limited	1	100		–	
PiA Solar SA Proprietary Limited	90	100		–	
Prehab Testing Proprietary Limited	100	100	100	–	–
Process Contracting International Nigeria Limited, incorporated in Nigeria	680 000	100	100	–	–
Railco Proprietary Limited	100	100	100	–	–
Regro Technology Proprietary Limited	203	100	100	–	–
Riccla 1715 Proprietary Limited	1 000	100	100	–	–
Rinedata UK Limited, incorporated in United Kingdom	149 314	100	100	–	–
Rinedata SA Proprietary Limited	100	100	100	–	–
Riverbend Trade and Invest 38 Proprietary Limited	3 740 990	100	100	–	–
Ronbel 117 Proprietary Limited	120	100	100	–	–
Rosstone Consulting Proprietary Limited	100	100	100	–	–
Sabela Learning Academy Proprietary Limited	100	100	100	–	–
Sanyati Mehleketo Construction Proprietary Limited	100	100	100	–	–
ScanRF Projects Proprietary Limited	100	100		–	
Scientia Healthcare Group Schemes Proprietary Limited	100	100	100	–	–
Scientia Optimate Financial Services Proprietary Limited	1 000	100	100	–	–
Shandon Business Solutions Proprietary Limited	2 361	100	100	–	–
SI Analytics Proprietary Limited	100	100	100	–	–
Siyanqoba Seminars Proprietary Limited	100	100	100	–	–
Siyaya Skills Institute Proprietary Limited	100	100	100	–	–
Sizabantu Background Checks Proprietary Limited	1 021 000	100	100	–	–
Sortit Proprietary Limited	1 242 378	100	100	–	–
Sukema IP CO Proprietary Limited	3 000	51	51	–	–
SWX Investments Proprietary Limited	120	100	100	–	–

39. Schedule of investments in subsidiaries continued

Figures in Rand thousand	Stated capital 2017 R	Effective interest 2017 %	Effective interest 2016 %	Loans owing (to)/from subsidiaries* 2017	Loans owing (to)/from subsidiaries* 2016
SWX Managed Print Services Namibia Proprietary Limited, incorporated in Namibia			100		–
Sybrin Kenya Limited, incorporated in Kenya	11 080	90	90	–	–
Sybrin Limited (Guernsey), incorporated in Guernsey	15 884	100	100	–	–
Sybrin Mozambique Limitada, incorporated in Mozambique	–	75	75	–	–
Sybrin Systems Proprietary Limited	100	100	100	–	–
Symplexity Proprietary Limited	557	100	100	–	–
Synergy Bus. Intelligence (Switzerland) GmbH, incorporated in Switzerland	167 862	100	100	–	–
Syntell Proprietary Limited	120	100		–	
Syntell Ghana Proprietary Limited	471 279	100		–	
Syntell Namibia Proprietary Limited	100	100		–	
Syntell Southern Cape Proprietary Limited	100	100		–	
Syntell Systems Proprietary Limited	1 000	50		–	
Telebo Construction Proprietary Limited	10	100	100	–	–
Tifozi Trading Proprietary Limited	1 000	100	100	–	–
Tintswalo Training Proprietary Limited	100	100	100	–	–
Trackstar Trading 308 Proprietary Limited	72	100	100	–	–
TCD Outcomes Research Proprietary Limited	1 000	100		–	
Triclinium Clinical Development Proprietary Limited	2	100		–	
TSS Managed Services Proprietary Limited	81	100	100	–	–
TSS Optimisation Solutions Proprietary Limited	1 000	100		–	
Twenty Third Century Systems (Kenya) Limited	10 432	100		–	
Umbane Systems Proprietary Limited	100	100	100	–	–
V & V Consulting Engineers Proprietary Limited	120	100	100	–	–
V & V Holdings Proprietary Limited	100	100	100	–	–
V & V Software Development Proprietary Limited	100	100	100	–	–
Veritek Proprietary Limited	300	100	100	–	–
Vilt Brasil Sistemas de Informacao Limitada	732 582	65		–	
Vilt, Portugal, S.A.	734 737	65		–	
Vilt, SGPS, S.A.	890 328	65		–	
Vilt Espana Sistemas de Informacio SL	72 033	65		–	
WRP Consulting Engineers Proprietary Limited	1 914 520	100		–	
XI Data Services Proprietary Limited	100	100	100	–	–
Xpert Decisions Systems Proprietary Limited	100	100	100	–	–
Yes Accounting Proprietary Limited	200	100	100	–	–
Zenaptix Proprietary Limited	100	100	100	–	–
Zusiza Proprietary Limited	100	100	100	–	–
Trusts					
The EOH Share Trust		100	100	–	361
The Mthombo Trust		100	100	–	8 563
Indirect trust					
EOH Enterprise Development Trust		100	100	–	–
				8 746	10 076

* *Inter-company loans are unsecured, interest free and have no fixed terms of repayment. The maximum exposure of EOH Holdings Limited at year end is limited to the cost of the investment in shares and the balance owing by subsidiaries, as above.*

40. Risk management

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out centrally and management identifies, evaluates and analyses financial risks where necessary in close co-operation with the Group's operating business units. The Governance and Risk Committee oversees how management monitors compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's normal operations expose it to the following financial risks from its use of financial instruments:
Capital risk; Liquidity risk; Interest risk; Credit risk; and Currency risk.

The following table summarises the carrying amount of financial instruments recorded at 31 July 2017:

Figures in Rand thousand	2017	2016
Financial assets		
Loans and receivables:		
Other financial assets	236 847	203 721
Finance lease receivables	244 221	290 895
Trade and other receivables	4 867 742	3 421 103
Cash and cash equivalents	2 506 551	1 949 399
Fair value through profit or loss:		
Other financial assets – level 1	78 959	165 529
Other financial assets – level 3	39 462	–
	7 973 782	6 030 647
Financial liabilities		
Measured at amortised cost:		
Other financial liabilities	3 373 639	2 330 918
Finance lease payables	106 781	51 772
Trade and other payables	1 758 664	1 312 538
Fair value through profit or loss:		
Vendors for acquisition – level 3	1 167 453	1 284 763
	6 406 537	4 979 991

The Group does not have any financial instruments that are subject to offsetting.

