Annual Report 2008

EOH

Annual Report 2008

Systems make it possible...
people make it happen.

CONTENTS

Directorate	2
Group Financial Highlights	4
CEO's Operational Report	5
Corporate Governance	11
Annual Financial Statements	15
Annexure A – Subsidiary Companies	60
Notice of Annual General Meeting	61
Corporate Information	65
Form of proxy	Attached

www.eoh.co.za

BOARD OF DIRECTORS

Dr Nakedi Mathews Phosa (55)
Non-executive Chairman
BProc, LLB, Honorary PhD in Law (University of Boston)
Re-appointed 27 February 2008

Asher Bohbot (55)
Chief Executive Officer
BSc. Industrial Engineering, MAP
Re-appointed 27 February 2008

Prof Tshilidzi Marwala (37)
Non-executive Director
BSc Mechanical Engineering, MSc Engineering, PhD
Appointed 22 November 2006

Dion Dominic Ramoo (43)
Executive Director
BSC Info Proc, CA(SA)
Re-appointed 22 February 2007

Kenneth Cullinan (49)
Executive Director
National Diploma (Industrial Eng.), CPIM
Re-appointed 15 February 2006

Lucky Khumalo (39)
Executive Director
BSc (Computer Science)
Appointed 14 September 2005

John King (48)
Executive Director
BCom, BAcc, CA(SA)
Appointed 1 March 2008

Tebogo Skwambane (35)
Non-executive Director
BA, MBA (Harvard)
Appointed 30 July 2008

Robert Michael Maria Sporen (58)
Non-executive Director
CPIM
Appointed 1 November 2007
(An executive director until his retirement on 31 October 2007)

Jane Sinclair Thomson (48)
Executive Director
Re-appointed 15 February 2006

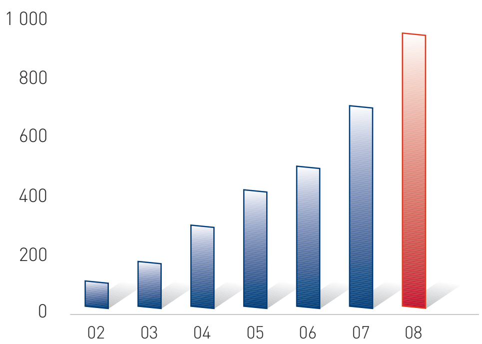
GROUP FINANCIAL HIGHLIGHTS

	12 months to 31 July 2008	12 months to 31 July 2007	12 months to 31 July 2006	12 months to 31 July 2005	12 months to 31 July 2004*	12 months to 31 July 2003*	12 months to 31 July 2002*
Revenue (R'000)	**950 934**	703 672	503 292	420 225	299 535	175 969	114 328
Attributable income (R'000)	**60 988**	49 038	37 457	23 166	19 134	14 395	11 958
Earnings per share (cents)	**96,2**	78,6	63,4	46,1	40,6	30,7	24,0
Headline earnings per share (cents)	**96,8**	78,8	63,4	52,7	42,8	33,1	26,2
Fully diluted earnings per share (cents)	**85,7**	69,5	54,5	37,0	36,8	29,4	21,9
Dividend per share (cents)	**25,0**	20,0	14,0	11,5	10,0	7,0	6,0
Cash (R'000)	**119,1**	114,1	84,5	68,4	61,7	40,4	29,6
NAV per share (cents)	**328,6**	274,1	213,3	165,3	133,3	102,8	84,3

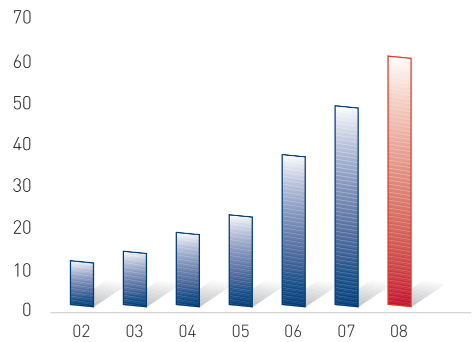
Note

** these numbers are as reported under old SA GAAP*

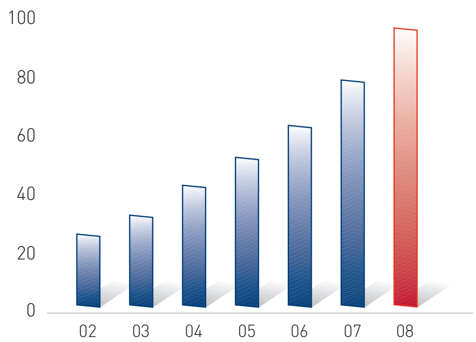
+ restated under IFRS



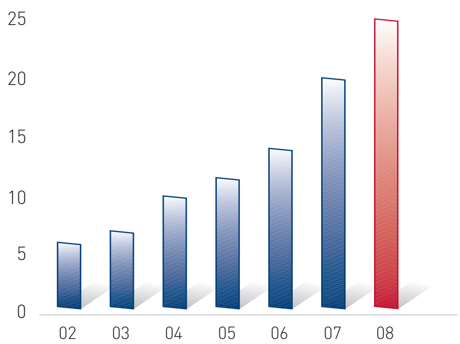
Revenue (R millions)



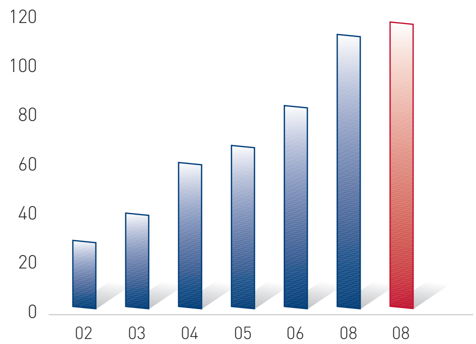
Attributable income (R millions)



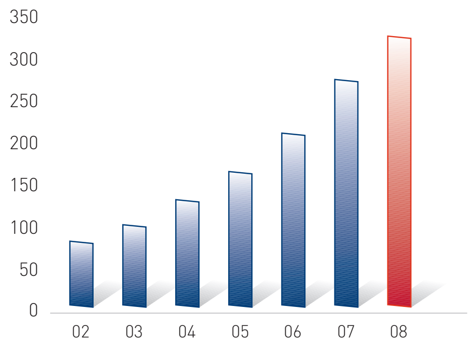
Headline earnings per share (cents)



Dividends per share (cents)



Cash (R millions)



NAV per share (cents)

"We greatly appreciate the confidence that our investors, customers and business partners have shown in us, affording EOH the right environment in which to continue to grow."

Asher Bohbot
Chief Executive Officer

OVERVIEW

EOH has successfully completed its 10th year of existence with flying colours. All of us at EOH are proud of our achievements, especially during these challenging times we live in. We would like to thank all our people for their contribution to the growth of our business and to thank the families of our employees who we know have indirectly sacrificed for the creation of our organisation. We also wish to thank our customers, partners and the investor community for supporting us for the past ten years.

The company has managed to grow substantially over the past ten years and remains debt free, with good cash reserves.

During the past year, we delivered strong organic growth within the core businesses which was complemented by the growth attributable to the Bromide acquisition and the formation of our resourcing business. Earnings remain healthy with growth again funded internally.

FINANCIAL PERFORMANCE

The board is satisfied with the overall performance for the year under review. Revenue improved by 35,1% over the previous year, whilst profit after tax increased by 25,1% and headline earnings per share by 22,8%.

The balance sheet remains strong with the growth being financed internally. Cash resources were R119 million at year end.

The board has declared a dividend of 25,0 cents per share.

VISION

The business has formulated its long-term vision as follows:

> *"to be the No.1 business and technology solution provider in Africa"*

We believe we have the resources, products and service offerings, as well as the people to achieve this vision and consider our organisation extremely relevant in the growth and development of the African continent. We believe that systems make it possible and people make it happen.

GROUP PROFILE

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

EOH operates as a fully integrated business in the following three broad areas of business:

Consulting

As the leading new generation global business advisor and systems integrator, we focus on providing today's business with practical, innovative and industry-focused business consultancy that addresses strategy, performance improvement and the implementation of supportive technology solutions that meet our clients' specific needs whilst harnessing the skills, passion, energy and innovation of our people.

Technology/Overview

Through a number of subsidiary companies, we are able to sell, implement and support a range of world-class business applications including Enterprise Resource Planning ('ERP'), Customer Relationship Management ('CRM'), Business Intelligence ('BI'), Advanced Planning and Scheduling ('APS'), e-Commerce and Manufacturing Execution Systems ('MES').

Services offered by the technology business units include Project Management, Software Configuration, Program Developments and Enhancements, Software training and Technical Support.

Outsourcing

We offer comprehensive maintenance and support to clients' IT infrastructure and applications through the rendering of full IT Outsourcing, Applications Hosting and Managed Services as well as desktop support services and the provision of onsite resources. We also offer call centre services for both local and overseas customers.

We have a presence in all major centres in South Africa and also operate elsewhere in Africa and in the United Kingdom.

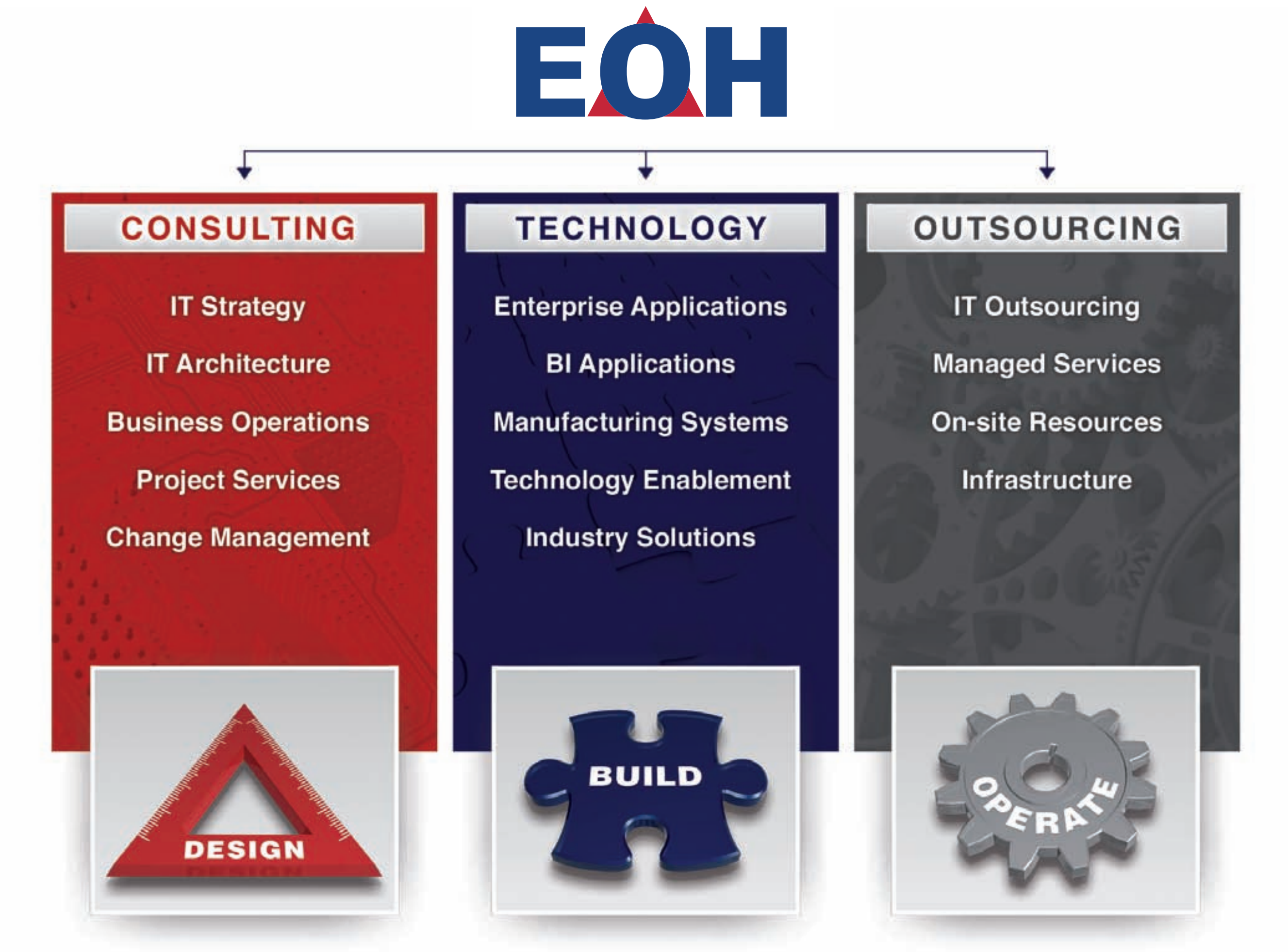
EOH comprises 32 strategic business units, each fully accountable for the top and bottom line with the overall strategy of the business being driven centrally. Our structure and the processes supporting the business ensure strong collaboration between the various business units, ensuring that clients have access to the full product and service offerings of the group.

We operate a shared services model which provides for financial, IT, HR, legal and marketing support, as well as for business development and strategic account management. This ensures that the business units remain customer focused, maximising the value-add to our customers.

BRANDING

EOH operates two levels of branding. The EOH brand is associated with all generic business consulting and outsourcing services. Specific brands are used in business units associated with specific software application packages. Product-specific branded entities are:

- Softworx
- Impact Africa
- ESP Solutions
- Axia Business Solutions
- Wonderware SA
- Enterweb
- Intellient
- Navigor
- MIT
- Gallium
- Optech Solutions
- Multipath


EOH
CONSULTING
IT Strategy
IT Architecture
Business Operations
Project Services
Change Management
DESIGN
TECHNOLOGY
Enterprise Applications
BI Applications
Manufacturing Systems
Technology Enablement
Industry Solutions
BUILD
OUTSOURCING
IT Outsourcing
Managed Services
On-site Resources
Infrastructure
OPERATE

The EOH model is replicated in the following regional and franchise operations:

- EOH KwaZulu Natal
- EOH Eastern Cape
- EOH Western Cape
- Nigeria (Franchise)
- Botswana (Franchise)
- United Kingdom

EOH's reputation, market penetration and recognition are contributing handsomely to the continuous strengthening of the EOH brand, which is crucial to its growth plans.

STRATEGY

Product and Service Offering

EOH offers its products and services to both the public and private sectors, focusing primarily on the following industries:

- Financial Services
- Mining Sector
- Manufacturing Industry
- Public Sector
- Telecommunications Industry

People

Our business is about our people. Whilst systems make it possible – people make it happen.

Because our people are fundamental to the way we do business, they are at the centre of everything we do. Their professional fulfilment, their work/life balance, their ability to contribute equally as part of a diverse workforce – these are all aspects to which we give priority.

It is the knowledge and experience of our staff that ensures our clients receive the best project solutions every time. So, employing the best people in the industry is our key objective – the best expertise, experience and commitment. In building our team for the future, we have broadened our expertise base. We offer a unique skills mix of leading edge consulting skills and practical hands on delivery expertise.

This winning combination ensures a comprehensive and integrated approach, and delivers a 'right first time' solution every time. With a strong team of almost 1 600 – and growing – of high-calibre and talented individuals across the key industry hubs, we can confidently expand our business into new horizons and with new clients.

We grow as a company by growing our people. This insight is behind all our efforts to keep our people fulfilled and committed. It is also why we stay connected to – and connect together with – all our employees around the world.

Growth

EOH has achieved critical mass and is considered a leader in enterprise wide consulting, technology and outsourcing. EOH's wide offering added to various industries in both the private and public sector bode well for our future growth. With a well proven business model, top quality skills, strong management and financial strength, EOH is well positioned for growth.

BLACK ECONOMIC EMPOWERMENT

We are committed to the empowerment of those who have been economically marginalised and previously disadvantaged through discriminatory practices. We aim to eradicate all forms of discrimination and imbalances, to create a work environment that promotes equal opportunities for all and to ensure that the future environment within which we work reflects the demographics of South African society.

We acknowledge and accept that we have an important role to play in normalising our society through a positive intervention programme, in order to redress the imbalances created by previous practices arising from all forms of discrimination including race, gender and disability.

We have been successfully engaging in projects and initiatives for the past few years to promote the Broad Based Black Economic Empowerment within our business units, community and the country at large. Our efforts have been independently rated by a certified rating agency and we are recognised as a level 3 contributor.

Our BEE strategy has been aligned with the ICT BEE Charter, according to the seven components of transformation.

- **Equity Ownership**

  The combined effect of the merger of black-owned Mthombo IT Services (M-IT) into EOH and the establishment of the EOH Mthombo Empowerment Trust (EOH Mthombo Trust) has resulted in black ownership in excess of 34% of the shareholding of the company, with broad black employee participation, without external funding. We will continue to strive to improve this percentage.

- **Management and Control**

  Black people currently hold five of the ten directors' positions on the EOH board, two of which are in executive directorship positions, three in non-executive positions with Dr. Nakedi Mathews Phosa holding the non-executive chair.

- **Employment Equity**

  EOH complies with the requirements of the Employment Equity Act and through a process of continuous improvement of its employment equity profile, currently EOH has a total PDI staff complement of 582.

- **Skills Development**

  EOH's skills development policy meets the aims and objectives of the Skills Development Act, implemented at operational level by each business unit. EOH Academy, the Group's in-house training division, accredited through the Services SETA, plays a vital role in developing employees through its various training initiatives. Employees also attend external training programmes and seminars in line with their functional requirements and/or the upliftment of their personal skills.

  We have learnership agreements as part of our commitment towards the development of skills and experience of PDIs within the ICT Sector and where possible offer permanent employment to successful learners.

- **Preferential Procurement**

  We have developed and implemented policies and procedures which has enabled us to achieve over 70% procurement from black-owned and black-controlled enterprises by 2009.

- **Enterprise Development**

  Through joint ventures with black SMEs, we encourage and support black entrepreneurs to participate in business opportunities and provide business loans to black owned development companies in our sector. We are committed to share our knowledge and expertise to enable black entrepreneurs to develop sustainable business models.

- **Access to ICT and Corporate Social Investment**

  Our CSI Strategy is to educate, train, coach and provide support to community based organisations ('CBOs'). The group's involvement with CBOs is done on a regional basis. The support provided is Strategy Development, Project Planning and Co-ordination, Project Management Training, Administration Training, General Business Education and Coaching.

OPERATIONAL REVIEW

CONSULTING SERVICES

Our consulting services help clients understand and excel in a rapidly changing business environment. We help clients create value and architect change through our range of consulting offerings. We draw from both global best practice and hands-on experience to craft solutions and drive their practical implementation. Our range of consulting services include:

- Strategic systems planning
- Strategic systems architecture
- Strategic business architecture
- Project and programme management
- Project services
- Contract resourcing

Business and technology consulting is a critical part of our business model. Its value-add to the group is paramount and a prime differentiation for EOH. Our consultants operate at the boardroom level in client companies and we are therefore able to identify opportunities for other business units to contribute to the client's success.

TECHNOLOGY SERVICES

EOH has long been recognised for the exceptional skill of our technology consultants. Our technology offerings are combined with world class processes, best in class methodologies and stringent project management which ensures exceptional consistent delivery.

Our technology offerings include the following:

- **Enterprise wide systems:** Partnering with major international ERP vendors, we implement and support enterprise wide systems. These systems include Oracle, SAP, Microsoft, Infor, Syspro and HP.

- **Business Intelligence:** We combine our expertise in business intelligence, information management and professional consulting services to deliver world class BI solutions. Our product partners include Oracle, Hyperion, SAP Business Objects, Cognos and Infor CPM.

- **Business Technology Optimisation:** Companies are investing in BTO products to lower cost, improve delivery time and reduce risk for all strategic business initiatives. We partner with HP Software to provide and implement these technologies.

- **Manufacturing Automation:** EOH is a leader in the provision of MES and information software solutions to Mining and Manufacturing (including oil and gas). In Sub-Saharan Africa we represent the Wonderware Solution set.
- **Networking Technologies:** Application security, optimisation and delivery for all core applications is a business imperative. We are leaders in this field and have key alliances with F5, Packeteer and Bluecoat.
- **Infrastructure Solutions:** In support of all our other technology, we provide optimised infrastructure solutions. This ensures we provide a one stop shop and take ownership for full solution delivery. In this regard we partner with both HP and IBM.

The provision of technology services is all about choosing the right solutions, supported by the right products and implemented by the right people. In EOH we have the right solutions, product alliance partners and people to ensure the delivery of the right results every time.

More and more companies are beginning to appreciate the value that extended enterprise system applications (eCommerce, CRM, APS, BI, MES) can bring in ensuring customer loyalty, improving customer retention and increasing customer profitability. The business units in the Application Software cluster are well positioned to realise the maximum benefit for the customer by providing extended enterprise solutions that are integrated with the back office solutions and are geared towards supply chain optimisation.

Ongoing service provision to the existing client base in terms of upgrades, enhancements, re-implementations and re-training will continue to form an important component of the division's revenue stream.

OUTSOURCING SERVICES

Outsourcing has become a catch-all phrase for a number of key services that can be given to EOH to perform on behalf of our clients. We have the broadest outsourcing services offering. We provide outsourcing services for virtually every type of need and in this regard help our clients achieve optimum performance in these areas.

Our services include:

- **Infrastructure Outsourcing:** We ensure that clients' infrastructure works and we provide around the clock remote and on-site support. Our state of the art Network Operational Control ('NOC') centre and call centre facilities ensure a highly proactive and efficient operation.
- **Application Outsourcing:** Our application outsourcing services help clients increase the strategic value of their application investments and reduce the overall cost of ownership. We have expanded the range of service offerings to include testing and development and the application of emerging technologies. In application outsourcing, we provide not only technical and operational support but also the strategic support required from our experienced consulting base.
- **Business Process Outsourcing:** In business process outsourcing we provide competency on standard processes that enable our clients to focus on their core competencies. We optimise these processes and achieve both cost reduction and service excellence. Our BPO practice covers IT planning and budgeting, telecentre operations and standard HR processes.
- **Managed Services:** Where our clients do not want to go the full outsourcing route, we provide both on-site and remote managed services. This is performed through our support call centres and our agile staff complement.
- **Transformational Outsourcing:** With this offering we combine some or all of the above services into a single offering. This allows companies to manage risk through using a single service provider and operationalise all IT related cost.
- **Resourcing:** We provide skills to the technology market through permanent and temporary placements.