Fair value through profit or loss

Financial assets measured at fair value through profit or loss, in terms of the hierarchy, are classified as level 1 based on quoted prices (adjusted) in active markets for identical assets that the Group can access at the measurement date and as level 3 where the valuation technique used is based on unobservable inputs for the asset.

Other financial assets

Other financial assets (level 1) relate to investments acquired as part of a business combination. The fair value of the investment is determined by reference to the performance of indices in the active market.

Other financial assets (level 3) relate to a non-controlling interests in unlisted businesses. The valuation is based on a discounted cash flow model which has been adjusted for risk inherent in the investees' nature of operations. At 31 July 2017 the carrying value of the level 3 financial asset, based on the directors' evaluation, is R39,5 million.

Figures in Rand thousand	2017 Level 3	2017 Level 1	2016 Level 1
Other financial assets			
Balance at the beginning of the year	–	165 529	–
Raised through business combinations	–	–	152 030
Transfer from loans and receivables	25 983	–	
Additions	–	–	6 000
Disposal	–	(94 659)	
Net changes in fair value	13 479	8 089	7 499
Balance at the end of the year	39 462	78 959	165 529

Financial liabilities measured at fair value through profit or loss, in terms of the hierarchy, are classified as level 3 as the valuation techniques used are based on unobservable inputs for the liability.

40. Risk management continued

Vendors for acquisition

The vendors for acquisition balance relates to contingent consideration with respect to accounting for business combinations where profit warranties are applicable. The profit warranties allow for a defined adjusted value to the consideration payable in the event that the warranted profit after tax is not achieved, or in the event that it is exceeded, an agreed sharing in the surplus. The fair value of the contingent arrangement is initially estimated by applying the income approach assuming that the relevant profit warrant will be achieved. Subsequent measurement uses the income approach to calculate the present value of the expected settlement payment using the latest approved budgeted results and reasonable growth rates for the remainder of the relevant warranty periods taking into account any specific circumstances.

Profit warrant periods normally extend over a 24-month period.

Upwardly revised performance expectations would result in an increase in the related liability limited to the terms of the applicable warranty agreement.

Unobservable inputs include budgeted results based on margins and revenue growth rates historically achieved by the various segments. Changing such inputs to reflect reasonably possible alternative assumptions does not significantly change the fair value of the vendors for acquisition liability.

EOH has an established control framework with respect to the measurement of fair values. This includes a valuation team that reports directly to the Group Financial Director, who oversees all significant fair value measurements.

Figures in Rand thousand	2017	2016
Vendors for acquisition		
Balance at the beginning of the year	1 284 763	771 009
Raised through business combinations	559 934	805 676
Raised as investments in joint ventures and associates	152 203	143 239
Acquisitions of remaining non-controlling interests	14 279	–
Foreign exchange effects	(10 812)	27 640
Net changes in fair value	(35 764)	35 619
Paid to vendors	(797 150)	(498 420)
Balance at the end of the year	1 167 453	1 284 763

Capital risk management

The Group's objective is to safeguard its ability to continue as a going concern and to maintain an appropriate capital structure while growing the business. This is consistent with previous years.

In order to maintain or adjust the capital structure of the Group, the Board of Directors 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.

The debt to equity ratios were as follows:

Figures in Rand thousand	2017	2016
Total debt	4 647 873	3 667 453
Total equity	8 505 188	6 576 167
Debt to equity ratio (%)	54,6	55,8

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by reviewing future commitments and credit facilities to ensure 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 over leaf analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from 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.

40. Risk management continued

Figures in Rand thousand	Less than 1 year	Between 2 and 5 years
At 31 July 2017		
Other financial liabilities	1 465 155	1 925 092
Finance lease payables	45 067	70 767
Trade and other payables	1 758 664	–
At 31 July 2016		
Other financial liabilities	1 163 713	2 451 968
Finance lease payables	29 160	30 425
Trade and other payables	1 312 538	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above. There were no defaults or breaches of any of the borrowing terms or conditions.

Interest risk

The 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.

Interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group policy is to maintain most of its borrowings in variable rate instruments. The variable rates are influenced by movements in the prime borrowing rates. During the reporting period, the Group's borrowings at variable rates were denominated in Rands.

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

At 31 July 2017, if the interest rate on Rand-denominated borrowings had been 1% higher with all other variables held constant, pre-tax profit for the year would have been R34 million (2016: R23 million) lower, mainly as a result of higher interest expense on floating rate borrowings.

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 other financial assets, finance lease receivables, trade and other receivables and cash and cash equivalents.

Trade receivables and finance lease receivables comprise a widespread customer base, spread across diverse industries and geographical areas. The Group has a general policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Management evaluates credit risk relating to customers on an ongoing basis, taking into account its financial position, past experience and other relevant factors. If customers are independently rated, these ratings are also considered. The Group only deposits cash with major banks with high quality credit standing.

The carrying amount of financial assets, which are net of impairment losses, represents the maximum credit exposure. Financial assets exposed to credit risk at year end were as follows:

Figures in Rand thousand	2017	2016
Other financial assets	236 847	203 721
Finance lease receivables	244 221	290 895
Trade and other receivables	4 867 742	3 421 103
Cash and cash equivalents	2 506 551	1 949 399

At the reporting date, the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

40. Risk management continued

Currency risk

The Group operates 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.

To manage foreign exchange risk arising from commercial transactions and recognised assets and liabilities, management uses forward exchange contracts when considered appropriate.

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities that are denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has limited investments in foreign operations, where the assets are exposed to foreign currency translation risk. Currency exposure arising from net assets of the Group's foreign operations will have no effect on the post-tax profit as the effect of the translation is recognised directly in the foreign currency translation reserve. As at 31 July 2017, if the foreign entities local currencies had weakened or strengthened by 5% against the Rand, with all other variables held constant, the impact on equity for the Group would have amounted to R21 million (2016: R9 million).

Financial assets and financial liabilities are analysed by currency as follows:

Foreign currency financial instruments

Currency unit thousands	Other financial assets	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Trade and other payables
2017					
Arab Emirates Dirham	–	138 933	16 963	(1 459)	(35 531)
British Pound	–	34 918	48 814	(166)	(32 276)
Euro	258	116 345	38 356	(50 325)	(107 692)
Singapore Dollar	6 780	10 963	55 041	(9 998)	(42 674)
US Dollar	4 619	167 554	10 407	(371)	(64 811)
Other	–	63 737	50 760	(300)	(24 554)
2016					
Arab Emirates Dirham	–	3 160	5 515	–	(2 141)
Euro	–	7 946	101	–	(5 918)
Kenyan Schilling	–	24 509	45 916	(1)	(6 242)
Mozambican Metical	–	28 775	95 904	(413)	(107 278)
Nigerian Naira	–	43 183	26 499	(6 229)	15 863
US Dollar	19	121 738	3 887	–	(15 876)
Other	–	3 863	13 849	(91)	(6 438)

The majority of trade and other receivables and trade and other payables are fixed in the company's functional currency.

40. Risk management continued

Exchange rates used for conversion of foreign amounts to the South African Rand were:

	2017	2016
Arab Emirates Dirham	4,04	4,31
Argentine Peso	0,75	
Australian Dollar	10,99	11,05
Botswana Pula	1,40	1,43
British Pound	17,50	18,61
Columbian Peso	0,00	
Egyptian Pound	0,76	
Euro	15,69	15,78
Hong Kong Dollar	1,76	1,89
Indian Rupee	0,21	
Kenyan Schilling	0,14	0,16
Malawi Kwacha	0,02	0,02
Moroccan Dirham	1,40	1,44
Mozambican Metical	0,23	0,22
New Zealand Dollar	10,53	
Nigerian Naira	0,04	0,05
Rwandan Franc	0,02	0,02
Singapore Dollar	10,42	
Swiss Franc	14,25	15,11
Turkish Lira	3,81	4,76
US Dollar	13,32	14,10
Zambian Kwacha	1,53	1,41

41. Events after the reporting period

Disposal of GCT group of companies

The Group disposed of the GCT group of companies ('GCT'), namely, Grid Control Technologies Proprietary Limited, Forensic Data Analysts Proprietary Limited and Investigative Software Solutions Proprietary Limited to BVI (the former shareholders) on 31 October 2017.

The Group disposed of GCT primarily as a result of significant under achievement of profits warranted. The unwinding involved selling back the companies to the former shareholders for a net amount of R365 million, which is equal to the cash originally paid and the value-adjusted EOH shares originally transferred. The unwinding resulted in a non-cash, once-off reduction in consolidated earnings of R386 million, which will not impact headline earnings for the financial year ending 31 July 2018.

The GCT contribution to the results of the Group

	31 July 2016 9 months	31 July 2017 12 months	31 July 2018 3 months	Total
Revenue	297 689	361 462	84 327	743 478
Profit for the year	24 614	49 602	7 290	81 506
Fair value gain on remeasurement of contingent consideration	14 696	73 197	–	87 893
Previously recognised profits	39 310	122 799	7 290	169 399

41. Events after the reporting period continued

The expected financial impact of the sell-back transaction for the financial year ending 31 July 2018, is presented below:

Figures in Rand thousand	Total
Assets and liabilities derecognised	
Property, plant and equipment	15 685
Intangible assets	373 500
Other financial assets	487
Inventory	178 212
Trade and other receivables	83 776
Cash and cash equivalents	12 341
Other financial liabilities	(159 831)
Finance lease payables	(3 774)
Net deferred taxation liabilities	(90 239)
Net current taxation payables	(1 688)
Trade and other payables	(18 049)
Deferred income	(45 395)
Net assets	345 025
Goodwill	604 593
Net asset value	949 618
Consideration	
Return of EOH shares issued to former shareholders	87 575
Receivable from former shareholders	277 675
	365 250
EOH shares forfeited	74 549
Vendors for acquisition released	123 531
	563 330
Non-cash (once-off) loss on sale	(386 288)
Previously recognised profits	(169 399)
EOH share-related effects	(216 889)
Shares no longer required to be issued to vendors	(120 408)
Impact of reduction in EOH share price of shares issued	(96 481)

SHAREHOLDER SPREAD

	31 July 2017				31 July 2016			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Analysis of shareholdings								
Holdings								
1 – 1 000	12 561	70,48	4 405 839	2,94	11 636	69,31	4 076 020	2,90
1 001 – 10 000	4 350	24,41	12 989 352	8,65	4 249	25,31	13 044 898	9,27
10 001 – 100 000	732	4,10	22 458 196	14,96	746	4,44	22 233 278	15,80
100 001 – 1 000 000	159	0,89	45 935 114	30,60	139	0,83	42 277 127	30,03
1 000 001 and more	21	0,12	64 306 966	42,85	18	0,11	59 120 290	42,00
	17 823	100,00	150 095 467	100,00	16 788	100,00	140 751 613	100,00
Shareholder categories								
Banks	80	0,45	23 625 281	15,74	84	0,50	23 857 996	16,95
Close corporations	163	0,91	379 958	0,25	167	0,99	661 955	0,47
Endowment funds	183	1,03	1 836 615	1,22	163	0,97	879 060	0,62
Individuals	13 334	74,81	25 086 388	16,71	12 532	74,65	24 969 995	17,74
Insurance companies	62	0,35	5 459 551	3,64	54	0,32	3 249 086	2,31
Investment companies	10	0,06	1 794 592	1,20	6	0,04	1 680 318	1,19
Medical schemes	7	0,04	130 405	0,09	8	0,05	21 875	0,02
Mutual funds	259	1,45	34 850 629	23,22	201	1,20	27 055 581	19,22
Other corporations	92	0,52	578 180	0,39	87	0,52	838 938	0,60
Own holdings (Treasury shares)	2	0,01	4 493 817	2,99	1	0,01	3 352 028	2,38
Private companies	561	3,15	8 147 278	5,43	529	3,15	12 125 581	8,61
Public companies	8	0,04	931 263	0,62	10	0,06	707 886	0,50
Retirement funds	144	0,81	22 089 870	14,70	108	0,64	18 886 103	13,42
Trusts	2 918	16,37	20 691 640	13,80	2 838	16,90	22 465 211	15,97
	17 823	100,00	150 095 467	100,00	16 788	100,00	140 751 613	100,00