Outsourcing is no longer leading edge or with any element of risk. It is common practice with well documented benefits. We combine proven industry and outsourcing expertise to drive maximum value for our clients in all engagements.

As organisations in South Africa and elsewhere in Africa continue to follow world-wide trends and outsource non-core business activities and the demand for limited technical skills increases, the future growth of outsourcing services is guaranteed. We believe this service offering to be extremely relevant in a fast changing society having to compete on a world-wide basis. Furthermore, through the comprehensive range of complementary service offerings available to existing and future outsourcing clients, EOH is strategically placed to capture a significant share of this market.

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

THE BOARD OF DIRECTORS

Full details of the directorate are set out on page 20.

The current composition of the board does not fully comply with the recommendation of King II. The board has, however, acknowledged the need to restructure in order to take steps towards compliance with these recommendations. Currently there are four non-executive directors following the appointment of Tebogo Skwambane and a search is underway for another non-executive director.

The appointment of directors is approved by the board of directors. The directors bring to the board a wide range of expertise and experience and in the case of the non-executive chairman, an independent perspective and judgement on issues of policy, strategy and performance.

No executive director has a long-term service contract with the group. In accordance with the company's articles of association, all directors are subject to retirement by rotation and re-election by shareholders at least once every three years.

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

The board meets at least quarterly to consider results and performance and to monitor issues of strategic direction and to consider any other issues having a material effect on the group.

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

Directors	17 Sep 07	21 Nov 07	17 Mar 08	18 Jun 08
Dr Mathews Phosa	√	√	x	x
Asher Bohbot	√	√	√	√
Ken Cullinan	√	√	√	√
Steven Evans (Resigned 31/01/2008)	√	√	–	–
Lucky Khumalo	√	√	√	√
Nkosinathi Khumalo (Resigned 01/04/2008)	√	√	x	–
John King (Appointed 01/03/2008)	–	–	√	√
Prof Tshilidzi Marwala	√	√	x	x
Dion Ramoo	√	√	√	√
Tebogo Skwambane (Appointed 30/07/2008)	–	–	–	–
Rob Sporen	√	√	√	√
Jane Thomson	x	√	√	√

The roles of chairman and chief executive officer are separate. The chief executive officer, Asher Bohbot, ensures that the day-to-day business affairs of the group are properly managed. The chairman, Mathews Phosa, chairs the board and various board sub-committees. The board appoints the company secretary and all directors have access to the advice and services of the company secretary.

Details of the directors' emoluments are set out on page 58 of the annual report.

Board committees

Committees are established to assist the board in performing its duties, and the board is free to form or disband committees as is appropriate. The board has appointed audit and remuneration committees, the details of which are presented below.

Audit and risk committee

The group's audit and risk committee is chaired by the chairman of the board. This committee formally meets twice a year prior to the publication of the group's interim and final results.

The audit and risk committee's responsibilities are varied and include ensuring that the necessary internal controls are in place through consultation with the external auditors, establishing that management is adhering to and continually improving these controls, and acting as a liaison between the external auditors and the board. The committee is also responsible for reporting to the board on each interim and final result.

The main objectives of the committee include:

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

The external auditors have unfettered access to the chairman of the audit committee and all of its members throughout the year.

During the year under review the audit committee meetings were attended as follows:

Members	17 Sep 07	17 Mar 08
Dr Mathews Phosa	√	x
Asher Bohbot	√	√
Steven Evans (Resigned 31/01/2008)	√	–
Nkosinathi Khumalo	√	x
John King (Appointed 01/03/2008)	–	√
Rob Sporen	√	√
David Grawitzky (Auditor)	√	√
Robert Hall (Auditor)	√	√

Remuneration committee

The remuneration committee is chaired by the non-executive chairman of the board and includes the CEO, two executive directors of the board and the human capital executive. The composition of the remuneration committee does not comply with the recommendations of King II. However, the board is committed to transforming the composition of the board and its various sub-committees.

The remuneration committee is responsible for reviewing and approving the remuneration of directors and senior management as well as recommending the appointment of directors to the board.

In determining the remuneration of executives, the remuneration committee aims to provide appropriate packages required to attract, retain and motivate the executives whilst giving due consideration to remuneration levels, both within and outside the group. To meet these objectives, the committee takes advice from external remuneration specialists from time to time.

The board has agreed terms of reference in terms of which the remuneration committee is authorised to operate.

During the year under review the remuneration committee meetings were attended as follows:

Members	21 Nov 07	18 Jun 08
Dr Mathews Phosa	√	x
Asher Bohbot	√	√
Steven Evans (Resigned 31/01/2008)	√	–
Lucky Khumalo	√	√
John King (Appointed 01/03/2008)	–	√
Vera Massyn (HR – Resigned 30/05/2008)	√	–

COMPANY SECRETARY

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

All directors have access to the advise and services of the company secretary and, in appropriate circumstances, are entitled and authorised, at the company's expense, to seek independent professional advice concerning the affairs of the company, The company secretary is responsible for ensuring that board procedures and applicable rules and regulations are fully observed.

The company secretary is Adri Els CA (SA).

CODE OF ETHICS

All employees of the group are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which in all circumstances is above reproach. To this effect all employees are required to sign a 'work life constitution' document. A culture involving the individual employee assuming personal responsibility for the actions of the business is encouraged, as is a culture of full disclosure.

A code of ethics has been formally adopted by the board.

ACCOUNTABILITY AND ACCOUNTING

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

RISK MANAGEMENT

Accountability

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

Internal control

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

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

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

Critical business processes

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

GOING CONCERN

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

RELATIONSHIPS

Employment equity

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

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

- The promotion of equal opportunities and fair treatment in employment through the elimination of unfair discrimination; and
- The promotion of affirmative action measures to redress any disadvantages in employment experienced by designated groups, and to ensure equitable representation in all occupational categories and levels in the workplace.

An employment equity committee has been appointed to monitor the implementation of the plan. Training and development of employees from the designated groups forms an important component of the plan and attention will be focused on accelerated development of the previously disadvantaged groups.

Black Economic Empowerment strategy

The EOH Black Economic Empowerment ('BEE') Plan is based on a 10-point strategy as follows:

1. Equity participation
2. Board structure
3. Management development programme
4. Employment and mentorship programme
5. Joint ownership
6. Collaborative partnerships
7. Customer involvement
8. Supplier participation
9. Corporate social investment
10. Legal requirements

On 14 September 2005, shareholders approved the merger of M-IT and the establishment of the EOH Mthombo Trust. The acquisition and the issue of shares to the Mthombo Trust saw EOH becoming a dominant IT services organisation. The current profile is as follows:

- 34,2% broad-based effective black ownership in EOH;
- 47,5% black employee profile;
- Total staff in excess of 1 600; and
- Total of five black directors, including two executives and two non-executives and a non-executive chairman.

EOH believes that the most effective way to achieve broad-based empowerment is to involve its BEE employees in the empowerment transaction. This is being accomplished through the EOH Mthombo Trust which has had EOH shares issued to it.

Worker participation

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

HEALTH AND SAFETY

The company is committed to ensuring a safe working environment for all its employees. In this regard a manager within the group is responsible for ensuring compliance with all relevant health, safety and environmental legislation.

Employee health and safety representatives and first-aiders have been appointed for designated areas and have been appropriately trained to fulfil their functions.

DEALINGS IN COMPANY SHARES

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

Directors and officers are not permitted to trade in the group's listed shares during 'closed periods', which run from the day of the financial half-year and year end until the publication of the interim and preliminary results announcements respectively.

Annual Financial Statements 2008

CONTENTS

Report of the Independent Auditors	16
Directors' Responsibility Statement	17
Certification by the Company Secretary	17
Directors' Report	18
Balance Sheet	22
Income Statement	23
Statement of Changes in Equity	24
Cash Flow Statement	25
Notes to the Annual Financial Statements	26

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of EOH Holdings Limited

We have audited the accompanying group annual financial statements of EOH Holdings Limited, which comprise the directors' report, the balance sheet as at 31 July 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 60.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these group annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the group annual financial statements present fairly, in all material respects, the financial position of the company as of 31 July 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973.

IAPA Johannesburg

IAPA Johannesburg
Registered Auditors
Chartered Accountants (SA)

22 September 2008
Johannesburg

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of EOH Holdings Limited and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, 1973. The group's independent auditors, IAPA Johannesburg, have audited the annual financial statements and their unqualified report appears on page 16

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

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

The annual financial statements set out on pages 18 to 60 were approved by the board of directors on 22 September 2008 and are signed on its behalf by:

Asher Bohbot
Chief Executive Officer

Lucky Khumalo
Deputy Chief Executive Officer

CERTIFICATION BY THE COMPANY SECRETARY

In terms of section 268 6(d) of the Companies Act, Act 61 of 1973 ('the Act') as amended, I certify that to the best of my knowledge and belief, the company and the group has lodged with the Registrar of Companies, for the financial year ended 31 July 2008, all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

AEls

Mrs A. Els
Company Secretary

22 September 2008

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the activities of the company and the group for the year ended 31 July 2008.

Nature of business

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

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

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

Consulting – operates in the private and public sector offering services ranging from strategic process consulting, project services, change management and education. This cluster also develops IT strategy, advises on enterprise architecture, IT governance and risk management.

Technology - through a number of subsidiary companies, EOH is able to sell, implement and support a range of world-class business applications including ERP, CRM, Business Intelligence, Advanced Planning and Scheduling, e-Commerce, Manufacturing Execution Systems and Technology Performance Management Solutions.

Outsourcing – EOH offers comprehensive maintenance and support of clients' IT infrastructure and applications through the rendering of full IT Outsourcing, Application Hosting and Managed Services as well as desktop support services and the provision of onsite resources. EOH is also offering call centre services for both local and overseas customers.

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

Bases of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa, 1973 ('Act') and are based on appropriate accounting policies, consistently applied with those in the prior year, which are supported by reasonable and prudent judgements and estimates.

Trading results

The results of operations for the year ended 31 July 2008 are detailed in the accompanying table. Earnings attributable to ordinary shareholders amounted to R61,5 million, representing earnings per share of 96,2 cents and headline earnings per share of 96,8 cents per share. The group's operating income is attributable to its core business, namely enterprise solutions.

A summary of the group's trading results, are set out below:

R'000	Audited 2008	Audited 2007
Revenue	**950 934**	703 672
Profit before tax	**91 476**	72 349
Taxation	**(29 990)**	(23 202)
Profit for the period	**61 486**	49 147
Earnings per share (cents)	**96,2**	78,6
Headline earnings per share (cents)	**96,8**	78,8
Fully diluted earnings per share (cents)	**85,7**	69,5
Dividends per share (cents)	**25,0**	20,0

Group's financial position

The financial position of the company and group are set out in the balance sheet and cash flow statement.