	31 July 2017		31 July 2016	
	Number of shares	%	Number of shares	%
Major shareholders (more than 3%)				
Government Employee Pension Fund	16 693 332	11,12	15 686 281	11,14
Fidelity	11 221 448	7,48	10 811 867	7,68
Tactical Software Systems Proprietary Limited	7 143 859	4,76	7 225 116	5,13
Bejaled Trust	6 539 625	4,36	6 894 625	4,90
PSG Konsult	4 886 789	3,26	–	–
	46 485 053	30,98	40 617 889	28,85
Shareholder spread				
Public shareholders	127 295 076	84,81	119 537 093	84,93
Non-public shareholders	22 800 391	15,19	21 214 520	15,07
Directors and associates of the Company	16 240 103	10,82	15 294 006	10,87
Share trusts	2 066 471	1,38	2 568 486	1,82
Treasury shares	4 493 817	2,99	3 352 028	2,38
	150 095 467	100,00	140 751 613	100,00
Reconciliation of shares in issue				
Total number in issue	150 095 467		140 751 613	
Share trusts	(2 066 471)		(2 568 486)	
Treasury shares	(4 493 817)		(3 352 028)	
Effective number of shares in issue	143 535 179		134 831 099	

SHAREHOLDER DIARY

Results announcements

Announcement of annual results for the year ended 31 July 2017	Tuesday, 19 September 2017
Posting of the Annual Integrated Report for the year ended 31 July 2017	Wednesday, 31 January 2018
Announcement of interim results for the half-year ended 31 January 2018	Wednesday, 14 March 2018

Dividend declaration

Dividend declaration date	Friday, 15 September 2017
Last day to trade *cum dividend*	Tuesday, 31 October 2017
Shares commence trading *ex dividend**	Wednesday, 1 November 2017
Record date	Friday, 3 November 2017
Payment of dividend	Monday, 6 November 2017

* *Share certificates could not be dematerialised nor rematerialised between Wednesday, 1 November 2017 and Friday, 3 November 2017, both dates inclusive.*

Annual General Meeting	Thursday, 12 April 2018

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 advisor.

Notice is hereby given that the 19th Annual General Meeting of shareholders of EOH will be held at 14h00 on Thursday, 12 April 2018 in the boardroom of the Company, EOH Office Park, Ground Floor, Block D, EOH Office Park, 1 Osborne Lane, Bedfordview, 2007 for the purpose of considering, and, if deemed fit, passing with or without modification, the ordinary and special resolutions set out hereunder.

Purpose and general information

The purpose of the AGM is to transact the business set out in the agenda below and to discuss other matters raised by shareholders at the meeting, provided that, in the sole discretion of the chairman of the meeting, such matters directly concern the business of the Company and may lawfully be dealt with at an annual general meeting.

Agenda

1. Presentation of financial statements (non-voting agenda point)

The audited financial statements of the Company for the year ended 31 July 2017, including the directors' report, the independent auditor's report and various sub-committee reports, to be presented at the meeting as required in terms of section 30(3)(d) of the Companies Act, No.71 of 2008, as amended ("the Companies Act") are hereby presented.

2. Ordinary Resolutions

The minimum percentage of voting rights required for each of the resolutions set out in items 4 to 12 below to be adopted is more than 50% (fifty percent), unless otherwise specifically indicated, of the voting rights exercised by shareholders present or represented by proxy at the AGM in respect of each of the resolutions.

3. Ordinary Resolution number 1: Rotation of non-executive directors

The directors listed in 1.1 and 1.2 below retire in accordance with the Company's Memorandum of Incorporation ('MOI') and the JSE Listings Requirements stipulate that at least one third of the non-executive directors of the Company must retire by rotation at each annual general meeting. Eligible directors may offer themselves for re-election.

Upon recommendation by the Company's nominations committee, it is proposed that shareholders pass the following ordinary resolutions:

"RESOLVED, by way of individual stand-alone resolutions, the following directors who retire by rotation and who, being eligible and offer themselves for re-election are hereby re-elected:

1.1 Sandile Zungu; and
1.2 Tshilidzi Marwala"

Refer to Annexure A of this Annual Integrated Report (of which this notice forms part) for a brief résumé of each director.

4. Ordinary Resolution number 2: Appointment of executive and non-executive directors

The following director appointments were made by the board of directors ('the Board') since the last annual general meeting, and are hereby ratified and confirmed, in accordance with the Company's MOI and the Companies Act.

Upon recommendation by the Company's nominations committee, it is proposed that shareholders pass the following ordinary resolutions:

"RESOLVED, by way of individual stand-alone resolutions, to appoint the following directors:

2.1 Pumeza Bam (Non-executive director);
2.2 Moretlo Molefi (Non-executive director);
2.3 Grathel Motau (Non-executive director);
2.4 Zunaid Mayet (Executive director and Group Chief Executive Officer);
2.5 Rob Godlonton (Executive director);
2.6 Brian Gubbins (Executive director);
2.7 Ebrahim Laher (Executive director);
2.8 Jehan Mackay (Executive director); and
2.9 Johan van Jaarsveld (Executive director)"

Refer to Annexure A of this Annual Integrated Report (of which this notice forms part) for a brief résumé of each director.

5. Ordinary Resolutions number 3.1 to 3.4: Appointment of Audit Committee members

The Companies Act and JSE Listings Requirements stipulate that each public listed company must, each year at its annual general meeting, appoint an audit committee, comprising at least three non-executive directors who are independent and, as a collective body, are suitably qualified, skilled and experienced.

The Nominations Committee and the Board are satisfied that the below-mentioned proposed members are suitably skilled and experienced independent, non-executive directors and that they collectively meet the criteria required to fulfil their duties, and accordingly have recommended that shareholders pass the following ordinary resolutions:

"RESOLVED to and herewith appoint, by way of individual stand-alone resolutions, the following independent, non-executive directors as members of the Company's Audit Committee until the next AGM:

3.1 Grathel Motau as a member and chairperson of the Audit Committee;
3.2 Rob Sporen as a member of the Audit Committee;
3.3 Tshilidzi Marwala as a member of the Audit Committee; and
3.4 Lucky Khumalo as a member of the Audit Committee".

Refer to page Annexure A of this Annual Integrated Report (of which this notice forms part) for a brief résumé of each director.

6. Ordinary Resolution number 4: Re-appointment of independent external auditors

The Companies Act, JSE Listings Requirements and the MOI stipulate that the Company must each year at its AGM, appoint or re-appoint an eligible auditor.

"RESOLVED, to re-appoint Mazars (Gauteng) Inc., as the independent auditors of the Company with Miles Fisher 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 Audit Committee and the Board have evaluated the performance of Mazars (Gauteng) Inc. and recommend their re-appointment as the external auditors of the Company."