Dividends

A cash dividend of 25,0 cents per share ('the dividend') has been declared and is payable to shareholders recorded in the books of the company at the close of business on Friday, 31 October 2008. Shareholders are advised that the last day to trade *cum* the dividend will be Friday, 24 October 2008. The shares will trade *ex* dividend as from Monday, 27 October 2008. Payment will be made on Monday, 3 November 2008. Share certificates may not be dematerialised or rematerialised during the period Monday, 27 October 2008 to Friday, 31 October 2008, both days inclusive.

Share capital

During the financial year the authorised share capital remained unchanged and a total of 1 104 607 ordinary shares were issued during the year as a result of employees exercising share options in terms of the EOH Share Option Scheme.

Between year end and the publication of the report, a further 636 250 ordinary shares have been issued as a result of employees exercising share options in terms of the EOH Option Scheme.

At year end 1 728 247 EOH shares were held by a wholly-owned subsidiary of EOH and will not be cancelled.

At 25 July 2008 the shares of the company were held by the following categories of shareholders:

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	231	22,60	130 202	0,18
1 001 – 10 000 shares	563	55,09	2 478 123	3,36
10 001 – 100 000 shares	178	17,42	4 806 941	6,53
100 001 – 1 000 000 shares	31	3,03	11 772 988	15,98
1 000 001 shares and over	19	1,86	54 470 341	73,95
	1 022	100,00	73 658 595	100,00

Distribution of shareholders	Number of shareholders	%	Number of shares	%
Banks	2	0,20	426 100	0,58
Close corporations	19	1,86	151 480	0,21
Empowerment trust	1	0,10	9 180 382	12,46
Endowment funds	9	0,85	1 452 507	1,97
Individuals	805	78,77	19 856 070	26,96
Insurance companies	2	0,20	3 727 540	5,06
Investment companies	6	0,59	1 327 903	1,80
Mutual funds	29	2,84	24 052 604	32,65
Nominees and trusts	102	9,98	1 985 382	2,70
Other corporations	8	0,78	38 450	0,05
Private companies	30	2,94	390 249	0,53
Public companies	1	0,10	57 050	0,08
Retirement funds	6	0,59	9 041 405	12,27
Share trust	1	0,10	243 226	0,33
Treasury shares	1	0,10	1 728 247	2,35
	1 022	100,00	73 658 595	100,00

Public/Non-public shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders	8	0,78	21 467 981	29,15
- Directors and associates of the company of holdings	5	0,48	10 316 126	14,01
- The EOH Mthombo Trust	1	0,10	9 180 382	12,46
- The EOH Share Trust	1	0,10	243 226	0,33
- V55 Investments (Proprietary) Limited	1	0,10	1 728 247	2,35
Public shareholders	1 014	99,22	52 188 614	70,85
	1 022	100,00	73 656 595	100,00

According to records of the company, the only shareholders registered as holding three percent or more of the company's shares at 25 July 2008, other than directors, are as follows:

Major shareholders	Shareholding 31 July 2008	%	Shareholding 31 July 2007	%
Sanlam	15 299 222	20,77	13 238 906	18,20
The EOH Mthombo Trust	9 180 382	12,46	9 180 382	12,70
Eskom Pension & Provident Fund	5 025 919	6,82	5 017 793	6,90
Alphen Asset Management	–	–	5 123 011	7,10
Old Mutual	4 336 299	5,89	–	–
Absa Group Pension Fund	2 973 000	4,04	2 973 000	4,10
	36 814 822	49,98	35 533 092	49,00

Investments in subsidiary and associate companies

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

Acquisitions

During the period under review, EOH acquired the business of Multipath, an award winning outsourcing call centre, increasing EOH's outsourcing division to over 600 staff. The results of Multipath have been incorporated in the results with effect from 1 July 2008. The purchase price of R13,0 million, which is warranted by profit warranties over eighteen months of R3,98 million (NPAT), will be settled by way of cash and shares.

Directorate

The following directors served during the period:

Dr Mathews Phosa
Asher Bohbot
Ken Cullinan
Steven Evans (resigned 31 January 2008)
Lucky Khumalo
Nkosinathi Khumalo (resigned 1 April 2008)
John King (appointed 1 March 2008)
Prof Tshilidzi Marwala
Dion Ramoo
Tebogo Skwambane (appointed 30 July 2008)
Robert Sporen (Dutch)*
Jane Thomson

**Rob Sporen retired as an executive director on 31 October 2007 and was appointed as a non-executive director on 1 November 2007.*

Directors' interest in contracts

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

Directors' interest in the share capital of the company

At 31 July 2008 the directors' direct and indirect interest in the company's issued shares were as follows:

	Beneficial		Non beneficial		Share options	
	July 2008	July 2007	July 2008	July 2007	July 2008	JuLY 2007
Directly						
Dr Mathews Phosa	–	–	–	–	1 150 000	1 150 000
Asher Bohbot	123 106	123 106	–	–	875 000	75 000
Ken Cullinan	40 000	–	–	–	337 500	175 000
Steven Evans (Resigned 31/01 2008)	–	–	–	–	50 000	300 000
Lucky Khumalo	2 283 000	2 283 000	–	–	500 000	–
Nkosinathi Khumalo (Resigned 01/04/2008)	2 452 698	3 283 000	–	–	–	–
John King (Appointed 01/03/2008)	–	–	–	–	500 000	–
Dion Ramoo	–	–	–	–	495 000	620 000
Rob Sporen	–	–	–	–	–	–
Jane Thomson	–	–	–	–	400 000	250 000
Indirectly						
Asher Bohbot	7 188 220	7 219 920	–	18 000	–	–
Rob Sporen	683 800	782 900	79 000	85 000	–	–

Ordinary shares

During the course of the year, the following share issues took place:

- EOH Share Option Scheme – 636 250 ordinary shares issued to employees

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

- EOH Share Option Scheme – 1 275 000 ordinary shares issued to employees

Share incentive scheme

The company has a share incentive scheme giving all directors and staff the opportunity to participate in the growth of the group. The EOH Mthombo Scheme only grants participation to qualifying PDI directors and employees.

Under the terms of the current schemes up to 16% of the issued share capital from time to time is reserved for share options.

	The EOH Share Trust	EOH Share Option Scheme	The EOH Mthombo Trust
Opening balance	**437 933**	**5 022 500**	**5 120 120**
Granted	–	4 985 000	2 234 973
Exercised	–	(600 000)	–
Forfeited	–	(675 000)	(486 952)
Closing balance	**437 933**	**8 732 000**	**6 868 141**
Exercisable	437 933	1 753 750	–

Contingent liabilities

There exist instances where the business is involved in legal action to recover monies due and payable from its clients for services rendered. Where it is felt that there is a risk of part or nil recovery, management makes appropriate doubtful debt or credit note provisions.

Subsequent events

Other than the events noted in the annual report, no material event or transaction has occurred subsequent to 31 July 2008 that warrants adjustment to, or notification in, the annual financial statements.

No change statement

This annual report for the year ended 31 July 2008 does not contain any material modifications to the audited results which were published on 22 September 2008.

BALANCE SHEET
at 31 July 2008

Figures in Rand thousand	Notes	Group 2008	Group 2007	Company 2008	Company 2007
Assets					
Non-current assets		**157 165**	129 155	**94 628**	94 628
Property, plant and equipment	3	**29 764**	16 095	**–**	–
Intangible assets	4	**109 527**	96 460	**–**	–
Investments in subsidiaries	5	**–**	–	**94 628**	94 628
Investments in associates	6	**353**	1 025	**–**	–
Other financial assets	7	**5 712**	2 651	**–**	–
Deferred tax	9	**11 809**	12 924	**–**	–
Current assets		**354 407**	295 166	**36 084**	34 575
Inventories	10	**7 821**	11 784	**–**	–
Loans to group companies	11	**–**	–	**35 575**	34 078
Current tax receivable		**3 725**	4 486	**18**	47
Trade and other receivables	12	**223 721**	164 760	**350**	350
Cash and cash equivalents	13	**119 140**	114 136	**141**	100
Total assets		**511 572**	424 321	**130 712**	129 203
Equity and Liabilities					
Equity					
Equity attributable to equity holders of parent		**242 783**	199 116	**62 924**	64 586
Share capital	14	**47 051**	46 475	**71 655**	70 370
Reserves	16, 17	**7 416**	12 354	**–**	–
Retained earnings		**187 540**	140 009	**(8 731)**	(5 784)
Minority interest		**776**	278	**–**	–
Liabilities					
Non-current liabilities		**8 382**	13 145	**119**	119
Other financial liabilities	18	**2 600**	4 874	**119**	119
Finance lease obligation	19	**1 115**	2 055	**–**	–
Deferred tax	9	**4 667**	6 216	**–**	–
Current liabilities		**260 407**	212 060	**67 669**	64 498
Loans from group companies	11	**–**	–	**67 472**	64 409
Other financial liabilities	18	**16 775**	7 382	**–**	–
Current tax payable		**18 794**	14 084	**–**	–
Finance lease obligation	19	**896**	1 100	**–**	–
Trade and other payables	20	**191 248**	150 788	**161**	57
Deferred income		**32 658**	38 674	**–**	–
Dividend payable		**36**	32	**36**	32
Total liabilities		**268 789**	225 205	**67 788**	64 617
Total equity and liabilities		**511 572**	424 321	**130 712**	129 203

INCOME STATEMENT

for the year ended 31 July 2008

Figures in Rand thousand	Notes	Group 2008	Group 2007	Company 2008	Company 2007
Revenue	22	**950 934**	703 672	**–**	–
Cost of sales		**(625 737)**	(449 520)	**–**	–
Gross profit		**325 197**	254 152	**–**	–
Operating expenses		**(228 764)**	(174 789)	**(2 960)**	(1 536)
Depreciation		**(6 958)**	(6 506)	**–**	–
Amortisation of intangible assets		**(667)**	(1 222)	**–**	–
Impairment of assets		**(40)**	(131)	**–**	–
Impairment of loan to associate companies		**–**	(461)	**–**	–
Operating profit/(loss)	23	**88 768**	71 043	**(2 960)**	(1 536)
Investment revenue	25	**5 141**	2 746	**14 515**	10 051
Income from equity accounted investments		**120**	(102)	**–**	–
Loss on disposal/impairment of investment in associated company		**(777)**	–	**–**	–
Finance costs	26	**(1 776)**	(1 338)	**–**	–
Profit before taxation		**91 476**	72 349	**11 555**	8 515
Taxation	27	**(29 990)**	(23 202)	**9**	130
Profit for the year		**61 486**	49 147	**11 564**	8 645
Attributable to:					
Equity holders of the parent		**60 988**	49 038	**11 564**	8 645
Minority interest		**498**	109	**–**	–
Earnings per share (cents)	39	**96,2**	78,6	**18,3**	13,9
Fully diluted earnings per share (cents)	39	**85,7**	69,5	**16,3**	12,3
Headline earnings per share (cents)	39	**96,8**	78,8	**18,3**	13,9
Diluted headline earnings per share (cents)	39	**86,2**	69,7	**16,3**	12,3
Dividends per share (cents)		**25,0**	20,0	**25,0**	20,0

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2008

Figures in Rand thousand	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Other reserves	Total reserves	Retained earnings	Total attributable to equity holders of the group/ company	Minority interest	Total equity
Group										
Balance at 1 August 2006	605	40 793	41 398	(179)	9 711	9 532	99 557	150 487	–	150 487
Profit for the year	–	–	–	–	–	–	49 038	49 038	109	49 147
Issue of share capital	20	2 050	2 070	–	–	–	–	2 070	–	2 070
Movement in treasury shares	5	2 668	2 673	–	405	405	–	3 078	–	3 078
The effects of consolidating the EOH Share Trust	3	331	334	–	(1 160)	(1 160)	–	(826)	–	(826)
Acquisition of subsidiary company	–	–	–	–	–	–	–	–	169	169
IFRS 2 adjustment	–	–	–	–	3 577	3 577	–	3 577	–	3 577
Dividends	–	–	–	–	–	–	(8 586)	(8 586)	–	(8 586)
Balance at 1 August 2007	**633**	**45 842**	**46 475**	**(179)**	**12 533**	**12 354**	**140 009**	**198 838**	**278**	**199 116**
Profit for the year	–	–	–	–	–	–	60 988	60 988	498	61 486
Issue of share capital	11	1 275	1 286	–	–	–	–	1 286	–	1 286
Movement in treasury shares	(16)	(694)	(710)	–	(11 906)	(11 906)	–	(12 616)	–	(12 616)
Prior period adjustment	–	–	–	–	–	–	(798)	(798)	–	(798)
Currency translation	–	–	–	976	–	976	–	976	–	976
IFRS 2 adjustment	–	–	–	–	5 992	5 992	–	5 992	–	5 992
Dividends	–	–	–	–	–	–	(12 659)	(12 659)	–	(12 659)
Balance at 31 July 2008	**628**	**46 423**	**47 051**	**797**	**6 619**	**7 416**	**187 540**	**242 007**	**776**	**242 783**
Note(s)	14	14	14	16	17					
Company										
Balance at 1 August 2006	706	67 594	68 300	–	–	–	(4 381)	63 919	–	63 919
Profit for the year	–	–	–	–	–	–	8 645	8 645	–	8 645
Issue of shares	20	2 050	2 070	–	–	–	–	2 070	–	2 070
Dividends	–	–	–	–	–	–	(10 048)	(10 048)	–	(10 048)
Balance at 1 August 2007	**726**	**69 644**	**70 370**	**–**	**–**	**–**	**(5 784)**	**64 586**	**–**	**64 586**
Profit for the year	–	–	–	–	–	–	11 564	11 564	–	11 564
Issue of shares	11	1 274	1 285	–	–	–	–	1 285	–	1 285
Dividends	–	–	–	–	–	–	(14 511)	(14 511)	–	(14 511)
Balance at 31 July 2008	**737**	**70 918**	**71 655**	**–**	**–**	**–**	**(8 731)**	**62 924**	**–**	**62 924**
Note(s)	14	14	14	16	17					

CASH FLOW STATEMENT

for the year ended 31 July 2008

Figures in Rand thousand	Notes	Group 2008	Group 2007	Company 2008	Company 2007
Cash flows from operating activities					
Cash used in operations	29	78 410	84 019	(2 856)	(1 935)
Interest income		5 141	2 746	4	3
Dividends received		–	–	14 511	10 048
Finance costs		(1 776)	(1 284)	–	–
Tax (paid)/received	30	(25 218)	(21 844)	38	31
Net cash from operating activities		56 557	63 637	11 697	8 147
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(19 255)	(7 862)	–	–
Sale of property, plant and equipment	3	815	1 160	–	–
Acquisition of businesses (including subsidiaries, joint ventures and associates)		1 846	(11 031)	–	–
United Kingdom office start-up		(615)	–	–	–
Loans to group companies repaid		–	–	2 700	–
Loans advanced to group companies		–	–	(4 197)	(9 814)
Proceeds from loans from group companies		–	–	3 063	9 836
(Increase)/decrease in financial assets		(3 061)	3 463	–	–
Post acquisition cost adjustment		(1 297)	–	–	–
Subsidiary company now equity accounted		–	(1 364)	–	–
Net cash from investing activities		(21 567)	(15 634)	1 566	22
Cash flows from financing activities					
Proceeds on share issue	14	11	20	11	20
Share premium on issue of shares	14	1 275	2 050	1 274	2 050
Settlement of post acquisition obligations		(4 922)	(10 442)	–	(152)
Finance lease payments		(1 144)	(4 022)	–	–
Movement on treasury shares		(12 551)	3 448	–	–
Dividends paid	31	(12 655)	(8 602)	(14 507)	(11 121)
Net EOH Share Trust share sales		–	(826)	–	–
Net cash from financing activities		(29 986)	(18 374)	(13 222)	(9 203)
Total cash movement for the year		5 004	29 629	41	(1 034)
Cash at the beginning of the year		114 136	84 507	100	1 134
Total cash at end of the year	13	119 140	114 136	141	100

1. Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Loans and receivables

The group assesses its loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management estimated the selling price and direct cost to sell certain inventory items. The write down is included in the operating profit note.

Options granted

Management used the Binomial model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 15 – Share-based payments.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price.

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

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

Impairment testing

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

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

Taxation

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

1. Accounting policies (continued)

1.1 Significant judgements (continued)

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

1.2 Property, plant and equipment

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

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

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 is carried at cost less accumulated depreciation and any impairment losses.

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

The residual value and the useful life of each asset are reviewed at each financial period-end.

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

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

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

1.3 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill is carried at cost less any accumulated impairment.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

1. Accounting policies (continued)

1.4 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

1.5 Investments in subsidiaries

Group annual financial statements

The group annual financial statements include those of the holding company and the entities controlled by the company. Control is achieved where the company has power to govern the financial and operating policies of an investee company so as to obtain benefits from its activities generally accompanying an interest of more than one-half of the voting rights. The results of subsidiaries acquired or disposed of during the year are included from the effective date of acquisition or up to the effective date of disposal as appropriate.

On acquisition, the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Where necessary adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiary companies are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority share of changes in equity since the date of the combination.

Company annual financial statements

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

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

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

1.6 Investments in associates

Group annual financial statements

An investment in an associate is accounted for using the equity method, except when the asset is classified as held-for-sale. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the profits or losses of the investee after acquisition date. The use of the equity method is discontinued from the date the group ceases to have significant influence over an associate.

1. Accounting policies (continued)

1.6 Investments in associates (continued)

Any impairment losses are deducted from the carrying amount of the investment in associate.

Distributions received from the associate reduce the carrying amount of the investment.

Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investors' interests in the associate.

The excess of the group's interest of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is accounted for as goodwill, and is included in the carrying amount of the associate.

The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as income in the period in which the investment is acquired.

1.7 Financial instruments

Initial recognition

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 assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Fair value determination

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

Loans to (from) group companies

These include loans to holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment'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 investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to (from) group companies are classified as loans and receivables.

Loans to shareholders, directors, managers and employees

These financial assets are initially recognised at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment'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 investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

1. **Accounting policies** (continued)

1.7 **Financial instruments** (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate 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, and default or delinquency in payments are considered indicators that the trade 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 the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

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. These are initially and subsequently recorded at fair value.

Financial assets at fair value through profit or loss

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss.

Available-for-sale financial assets

These financial assets are non-derivatives that are either designated in this category or not classified elsewhere.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

1. Accounting policies (continued)

1.7 Financial instruments (continued)

Impairment losses recognised in profit or loss for equity investments classified as available for sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available for sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of 'other income'. Dividends on available-for-sale equity instruments are recognised in the income statement as part of 'other income' when the group's right to receive payments is established.

Equity investments for which a fair value is not determinable are held at cost. Impairments on such investments are not reversed.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment'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 investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the group has the positive intention and ability to hold to maturity are classified as held to maturity.

1.8 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

1. Accounting policies (continued)

1.8 Tax (continued)

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

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

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

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

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

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

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, directly in equity; or
- a business combination.

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 to equity.

1.9 Leases

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

Finance leases – lessee

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

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

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

Operating leases-lessor

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

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

Income for leases is disclosed under revenue in the income statement.

Operating leases – lessee

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

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

1. Accounting policies (continued)

1.10 Inventories

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

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

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first in, first out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

1.11 Deferred revenues and expenditure

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

1.12 Impairment of assets

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired.

If any such indication exists, the group estimates the recoverable amount of the asset.

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

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

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

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

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

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

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

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

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

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

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

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

1. Accounting policies (continued)

1.13 Share capital and equity

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

If the group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those treasury shares 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 group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.14 Share based payments

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

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

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

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

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

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

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

1.15 Employee benefits

Short-term employee benefits

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

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

Defined contribution plans

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

1.16 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1. Accounting policies (continued)

1.16 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

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

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

1.17 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

1. Accounting policies (continued)

1.17 Revenue (continued)

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

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

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.18 Cost of sales

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

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

1.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, 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 each balance sheet date:

- 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.

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 directly in equity, any exchange component of that gain or loss is recognised directly 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 Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement item are translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised 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 the translation reserve and recognised in profit or loss on disposal of the net investment.

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

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

1.21 Dividends

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

2. Statements and interpretations not yet effective

At the date of authorisation of these annual financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRIC 12	– Service concession arrangements (Effective from 1 January 2008)
IFRIC 13	– Customer loyalty programme (Effective from 1 July 2008)
IFRIC 14	– The limit of a defined benefit asset, minimum funding requirements and their interaction (Effective from 1 January 2008)
IFRIC 15	– Agreements for the construction of real estate (Effective from 1 January 2009)
IFRIC 16	– Hedges of a net investment in a foreign operation (Effective from 1 October 2008)
Amendments to IAS 1	– Presentation of financial statements (Effective from 1 January 2009)
Amendments to IAS 8	– Accounting policies, changes in accounting estimates and errors (Effective from 1 January 2009)
Amendments to IAS 10	– Events after the reporting period (Effective from 1 January 2009)
Amendments to IAS 16	– Property, plant and equipment (Effective from 1 January 2009)
Amendments to IAS 18	– Revenue (Effective from 1 January 2009)
Amendments to IAS 19	– Employee benefits (Effective from 1 January 2009)
Amendments to IAS 20	– Accounting for government grants and disclosure of government assistance (Effective from 1 January 2009)
Amendments to IAS 23	– Borrowing costs (Effective from 1 January 2009)
Amendments to IAS 27	– Consolidated and separate financial statements (Effective from 1 January 2009)
Amendments to IAS 28	– Investments in associates (Effective from 1 January 2009)
Amendments to IAS 29	– Financial reporting in hyperinflationary economies (Effective from 1 January 2009)
Amendments to IAS 31	– Interest in joint ventures (Effective from 1 January 2009)
Amendments to IAS 32	– Financial instruments: Presentation (Effective from 1 January 2009)
Amendments to IAS 34	– Interim financial reporting (Effective from 1 January 2009)
Amendments to IAS 36	– Impairment of assets (Effective from 1 January 2009)
Amendments to IAS 38	– Intangible assets (Effective from 1 January 2009)
Amendments to IAS 39	– Financial instruments: Recognition and measurement (Effective 1 July 2009)
Amendments to IAS 40	– Investment property (Effective from 1 January 2009)
Amendments to IAS 41	– Agriculture (Effective from 1 January 2009)
Amendments to IFRS 1	– First-time adoption of International Financial Reporting Standards (Effective 1 January 2009)
Amendments to IFRS 2	– Share-based payment: vesting conditions and cancellations (Effective from 1 January 2009)
Amendments to IFRS 3	– Business combinations (Effective from 1 July 2009)
Amendments to IFRS 5	– Non-current assets held for sale and discounted operations (Effective from 1 July 2009)
Amendments to IFRS 7	– Financial instruments: Disclosure (Effective from 1 January 2009)
IFRS 8	– Reporting of operating segments (Effective from 1 January 2009)

These standards will not have a material effect on the group's results when implemented or are not relevant to the group's operations.