7. Ordinary Resolution number 5: Signature of documents

"RESOLVED that, each director of 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 the resolutions adopted at the AGM."

8. Conditions applicable to the issue of shares for cash in terms of Ordinary Resolutions 6, 7 and 8 set out hereunder

The Listings Requirements of JSE Limited ("JSE Listings Requirements") currently provide, *inter alia*, that:

- Any general authority to issue shares for cash will be valid until the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- The securities which are the subject to 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 securities which are the subject of a general issue for cash may not exceed 15% (fifteen percent) of the number of listed securities, excluding treasury shares and any shares in terms of the JSE listing requirements as at the date of this notice, being 144 100 066 securities. Any securities issued under this authority will be deducted from the aforementioned 144 100 066 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;
- In determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- If any issue of shares is greater than 5%, an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing between the issuer and the parties subscribing for the securities, an explanation, including supporting documents (if any), of the intended use of the funds will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- Whenever the Company wishes to use repurchased 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; and
- The issue of shares for cash in terms of ordinary resolutions 6, 7 and 8 combined will not exceed the aforementioned 15%.

9. Ordinary resolution 6: General approval to issue ordinary shares for cash

"RESOLVED that, the directors of EOH and/or any of its subsidiaries be and are hereby authorised, by way of a general authority, to:

Allot and issue, or to issue any options in respect of a maximum of 5% (five percent) of the issued ordinary shares in the capital of the Company, being 7 205 003 shares, at the date of this notice, 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 MOI of the Company and its subsidiaries and the JSE Listings Requirements."

The capital raised by the Company from shares issued under a general issue for cash would be utilised by the Company for key and strategic acquisitions.

Any issue of shares for cash is subject to the JSE Listings Requirements as set out in paragraph 8 hereto, entitled 'Conditions applicable to the issue of shares for cash'. The issue of shares for cash in terms of ordinary resolutions 6, 7 and 8 combined will not exceed the aforementioned 15% threshold.

Under the JSE Listings Requirements, ordinary resolution number 6 must be passed by a 75% (seventy-five percent) majority of votes cast in favour of the resolution by all members present or represented by proxy at the AGM.

10. Ordinary resolution 7: Approval to issue ordinary shares for cash for BBBEE purposes

"RESOLVED that, the directors of EOH and/or any of its subsidiaries be and are hereby authorised, by way of a general authority, to:

Allot and issue, or to issue any options in respect of, a maximum of 15% (fifteen percent) of the issued ordinary shares in the capital of the Company, being 21 615 010 shares, at the date of this notice, for cash, to such Broad-Based Black Economic Empowerment ('BBBEE') person/s on such terms and conditions and at such times as the directors may in their discretion deem fit, subject to the Companies Act, the MOI of the Company and its subsidiaries and the JSE Listings Requirements."

Any issue of shares for cash is subject to the JSE Listings Requirements as set out in paragraph 8 hereto, entitled 'Conditions applicable to the issue of shares for cash'. The issue of shares for cash in terms of ordinary resolutions 6, 7 and 8 combined will not exceed the aforementioned 15% threshold.

Under the JSE Listings Requirements, ordinary resolution number 7 must be passed by a 75% (seventy-five percent) majority of votes cast in favour of the resolution by all members present or represented by proxy at the AGM.

11. Ordinary resolution 8: Approval to sell treasury shares for cash

"RESOLVED that, the directors of EOH and/or any of its subsidiaries be and are hereby authorised, by way of a general authority, to:

Sell or otherwise dispose of or transfer, or issue any options in respect of a maximum of 5% (five percent) of the issued ordinary shares in the capital of the Company, being 7 205 003 shares, at the date of this notice, for cash, to such person/s on such terms and conditions and at such times as the directors may in their discretion deem fit, subject to the Companies Act, the MOI of the Company and its subsidiaries and the JSE Listings Requirements."

Any issue of shares for cash is subject to the JSE Listings Requirements as set out in paragraph 8 hereto, entitled 'Conditions applicable to the issue of shares for cash'. The issue of shares for cash in terms of ordinary resolutions 6, 7 and 8 combined will not exceed the aforementioned 15% threshold.

Under the JSE Listings Requirements, ordinary resolution number 8 must be passed by a 75% (seventy-five percent) majority of votes cast in favour of the resolution by all members present or represented by proxy at the AGM.

12. Ordinary resolution 9: Non-binding endorsement of the Company's remuneration policy and implementation report (non-binding advisory vote)

The King Report on Corporate Governance for South Africa 2016 ('King IV') recommends that shareholders, by way of separate non-binding advisory votes, consider the Remuneration Policy and Remuneration Implementation Report of the Company every year to inform themselves how staff members and senior executives within EOH are remunerated. The Company's Remuneration Policy and Implementation Report are set out in the Annual Integrated Report on pages 50 to 53.

Upon recommendation by the Company's remuneration committee, it is proposed that shareholders pass the following resolutions by way of stand-alone non-binding advisory votes:

"RESOLVED to and herewith endorse, by way of stand-alone non-binding votes the Company's:

9.1 Remuneration Policy; and
9.2 Remuneration Implementation Report.

13. Special Resolutions

Special Resolutions to be adopted at this AGM require approval from at least 75% (seventy-five percent) of the voting rights exercised on each special resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution concerned.

14. Special Resolution number 1: Financial assistance in terms of section 44 of the Companies Act

"RESOLVED that, the Board may to the extent required, in terms of and subject to Section 44 of the Companies Act, as the case may be, and the Company's MOI, authorise the Company to provide, by way of special resolution, financial assistance by way of a loan, guarantee, the provision of security or otherwise, to its subsidiaries and inter-related companies (excluding any director or prescribed officer of the Company, or a person related to such director or prescribed officer), for the purpose of, or in connection with, the subscription of 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, subject to the terms and conditions of section 44 of the Companies Act. No such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this Special Resolution."

The purpose of this Special Resolution number 1 is to grant the Board the authority to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security, or otherwise to its subsidiaries and inter-related companies (excluding any director or prescribed officer of the Company, or a person related to such director or prescribed officer), for the purpose of, or in connection with, the subscription of 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 as contemplated in section 44 of the Companies Act.

The directors undertake that prior to the Company providing the financial assistance as contemplated in section 44 of the Companies Act, the Company will have satisfied the solvency and liquidity test as set out in section 4 of the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable.