Group Figures in Rand thousand	2008 Cost	 Accumulated depreciation	 Carrying value	2007 Cost	 Accumulated depreciation	 Carrying value
3. Property, plant and equipment – Group						
Furniture and fixtures	**8 534**	**(2 551)**	**5 983**	5 605	(2 176)	3 429
Motor vehicles	**2 088**	**(1 017)**	**1 071**	1 782	(667)	1 115
Office equipment	**6 379**	**(3 277)**	**3 102**	5 131	(2 534)	2 597
IT equipment	**29 429**	**(17 171)**	**12 258**	23 820	(17 545)	6 275
Computer software	**9 861**	**(5 342)**	**4 519**	5 925	(4 648)	1 277
Leasehold improvements	**4 093**	**(1 262)**	**2 831**	2 287	(885)	1 402
Total	**60 384**	**(30 620)**	**29 764**	44 550	(28 455)	16 095

Reconciliation of property, plant and equipment – Group

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
2008						
Furniture and fixtures	**3 429**	**2 612**	**482**	**(54)**	**(486)**	**5 983**
Motor vehicles	**1 115**	**306**	**–**	**–**	**(350)**	**1 071**
Office equipment	**2 597**	**1 256**	**74**	**(58)**	**(767)**	**3 102**
IT equipment	**6 275**	**9 358**	**880**	**(50)**	**(4 205)**	**12 258**
Computer software	**1 277**	**3 917**	**334**	**(196)**	**(813)**	**4 519**
Leasehold improvements	**1 402**	**1 806**	**–**	**–**	**(377)**	**2 831**
	16 095	**19 255**	**1 770**	**(358)**	**(6 998)**	**29 764**
2007						
Furniture and fixtures	2 144	1 132	866	(36)	(677)	3 429
Motor vehicles	547	503	1 291	(809)	(417)	1 115
Office equipment	2 492	775	175	99	(944)	2 597
IT equipment	4 884	4 036	1 014	(417)	(3 242)	6 275
Computer software	775	1 103	321	(1)	(921)	1 277
Leasehold improvements	1 518	313	–	(124)	(305)	1 402
	12 360	7 862	3 667	(1 288)	(6 506)	16 095

	Group 2008	 2007	Company 2008	 2007
Assets subject to finance lease (Net carrying amount)				
Furniture and fixtures	**150**	197	**–**	–
Motor vehicles	**856**	1 115	**–**	–
Office equipment	**1 035**	1 236	**–**	–
IT equipment	**–**	202	**–**	–
	2 041	2 750	**–**	–

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

Figures in Rand thousands	2008 Cost	2008 Accumulated amortisation	2008 Carrying value	2007 Cost	2007 Accumulated amortisation	2007 Carrying value
4. Intangible assets						
Group						
Goodwill	104 781	–	104 781	91 047	–	91 047
Other intangible assets	6 635	(1 889)	4 746	6 635	(1 222)	5 413
Total	111 416	(1 889)	109 527	97 682	(1 222)	96 460

	Opening balance	Additions through business combinations	Vendor price adjustment	Other changes	Amortisation	Total
2008						
Goodwill	91 047	12 947	–	787	–	104 781
Other intangible assets	5 413	–	–	–	(667)	4 746
Total	96 460	12 947	–	787	(667)	109 527
2007						
Goodwill	78 700	12 849	(1 329)	827	–	91 047
Other intangible assets	–	6 635	–	–	(1 222)	5 413
Total	78 700	19 484	(1 329)	827	(1 222)	96 460

Figures in Rand thousands	Group Carrying amount 2008	Group Carrying amount 2007	Company Carrying amount 2008	Company Carrying amount 2007
5. Investments in subsidiaries				
Investment in subsidiaries	–	–	95 701	95 701
Impairment of investment in subsidiaries	–	–	(1 073)	(1 073)
	–	–	94 628	94 628

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

Refer to Annexure A for details

6. Investments in associates

Name of company	Listed/ unlisted	% holding 2008	% holding 2007	Carrying amount 2008 R000	Carrying amount 2007 R000	Fair value 2008 R000	Fair value 2007 R000
AMC IT Services (Pty) Limited	Unlisted	**32,50**	32,50	**220**	99	**220**	99
Invision IT (Pty) Limited	Unlisted	**50,00**	50,00	**149**	149	**149**	149
Guideline (Pty) Limited	Unlisted	**–**	30,00	**–**	777	**–**	777
SMB Solutions (Pty) Limited	Unlisted	**30,00**	30,00	**684**	700	**(16)**	–
				1 053	1 725	**353**	1 025
Impairment of investments in associate				**(700)**	(700)	**–**	–
				353	1 025	**353**	1 025

The carrying amounts of associates are shown net of impairment losses.

Fair value
The fair values, determined annually at balance sheet date, were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values of investments not listed or quoted are estimated using the discounted cash flow analysis.

Figures in Rand thousands	2008	2007
Summarised financial information of associates		
Total assets	**2 310**	21 446
Total liabilities	**1 788**	19 152
Revenue	**40 134**	69 031
Net profit after tax	**26**	148

Associates with different reporting dates
The following reporting dates of certain associates is not the same as that of the group:

- AMC IT Services (Pty) Limited — 30 June 2008
- SMB Solutions (Pty) Limited — 29 February 2008

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
7. Other financial assets				
Non-current loans and receivables				
MIIB Business Technologies (Pty) Limited	**1 600**	–	**–**	–
Dicoll Panoptican (Pty) Limited	**1 781**	273	**–**	–
EOH Consulting Botswana (Pty) Limited	**–**	583	**–**	–
Invision IT (Pty) Limited	**779**	451	**–**	–
Vebus Business Systems CC	**132**	132	**–**	–
Vendor loans and receivables	**1 420**	1 212	**–**	–
	5 712	2 651	**–**	–

The loans are unsecured, interest free and have no fixed terms of repayment.

The fair value of the loans and receivables are not determinable due to the lack of repayment dates and/or market prices.

As of 31 July 2008, loans and receivables impaired and provided for were R1 911 (2007: R1 871).

The carrying amounts of loans and receivables are denominated in rands.

The creation and release of provision for doubtful debts have been included in operating expenses in the income statement.

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

8. Financial assets by category

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

Figures in Rand thousands	Loans and receivables	Fair value through profit or loss held for trading	Fair value through profit or loss designated	Held to maturity	Available for sale	Total
Group – 2008						
Other financial assets	**5 712**	**–**	**–**	**–**	**–**	**5 712**
Trade and other receivables	**223 721**	**–**	**–**	**–**	**–**	**223 721**
Cash and cash equivalents	**–**	**119 140**	**–**	**–**	**–**	**119 140**
	229 433	**119 140**	**–**	**–**	**–**	**348 573**
Group – 2007						
Other financial assets	2 651	–	–	–	–	2 653
Trade and other receivables	164 760	–	–	–	–	164 760
Cash and cash equivalents	–	114 136	–	–	–	114 136
	167 411	114 136	–	–	–	281 541
Company – 2008						
Loans to group companies	**35 575**	**–**	**–**	**–**	**–**	**35 575**
Trade and other receivables	**350**	**–**	**–**	**–**	**–**	**350**
Cash and cash equivalents	**–**	**141**	**–**	**–**	**–**	**141**
	35 925	**141**	**–**	**–**	**–**	**36 066**
Company – 2007						
Loans to group companies	34 078	–	–	–	–	34 078
Trade and other receivables	350	–	–	–	–	350
Cash and cash equivalents	–	100	–	–	–	100
	34 428	100	–	–	–	34 528

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
9. Deferred tax				
Deferred tax asset				
Accelerated capital allowances for tax purposes	7 142	6 708	–	–
Provision for taxation on temporary differences resulting from:				
Provisions and allowances	3 145	873	–	–
Property, plant and equipment	(214)	(11)	–	–
Leased assets	628	817	–	–
Leased liabilities	(550)	(963)	–	–
Prepaid expenses	(896)	(1 085)	–	–
Other intangible assets	–	(661)	–	–
Assessed losses	–	836	–	–
Deferred revenue	5 262	6 348	–	–
Projects	–	554	–	–
Acquisitions	(233)	–	–	–
	7 142	6 708	–	–
Deferred tax asset	11 809	12 924	–	–
Deferred tax liability	(4 667)	(6 216)	–	–
	7 142	6 708	–	–

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
10. Inventories				
Merchandise for resale	5 985	9 603	–	–
Consumables and replacement spares	1 836	2 181	–	–
	7 821	11 784	–	–
11. Loans to/(from) group companies				
Loans to group companies	–	–	35 575	34 078
Loans from group companies	–	–	(67 472)	(64 409)
			(31 897)	(30 331)

Refer to Annexure A for details.

The loans are unsecured, interest free and have no fixed terms of repayment.

The carrying amount of loans to and from group companies are denominated in Rands.

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
12. Trade and other receivables				
Trade receivables	**217 849**	157 518	**–**	–
Prepayments	**3 212**	3 495	**350**	350
Deposits	**45**	46	**–**	–
VAT	**476**	631	**–**	–
Other receivables	**2 139**	3 070	**–**	–
	223 721	164 760	**350**	350
Trade and other receivables past due but not impaired				
Trade and other receivables which are less than 90 days past due are not considered to be impaired. At 31 July 2008, R21 191 (2007: R15 322) was past due but not impaired.				
The ageing of amounts past due but not impaired is as follows:				
90 days	**6 314**	4 565	**–**	–
120 and over days	**14 877**	10 757	**–**	–
Trade and other receivables impaired				
As of 31 July 2008, trade and other receivables of R13 397 (2007: R11 242) were impaired and provided for.				
The ageing of these loans is as follows:				
60 days	**1 373**	1 155	**–**	–
90 days	**3**	–	**–**	–
120 and over days	**12 021**	10 087	**–**	–

The carrying amount of trade and other receivables are denominated in rand.