15. Special Resolution number 2: Financial assistance in terms of section 45 of the Companies Act

"RESOLVED that, the Board may to the extent required, in terms of and subject to section 45 of the Companies Act, as the case may be, and the Company's MOI, authorise the Company to provide, by way of special resolution, 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 related or inter-related company or corporation (excluding any director or prescribed officer of the Company, or person related to such director or prescribed officer) on such terms as the Board deems fit, subject to the terms and conditions of section 45 of the Companies Act. No such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this Special Resolution."

The purpose of the Special Resolution number 2 is to grant the Board the authority to authorise the Company to provide direct or indirect financial assistance to a related or inter-related company or corporation, as contemplated in section 45 of the Companies Act.

The directors undertake that prior to the Company providing the financial assistance as contemplated in section 45 of the Companies Act, the Company will have satisfied the solvency and liquidity test as set out in section 4 of the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable.

16. Special Resolution number 3: Remuneration payable to non-executive directors

In terms of Section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing tax year by means of a special resolution passed by shareholders of the Company. All fees will be paid on a pro-rata basis, based on meeting attendance.

Having compared and benchmarked the directors' remuneration independently with the Company's peers in the market, the Company's remuneration committee has recommended an adjustment, and the Board has endorsed such recommendation, that the below mentioned remuneration for payment to non-executive directors of the Company for the ensuing year be presented to shareholders for their approval, by passing the following special resolution:

"RESOLVED that the remuneration, as set out in paragraphs 3.1 to 3.14 below, payable to non-executive directors in respect of their services as directors of the Company during this period commencing from 1 March 2018 until 28 February 2019 by way of individual stand-alone resolutions be and is hereby approved:

	Fee for the period 1 March 2018 to 28 February 2019 (Rand value excl VAT)	Fee paid for the period 1 March 2017 to 28 February 2018 (Rand value excl VAT)
Board		
3.1 Chairperson	636 694	606 375
3.2 Member	165 541	157 658
Audit Committee		
3.3 Chairperson	50 936	48 510
3.4 Member	25 468	24 255
Nominations Committee		
3.5 Chairperson	38 202	36 383
3.6 Member	19 100	18 191
Remuneration Committee		
3.7 Chairperson	38 202	36 383
3.8 Member	19 100	18 191
Risk and Governance Committee		
3.9 Chairperson	38 202	36 383
3.10 Member	19 100	18 191
Social and Ethics Committee		
3.11 Chairperson	31 835	30 319
3.12 Member	15 918	15 160
Technology and Information Committee		
3.13 Chairperson	31 835	30 319
3.14 Member	15 918	15 160

17. Special Resolution number 4: General approval to acquire shares

The purpose of this Special Resolution number 4 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire some of the Company's issued ordinary shares. It is the intention of the directors of the Company to use such authority should prevailing circumstances, in their opinion, warrant it.

"RESOLVED that, by way of a general approval, the Company and/or any of its subsidiaries be and are hereby authorised to acquire ordinary shares in the Company in terms of Sections 46 and 48 of the Companies Act, the Company's MOI and that of its subsidiaries and the JSE Listings Requirements.

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 counterparty;
- This general authority shall only be valid until the earlier of the Company's next AGM 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 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 acquisition of ordinary shares in the aggregate in any one financial year may not exceed 10% (ten percent) of the Company's issued ordinary share capital;
- The Company may only effect repurchases on the basis that the solvency and liquidity test ('test') has been completed and passed, 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.
- 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 that there is adequate working capital. Such will be determined by ensuring that:

  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.
- Information required in terms of paragraph 11.26 of the JSE Listings Requirements with regard to the general authority for the Company or any of its subsidiaries to repurchase the Company's securities are disclosed in the Annual Financial Statements.
  - Major shareholders of the Company – page 124; and
  - Share capital of the Company – page 96.

Other than the facts and developments reported on in the Annual Integrated Report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Voting and proxies

A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto. 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 AGM, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the AGM 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.

Forms of proxy 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 AGM. Any form of proxy not delivered by this time may be handed to the Chairperson of the AGM immediately before the appointed proxy exercises any of the shareholders' votes at the AGM.

Record date

The Board of Directors of the Company ('Board') has determined, in terms of section 62(3)(a), as read with section 59 of the Companies Act of South Africa (the 'Companies Act') that Friday, 6 April 2018 be the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM. Accordingly, the last day to trade EOH shares in order to be recorded in the register to be entitled to vote will be Tuesday, 3 April 2018.

Kindly note that participants (including shareholders and proxies) at the AGM meeting are required to provide satisfactory identification before being entitled to attend or participate in the AGM proceedings. Forms of identification include valid identity documents, driver's licences and passports.

Statement by the directors

The directors of the Company whose names appear on pages 36 to 37 of the Annual Integrated Report of which this notice forms part, collectively and individually, accept full responsibility for the accuracy of the information pertaining to this notice and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the JSE Listings Requirements.

By order of the Board

Adri Els
Group Company Secretary

12 January 2018

ANNEXURE A

CURRICULUM VITAE OF NON-EXECUTIVE DIRECTORS NOMINATED FOR ELECTION AND RE-ELECTION

Sandile Zungu

Position: Non-executive director (Chairman)
Qualifications:
BSc (Mechanical Engineering), MBA, Program for Global Leadership certificate at the Harvard Business School in Boston, USA

Brief Background:
He currently serves as the non-executive Chairman of EOH Holdings Limited.

Mr Sandile Zungu is the founder and Executive Chairman of Zungu Investments Co. He is a non-executive director of Grindrod Limited and non-executive director of Novus Holdings, all listed on the JSE Securities Exchange. He serves on the BBBEE Presidential Advisory Council. Mr Zungu is also Chairman of the UCT Graduate School of Business advisory board.

Tshilidzi Marwala

Position: Independent non-executive director
Qualifications:
BSc (Mechanical Engineering), MSc (Engineering), PhD, PLD, AMP

Brief Background:
Tshilidzi chairs EOH's Technology and Information Committee and is a member of the Board, Audit and Risk and Governance Committees.

Tshilidzi Marwala is the Vice Chancellor and Principal of the University of Johannesburg. He was formerly the Deputy Vice Chancellor: Research and Internationalisation and Executive Dean of the Faculty of Engineering and the Built Environment at the University of Johannesburg. He formerly held various leadership positions at the University of the Witwatersrand and South African Breweries. He is a registered professional engineer, a Fellow of TWAS, the World Academy of Sciences, the Academy of Science of South Africa, the African Academy of Sciences and the South African Academy of Engineering. He has an extensive track record in human capacity development, having supervised 47 Masters and 23 PhD students to completion. He has published 12 books in over 280 papers and holds three international patents.