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

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

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
13. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	**75**	128	**–**	–
Bank balances	**118 324**	113 644	**141**	100
Short-term deposits	**741**	364	**–**	–
	119 140	114 136	**141**	100
The total amount of undrawn facilities available for future operating activities and commitments	**15 200**	15 200	**15 200**	15 200

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
14. Share capital				
Authorised				
100 000 000 ordinary shares of 1 cent each	**1 000**	1 000	**1 000**	1 000
Reconciliation of number of shares issued:				
Opening balance	**72 554**	70 538	**72 554**	70 538
Issue of shares – ordinary shares	**1 105**	2 016	**1 105**	2 016
Closing balance	**73 659**	72 554	**73 659**	72 554
Issued share capital				
Ordinary shares of 1 cent each	**628**	633	**737**	726
Share premium	**46 423**	45 842	**70 918**	69 644
	47 051	46 475	**71 655**	70 370

26 341 405 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting subject to the provisions of section 221 of the Companies Act and the requirements of the JSE. This authority remains in force until the next annual general meeting. The directors are only authorised to issue up to an aggregate maximum of 10% of the issued share capital in a financial year.

15. Share-based payments

Number of share options	EOH Share Trust	EOH Share Options	EOH Mthombo
Outstanding options at the beginning of the year	437 933	5 022 500	5 120 120
Granted during the year	–	4 985 000	2 234 973
Forfeited during the year	–	(675 000)	(486 952)
Exercised during the year	–	(600 000)	–
Outstanding options at the end of the year	437 933	8 732 500	6 868 141

	Exercise date at the end of the year	Exercise date within one year	Exercise date from two to five years	Exercise date after five years	Total
Outstanding options					
EOH Share Trust	437 933	–	–	–	437 933
EOH Share options	1 753 750	773 750	6 205 000	–	8 732 500
EOH Mthombo	–	1 185 730	5 682 411	–	6 868 141

	Group 2008	Group 2007	Company 2008	Company 2007
Weighted fair value of options issued during the year	**4,62**	4,02	**4,62**	4,02

15. Share-based payments (continued)

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

Grant date	EOH Share Trust 01/12/2002	EOH Share Options 06/06/2003 to 01/06/2008	EOH Mthombo Trust 01/12/2005 to 01/07/2008
• Weighted average share price (cents)	1	3,00	2,93
• Option price (cents)	1	83 to 540	279 to 600
• Expected volatility (%)	36.4	20	20
• Expected dividend yield (%)	2.6	2,1	2,1
• Expiry date		05/06/2013 to 01/06/2018	30/11/2013 to 30/06/2016

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

Alterations to share-based payments

The expected volatility was changed to a more realistic volatility reflecting the share trading history but ignoring major outliners due to the short history of EOH being a listed company.

The after tax risk-free rate was applied versus a pre tax risk-free rate.

	Group		Company	
Figures in Rand thousands	2008	2007	2008	2007
16. Foreign currency translation reserve				
The foreign currency translation reserve is the result of exchange differences arising from the translation of the group's foreign subsidiary companies to Rand, being the functional currency of the holding company				
Opening balance	**(179)**	(179)	**–**	–
Currency translation	**976**	–	**–**	–
Closing balance	**797**	(179)	**–**	–
17. Other reserve				
The share-based payment reserve represents the total cost recognised for the group's equity-settled share based payments.				
Opening balance	**12 533**	9 711	**–**	–
Movement in treasury shares	**(11 906)**	405	**–**	–
Effect of consolidating the EOH Share Trust	**–**	(1 160)	**–**	–
Share-based payments	**5 992**	3 577	**–**	–
Closing balance	**6 619**	12 533	**–**	–

	Group		Company	
Figures in Rand thousands	2008	2007	2008	2007
18. Other financial liabilities				
Held at amortised cost				
Vendors for acquisition	19 375	12 256	119	119
The amounts due to vendors represent the expected purchase consideration owing in respect of acquisitions and will be settled through the issue of shares and/or cash resources when the relevant profit warranties have been fulfilled. The amounts owing are interest free.				
Non current liabilities				
At amortised cost	2 600	4 874	119	119
Current liabilities				
At amortised cost	16 775	7 382	–	–
	19 375	12 256	119	119
The carrying amounts of financial liabilities at amortised cost are denominated in Rands.				
19. Finance lease obligation				
Minimum lease payments due				
– within one year	1 113	1 407	–	–
– in second to fifth year inclusive	1 240	2 362	–	–
	2 353	3 769	–	–
less: future finance charges	(342)	(614)	–	–
Present value of minimum lease payments	2 011	3 155	–	–
Present value of minimum lease payments due				
– within one year	896	1 100	–	–
– in second to fifth year inclusive	1 115	2 055	–	–
	2 011	3 155	–	–
Non-current liabilities	1 115	2 055	–	–
Current liabilities	896	1 100	–	–
	2 011	3 155	–	–
It is group policy to lease certain motor vehicles and equipment under finance leases.				
The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 3.				
20. Trade and other payables				
Trade payables	86 969	69 494	89	50
VAT	10 666	6 879	–	–
Payroll accruals	29 912	20 510	–	–
Other accrued expenses	62 389	52 465	72	7
Other payables	1 312	1 440	–	–
	191 248	150 788	161	57

21. Financial liabilities by category

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

Figures in Rand thousands	Financial liabilities at amortised cost	Fair value through profit or loss – held for trading	Fair value through profit or loss – designated	Total
Group 2008				
Other financial liabilities	19 375	–	–	19 375
Finance lease obligation	2 011	–	–	2 011
Trade and other payables	191 248	–	–	191 248
Deferred income	32 658	–	–	32 658
Dividend payable	36	–	–	36
	245 328	–	–	245 328
Group 2007				
Other financial liabilities	12 256	–	–	12 256
Finance lease obligation	3 155	–	–	3 155
Trade and other payables	150 788	–	–	150 788
Deferred income	38 674	–	–	38 674
Dividend payable	32	–	–	32
	204 905	–	–	204 905
Company 2008				
Loans from group companies	67 472	–	–	67 472
Other financial liabilities	119	–	–	119
Trade and other payables	161	–	–	161
Dividend payable	36	–	–	36
	67 788	–	–	67 788
Company 2007				
Loans from group companies	64 409	–	–	64 409
Other financial liabilities	119	–	–	119
Trade and other payables	57	–	–	57
Dividend payable	32	–	–	32
	64 617	–	–	64 617

	Group		Company	
	2008	2007	2008	2007
22. Revenue				
Hardware	142 413	76 915	–	–
Software and maintenance	525 416	442 819	–	–
Outsourcing	204 741	107 482	–	–
Consulting	78 364	76 456	–	–
	950 934	703 672	–	–
23. Operating profit/(loss)				
Operating profit for the year is stated after accounting for the following:				
Operating lease charges				
Premises – Contractual amounts	10 759	8 976	–	–
Equipment – Contractual amounts	725	764	–	–
	11 484	9 740	–	–
Profit on sale of property, plant and equipment	459	187	–	–
Employee costs	148 103	100 103	418	–

24. Retirement benefits

Defined contribution plan

The group contributed to defined contribution funds until 28 February 2007, whereafter membership of the funds was terminated. These funds were registered under and governed by the Pension Funds Act, 1956 as amended. Substantially all of the group's employees belonged to the funds and all members paid a contribution to the funds, with the group making a similar contribution.

All group funds which were terminated are now being liquidated and the funds will be distributed directly to members. The group is now a member of a corporate retirement scheme, to which employees may elect to make retirement contributions. Employees are however obliged to become members of the group benefit scheme, providing certain minimum death and disability benefits.

The group is under no obligation to cover any unfunded benefits.

	Group		Company	
Figures in Rand thousands	2008	2007	2008	2007
25. Investment revenue				
Dividend revenue				
Subsidiaries – Local	–	–	14 511	10 048
Interest revenue				
Bank	4 840	2 555	–	–
Other interest	301	191	4	3
Interest revenue	5 141	2 746	4	3
Total investment revenue	5 141	2 746	14 515	10 051
26. Finance costs				
Finance leases	416	319	–	–
Other interest paid	1 360	1 019	–	–
	1 776	1 338	–	–
27. Taxation				
Major components of the tax expense/(income)				
Current				
Local income tax – current period	29 223	26 388	(9)	37
Local income tax – recognised in prior periods	15	(2 495)	–	–
STC	1 451	1 256	–	–
Total current tax	30 689	25 149	(9)	37
Deferred				
Originating and reversing temporary differences	(1 009)	(3 622)	–	(167)
Changes in tax rates	310	–	–	–
Arising from prior period adjustments	–	1 675	–	–
Total deferred tax	(699)	(1 947)	–	(167)
Total taxation	29 990	23 202	(9)	(130)

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
27. Taxation (continued)				
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate	**%**	%	**%**	%
Applicable tax rate	**28,00**	29,00	**28,00**	29,00
Exempt income	**(0,30)**	–	**(35,16)**	(33,67)
Assessed loss utilised	**(1,13)**	(1,46)	**–**	(2,81)
Prior year tax adjustments	**–**	(1,13)	**(0,08)**	–
Deferred tax rate adjustment	**0,34**	–	**–**	–
Disallowable charges	**2,09**	2,14	**–**	–
Secondary tax on companies	**1,59**	1,74	**–**	–
Deferred tax not raised on estimated losses	**2,19**	1,78	**7,16**	5,96
	32,78	32,07	**(0,08)**	(1,52)
The income tax rate of 29% in 2007 was reduced to 28% in 2008.				
28. Auditors' remuneration				
Fees paid	**1 204**	201	**427**	120
Tax and secretarial services paid	**5**	16	**–**	–
Expenses paid	**12**	34	**–**	–
	1 221	251	**427**	120
29. Cash generated from/(used in) operations				
Profit before taxation	**91 476**	72 349	**11 555**	8 515
Adjustments for:				
Depreciation and amortisation	**7 625**	7 728	**–**	–
Profit on sale of assets	**(457)**	(187)	**–**	–
Loss on sale of investment in associated company	**777**	–	**–**	–
Income from equity accounted investments	**(120)**	102	**–**	–
Dividends received	**–**	–	**(14 511)**	(10 048)
Interest received	**(5 141)**	(2 746)	**(4)**	(3)
Finance costs	**1 776**	1 338	**–**	–
Impairment of assets/loan	**40**	592	**–**	–
Share-based payment expense	**5 992**	3 577	**–**	–
Vendors for acquisition adjustment	**–**	223	**–**	–
Changes in working capital:				
Inventories	**3 963**	(9 324)	**–**	–
Trade and other receivables	**(59 059)**	(40 375)	**–**	(242)
Trade and other payables	**40 637**	45 266	**104**	(157)
Deferred income	**(6 016)**	10 205	**–**	–
Business combination – working capital acquired	**(2 322)**	(4 347)	**–**	–
Subsidiary company now equity accounted	**–**	587	**–**	–
Business combination – adjustment to goodwill	**(761)**	(969)	**–**	–
	78 410	84 019	**(2 856)**	(1 935)