Pumeza Bam

Position: Non-executive director
Qualifications:
BSc (Biochemistry), PMD

Brief Background:
Pumeza currently chairs EOH's Social and Ethics committee and is a member of the Remuneration and Nominations Committees and a Board member.

Pumeza is the Group executive for people and transformation at Liberty Group. Pumeza has over 20 years of experience in Human Resources, in various industries: including Financial Services, Information Technology, Education and the Public Sector. Pumeza was the former Group Director Human Resources for EOH. Prior to joining EOH, Pumeza held leadership positions at SAP Africa, Absa and Ernest & Young.

Rob Godlonton

Position: Executive director
Qualifications:
BCom (Hons), Associate Management Accountant (UK)

Brief Background:
Rob is the CEO of ICT and Technology Division and has been with EOH for nine years.

Rob joined EOH nine years ago to grow EOH's ICT division. He has overseen the rapid growth of this division which is now the largest division in EOH.

Prior to joining EOH, Rob had various leadership positions for Global Sales and their Supply Chain businesses.

He has held various senior positions in the IT industry in the United Kingdom, where he lived for 13 years.

Brian Gubbins

Position: Executive director
Qualifications:
BCom, MBS, MSC

Brief Background:
Brian is EOH's Business Development Director and has been with EOH for eleven years.

Brian has 25 years' experience of people leadership, strategy, sales and service delivery. Brian was a partner and has held various leadership positions at PricewaterhouseCoopers Incorporated both locally and internationally and ran his own business for three years.

Ebrahim Laher

Position: Executive director
Qualifications:
BSc, BDS, PDM Business Administration

Brief Background:
Ebrahim is the CEO for EOH's International Division and has been with EOH for nine years.

Ebrahim's business experience extends over 21 years in the Management Consulting and ICT environment with exposure to both Public Sector and Private Sector clients. Prior to joining EOH, Ebrahim spent 10 years at a large Multi-National consulting company before co-founding and leading a successful SAP systems integrator. Ebrahim has extended and expanded EOH's reach to over 36 countries outside of South Africa.

ANNEXURE A

CURRICULUM VITAE OF NON-EXECUTIVE DIRECTORS NOMINATED FOR ELECTION AND RE-ELECTION

Jehan Mackay

Position: Executive director
Qualifications:
BA (Economics)

Brief Background:
Jehan is the CEO for EOH Public Sector Division and has been with EOH for six years.

Jehan has over 20 years' experience of Information Technology businesses and ran his own successful IT business before it merged with EOH. Jehan joined EOH in 2011 following the merger of his business with EOH. Before the merger, his business had successfully been run for eleven years.

Zunaid Mayet

Position: Executive director
Qualifications:
Data Processing and Systems Software Engineering, Executive Leadership Development Programme

Brief Background:
Zunaid is the current CEO of EOH and has been with the Group for eight years.

Prior to his appointment as CEO, Zunaid was the CEO of EOH Industrial Technologies Division, a business he started six years ago. Prior to joining EOH he had various leadership positions of a global technology and engineering group in Europe, Asia and South Africa.

Moretlo Molefi

Position: Independent non-executive director
Qualifications:
BSc, MBCHB, SMP and Foreign Telemedicine ('TATRC'), Telemedicine diploma

Brief Background:
Moretlo is a Board member and member of the Social and Ethics Committee.

Moretlo is currently the managing director of Telemedicine Africa Proprietary Limited, training on telemedicine and mobile health. She has held various non-executive positions at several listed entities including HCI and Niveus. She was awarded the "Technology for Woman in Business Award (supported by DTI)". She held several leadership positions at World Health Organisations.

Grathel Motau

Position: Independent non-executive director
Qualifications:
BCompt, BCompt (Hons), CA(SA), Master of Philosophy (Development Finance)

Brief Background:
Grathel is the chairperson of the Audit Committee and the Risk Committee and a member of the Board.

Grathel is a Chartered Accountant and also holds a MPhil in Development Finance from the University of Stellenbosch. She is currently Chief Executive at Mmoni Advisory Services. She was a former Audit Partner at KPMG and has held various positions at Blue IQ Investments, IDC and National Treasury. She serves as a non-executive director of Metair Investments Limited, AfroCentric Investment Corporation and is a commissioner at the International Trade Administration Commission of South Africa and Non-Executive member of Firstrand Wholesale Credit Committee. She was formerly the chairperson of the audit and risk committees of listed companies and IRBA. She also served as non-executive director for various listed companies and a council member of various tertiary and educational councils.

Johan van Jaarsveld

Position: Executive director
Qualifications:
BCom (Econometrics), BCom (Hons) (Econometrics), MDP, MBL

Brief Background:
Johan is the CEO of EOH's Business Process Outsourcing ('BPO') Division and has been with EOH for 11 years.

Johan has more than 25 years of business experience in local and international markets of which 21 years have been in the Information Technology Industry. Johan started EOH's BPO Division which is now a significant part of EOH. Before Johan joined EOH he was the owner of a specialised Business Intelligence and Analytics organisation.

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 nineteenth annual general meeting of shareholders of the Company ("AGM") to be held in the boardroom of the Company, EOH Office Park, Ground Floor, Block D, Gillooly's View, 1 Osborne Lane, Bedfordview, 2007, at 14h00 on Thursday, 12 April 2018 and any adjournment thereof.

Dematerialised shareholders holding shares other than with 'own-name' registration who wish to attend the AGM must inform their Central Securities Depository Participant ('CSDP') or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the relevant letter of representation to attend the AGM in person or by proxy and vote. If they do not wish to attend the AGM 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/home Cell phone

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 AGM.

as my/our proxy to attend and act for me/us on my/our behalf at the AGM 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 postponed or adjournment thereof and to vote for and/ or against such resolutions, and or abstain from voting, in respect of the 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
	Ordinary Resolutions			
1	**Ordinary Resolution number 1:** Rotation of non-executive directors			
1.1	To approve the re-election of Sandile Zungu as director who retires by rotation.			
1.2	To approve the re-election of Tshilidzi Marwala as director who retires by rotation.			
2	**Ordinary Resolution number 2:** Appointments of executive and non-executive directors			
2.1	To ratify and confirm the appointment of Pumeza Bam			
2.2	To ratify and confirm the appointment of Moretlo Molefi			
2.3	To ratify and confirm the appointment of Grathel Motau			
2.4	To ratify and confirm the appointment of Zunaid Mayet			
2.5	To ratify and confirm the appointment of Rob Godlonton			
2.6	To ratify and confirm the appointment of Brian Gubbins			
2.7	To ratify and confirm the appointment of Ebrahim Laher			
2.8	To ratify and confirm the appointment of Jehan Mackay			
2.9	To ratify and confirm the appointment of Johan van Jaarsveld			
3	**Ordinary Resolution number 3:** Appointment of Audit Committee members			
3.1	To appoint Grathel Motau as Chairperson and member of the Audit Committee			
3.2	To appoint Rob Sporen as member of the Audit Committee			
3.3	To appoint Tshilidzi Marwala as member of the Audit Committee			
3.4	To appoint Lucky Khumalo as member of the Audit Committee			
4	**Ordinary Resolution 4:** Re-appointment of independent external auditors			
5	**Ordinary Resolution 5:** Signature of documents			
6	**Ordinary Resolution 6:** General approval to issue ordinary shares for cash			
7	**Ordinary Resolution 7:** Approval to issue ordinary shares for cash for B-BBEE purposes			
8	**Ordinary Resolution 8:** Approval to sell treasury shares for cash			
9	**Ordinary Resolution 9:** Non-binding endorsement of the Company's remuneration policy and implementation report			
9.1	To approve the Remuneration Policy			
9.2	To approve the Remuneration Implementation Report			

	Special Resolutions			
1	**Special Resolution 1:** Financial assistance in terms of section 44 of the Companies Act			
2	**Special Resolution 2:** Financial assistance in terms of section 45 of the Companies Act			
3	**Special Resolution 3:** Remuneration payable to non-executive directors			
3.1	Chairperson of the Board			
3.2	Member of the Board			
3.3	Chairperson of the Audit Committee			
3.4	Member of the Audit Committee			
3.5	Chairperson of the Nomination Committee			
3.6	Member of the Nomination Committee			
3.7	Chairperson of the Remuneration Committee			
3.8	Member of the Remuneration Committee			
3.9	Chairperson of the Risk and Governance Committee			
3.10	Member of the Risk and Governance Committee			
3.11	Chairperson of the Social and Ethics Committee			
3.12	Member of the Social and Ethics Committee			
3.13	Chairperson of the Technology and Information Committee			
3.14	Member of the Technology and Information Committee			
4	**Special Resolution 4:** General approval to acquire shares			

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 AGM may appoint one or more proxies to attend and act in his/her stead. A proxy so appointed need not be a member of the Company.

Signed at on 2018

Signature

Assisted by (if applicable)

Please read notes on the reverse hereof

NOTES TO THE PROXY

1. Summary of Rights Contained in section 58 of the Companies Act:
   - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
   - a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii);
   - delivering a copy of the revocation instrument to the proxy and to the Company; and
   - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).
2. 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".
3. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM 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.
4. A shareholder entitled to attend and vote at the AGM 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 share.
5. 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 AGM 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.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM 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 AGM.
7. 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 AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. The Chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A shareholder's authorisation to the proxy including the Chairperson of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. 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 AGM.
12. 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.
13. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy; and
    - the vote(s) of the senior ordinary shareholders (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).
14. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

Hand deliveries to:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue Rosebank, Johannesburg, 2196
Postal deliveries to:	Computershare Investor Services Proprietary Limited PO Box 61051 Marshalltown, 2107
Email to:	Computershare Investor Services Proprietary Limited proxy@computershare.co.za

15. To be received 48 hours before the AGM meeting scheduled for 12 April 2018. Any form of proxy not delivered by this time may be handed to the Chairperson of the AGM immediately before the appointed proxy exercises any of the shareholders' votes at the AGM.
16. 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.
17. If the instrument appointing the proxy or proxies as 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.
18. The completion of a form of proxy does not preclude any shareholder from attending the AGM.

CORPORATE INFORMATION

EOH Holdings Limited

Incorporated in the Republic of South Africa
Registration number: 1998/014669/06
JSE share code: EOH
ISIN code: ZAE000071072

Directorate

Non-executive

Sandile Zungu (Chairman)
Rob Sporen* (Lead Non-executive Director)
Pumeza Bam (Appointed 1 March 2017)
Lucky Khumalo
Tshilidzi Marwala
Moretlo Molefi (Appointed 12 May 2017)
Grathel Motau (Appointed 1 March 2017)
** (Dutch)*

Danny Mackay (Resigned 12 May 2017)
Audrey Mothupi (Resigned 31 August 2017)

Executive

Zunaid Mayet (Group Chief Executive Officer)
(Appointed 12 May 2017)
Rob Godlonton (Appointed 12 May 2017)
Brian Gubbins (Appointed 12 May 2017)
John King (Group Financial Director)
Ebrahim Laher (Appointed 12 May 2017)
Jehan Mackay (Appointed 12 May 2017)
Johan van Jaarsveld (Appointed 12 May 2017)

Pumeza Bam (Resigned 1 March 2017)
Asher Bohbot (Resigned 30 June 2017)
Dion Ramoo (Resigned 12 May 2017)
Jane Retief (née Thomson) (Resigned 12 May 2017)

Group Company Secretary

Adri Els

Registered address

Block D, EOH Business Park
Osborne Lane
Bedfordview, 2007

PO Box 59, Bruma
2026

Telephone

+27 (0) 11 607 8100

Website

www.eoh.co.za

Investor e-mail

eohir@kris.co.za

Auditors

Mazars (Gauteng) Inc.
Registration number: 2000/026635/21
Erasmus Forum A, 434 Rigel Avenue South,
Erasmusrand, Pretoria, 0181

Sponsor

Merchantec Capital
Registration number: 2008/027362/07
2nd Floor, North Block, Hyde Park Corner Office Towers
Corner 6th Road and Jan Smuts Avenue
Hyde Park, 2196

PO Box 41480, Craighall
2024

Transfer secretaries

Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196

PO Box 61051, Marshalltown
2107

GREYMATTER & FINCH # 11261

EOH

Technology *makes it possible...*
People *make it happen.*