	Group		Company	
Figures in Rand thousands	2008	2007	2008	2007
30. Tax (paid)/refunded				
Balance at beginning of the year	(9 598)	(6 294)	47	115
Current tax for the year recognised in income statement	(30 689)	(25 148)	9	(37)
Balance at end of the year	15 069	9 598	(18)	(47)
	(25 218)	(21 844)	38	31
31. Dividends paid				
Balance at beginning of the year	(32)	(48)	(32)	(1 105)
Dividends	(12 659)	(8 586)	(14 511)	(10 048)
Balance at end of the year	36	32	36	32
	(12 655)	(8 602)	(14 507)	(11 121)
32. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	526	2 836	–	–
Not yet contracted for and authorised by directors	946	6 110	–	–
This committed expenditure relates to property and will be financed internally.				
Operating leases				
Minimum lease payments due				
– within one year	5 499	6 587	–	–
– in second to fifth year inclusive	18 305	6 385	–	–
	23 804	12 972	–	–

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

33. Contingencies

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

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
34. Related parties				
Relationships				
Subsidiaries — Refer to Annexure A				
Related party balances				
Loan accounts – Owing (to)/by related parties				
Enterprise Logistics Solutions (Proprietary) Limited			25	25
Enterprise Softworks (Proprietary) Limited			4 850	3 150
EOH Consulting (Proprietary) Limited			(19 003)	(19 003)
Enterprise Scheduling (Proprietary) Limited			–	2 700
EOH Mthombo (Proprietary) Limited			(46 663)	(43 600)
Intellient (Proprietary) Limited			3 445	948
Mthombo IT Services (Proprietary) Limited			2 000	2 000
Technolease (Proprietary) Limited			(8)	(8)
EOH Share Trust			2 307	2 307
EOH Mthombo Share Trust			22 948	22 948
V55 Investments (Proprietary) Limited			(1 798)	(1 798)
Related party transactions				
Dividends paid to/(received from) related parties				
Enterprise Softworks (Proprietary) Limited			(1 700)	(2 048)
EOH Consulting Services (Western Cape) (Proprietary) Limited			(600)	–
EOH Mthombo (Proprietary) Limited			(5 711)	–
Intellient (Proprietary) Limited			(2 500)	(4 000)
Mthombo IT Services (Proprietary) Limited			(4 000)	(4 000)

35. Change in estimate

Property, plant and equipment

The useful life of furniture and fittings was estimated in prior years to be six years. In the current period management have revised their estimate to 10 years. The effect of this revision has decreased the depreciation charge for the current period by R564 522.

36. Prior period errors

The leases with regard to the premises have been classified as operating leases. Certain leases were not straight-lined during the prior periods and were corrected in the current financial year.

The correction of the error resulted in adjustments as follows:

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
Balance sheet				
Trade and other payables	–	(798)	–	–
Opening retained earnings	–	397	–	–
Income statement				
Operating lease expense	–	401	–	–

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
37. Comparative figures				
Certain comparative figures have been reclassified.				
The effects of the reclassification are as follows:				
Balance sheet				
Deferred taxation	–	(2 320)	–	–
Current tax receivable	–	2 320	–	–
Other financial liabilities – non-current	–	–	–	(119)
Other financial liabilities – current	–	–	–	119

38. Risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out centrally and management identifies, evaluates and hedges financial risks in close co-operation with the group's operating units.

The group's non-derivative financial instruments consist mainly of deposits with banks, accounts receivable and payable, interest bearing debt and loans to and from subsidiaries and associate companies.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the group has adequate banking facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored through ongoing review of future commitments and credit facilities.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Group				
At 31 July 2008				
Other financial liabilities	16 775	2 600	–	–
Finance lease obligation	896	1 115	–	–
Trade and other payables	191 248	–	–	–
At 31 July 2007				
Other financial liabilities	7 382	4 874	–	–
Finance lease obligation	1 100	2 055	–	–
Trade and other payables	150 788	–	–	–

38. Risk management (continued)

Figures in Rand thousands	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Company				
At 31 July 2008				
Other financial liabilities	–	119	–	–
Loans from group companies	67 472	–	–	–
Trade and other payables	161	–	–	–
At 31 July 2007				
Other financial liabilities	–	119	–	–
Loans from group companies	64 409	–	–	–
Trade and other payables	57	–	–	–

Interest rate risk

The group adopts a policy of ensuring that its banking facilities are at market related rates to address its interest rate risk and that fluctuations in market related rates do not have a material impact on profit and loss.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due after 5 years
Trade and other receivables – normal credit terms	15.50%	223 721	–	–	–	–
Cash in current banking institutions	15.50%	119 140	–	–	–	–

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

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

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Australian dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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

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

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
38. Risk management (continued)				
Foreign currency exposure at balance sheet date				
Current assets				
Trade and other receivables – AUD 3 (2007: –)	22	–	–	–
Trade and other receivables – USD – (2007: 1 458)	–	10 351	–	–
Trade and other receivables – GBP 78 (2007: –)	1 133	–	–	–
Trade and other receivables – EUR – (2007: 1)	–	12	–	–
Trade and other receivables – BWP – (2007: 21)	–	24	–	–
Trade and other receivables – MUR – (2007: 163)	–	39	–	–
Cash and cash equivalents – GBP 7 (2007: –)	105	–	–	–
Cash and cash equivalents – AUD 112 (2007: –)	801	–	–	–
Liabilities				
Trade and other payables – EUR (1) (2007: (–))	(14)	–	–	–
Trade and other payables – USD (1 146) (2007: (1 305))	(8 443)	(9 265)	–	–
Trade and other payables – GBP (198) (2007: (–))	(2 899)	–	–	–
Trade and other payables – BWP (21) (2007: (335))	(24)	(385)	–	–
Trade and other payables – AUD – (2007: (2))	–	(14)	–	–
Current tax payable – GBP (28) (2007: (–))	(403)	–	–	–
Current tax payable – AUD (7) (2007: (–))	(50)	–	–	–
Exchange rates used for conversion of foreign items were:				
USD	7,37	7,10	–	
GBP	14,61	–		
AUD	7,14	6,12	–	
EUR	11,52	9,67		
BWP	1,15	1,15		
MUR	–	0,24		

Forward exchange contracts which relate to future commitments

Amount in foreign currency purchased	Forward exchange rate	Maturity date
£40 350	15,30	01 August 2008
$150 000	7,74	01 August 2008
$154 215	7,59	01 August 2008
$278 265	7,60	01 August 2008
$181 534	7,70	01 August 2008
$3 905	7,73	19 August 2008
$100 000	7,90	22 August 2008
$261 600	7,47	27 August 2008
$9 616	7,67	03 September 2008
$100 000	7,97	26 September 2008
$100 000	7,86	22 October 2008
$100 000	7,92	19 November 2008

The group reviews its foreign currency exposure, including commitments, on an ongoing basis.

Figures in Rand thousands	Group 2008	Group 2007	Company 2008	Company 2007
39. Earnings per share				
Profit for the year	**61 486**	49 147	**11 564**	8 645
Attributable to minority interests	**(498)**	(109)	**–**	–
Profit for the purposes of basic earnings per share and diluted earnings per share	**60 988**	49 038	**11 564**	8 645
Earnings per share (cents)	**96,2**	78,6	**18,3**	13,9
Fully diluted earnings per share (cents)	**85,7**	69,5	**16,3**	12,3
Headline earnings per share				
Earnings for the purposes of basic earnings per share	**60 988**	49 038	**11 564**	8 645
Asset impaired	**40**	131	**–**	–
Profit on disposal of asset	**(457)**	–	**–**	–
Loss on disposal/impairment of investment in associated company	**777**	–	**–**	–
Profit for the purposes of headline earnings and diluted earnings per share	**61 348**	49 169	**11 564**	8 645
Headline earnings per share (cents)	**96,8**	78,8	**18,3**	13,9
Fully diluted headline earnings per share (cents)	**86,2**	69,7	**16,3**	12,3
Weighted average number of ordinary shares for the purposes of basic earnings per share and headline earnings per share	**63 382**	62 423	**63 382**	62 423
Weighted average number of ordinary shares for the purposes of fully diluted earnings per share	**71 160**	70 571	**71 160**	70 571

40. Acquisition of businesses

2008

Eprime Consulting/Ilayo Software Solutions

During the year under review, EOH acquired the business of Eprime Consulting (Proprietary) Limited ("Eprime"), a resourcing business. The effective date of the agreement was 1 August 2007 and was treated as a business combination from that date.

The total purchase consideration paid for the business of Eprime was R3,5 million in cash as all profit warranties were met.

EOH signed a referral agreement and a placement agreement with Ilayo Software Solutions (Proprietary) Limited ("Ilayo"). The effective dates of the agreements were 1 September 2007. The terms were met and R2,5 million was paid.

No contingent liabilities were acquired as part of this transaction.

Multipath Customer Solutions

During the year under review, EOH acquired the business of Multipath Customer Solutions (Proprietary) Limited ("Multipath"), an award winning call centre.

The effective date of the agreement was 1 July 2008 and was treated as a business combination from that date.

The transaction is based on a purchase consideration of R13 million, payable by way of cash (R9,88 million) and by way of issue of 419 989 shares.

R4,68 million of the purchase consideration is only payable and the shares only issuable upon the reaching of the following profit after tax ("PAT") warranties:

- R1 225 million PAT for the period ending 31 December 2008 will result in the payment of R2,08 million in cash and the issue of 74 286 EOH shares;
- R1 348 million PAT for the period ending 30 June 2009 will result in the payment of R1,3 million in cash and the issue of 176 871 EOH shares;
- R1 409 million PAT for the period ending 31 December 2009 will result in the payment of R1,3 million in cash and the issue of 168 832 EOH shares;

The warranties allow for a final adjusted value in the event of the full warranted profit not being achieved.

No contingent liabilities were acquired as part of this transaction.

Kwena Human Capital

During the year under review, EOH acquired the business and specified fixed assets of Kwena Human Capital (Proprietary) Limited ("Kwena"), a corporate performance management software company.

The effective date of the agreement was 1 July 2008 and was treated as a business combination from that date.

The total purchase consideration payable for the business of Kwena was R500 000 in cash.

No contingent liabilities were acquired as part of this transaction.

40. Acquisition of businesses (continued)

2007

During the previous financial year EOH acquired the business operations of Bromide Technologies and the shares in Lanmetrix (Proprietary) Limited.

Fair value of assets acquired

	Eprime R'000	Ilayo R'000	Multipath R'000	Kwena R'000	2008 R'000	2007 R'000
Property, plant and equipment			1 770		**1 770**	3 667
Deferred tax assets/liabilities					**–**	94
Investments					**–**	709
Loans receivable					**–**	5 245
Inventories					**–**	2 763
Trade and other receivables			2 372		**2 372**	21 339
Trade and other payables			(4 694)		**(4 694)**	(28 449)
Tax assets/liabilities					**–**	(465)
Long-term borrowings			(126)		**(126)**	(1 929)
Cash and cash equivalents			7 846		**7 846**	4 335
Goodwill and other intangible assets	3 500	2 500	5 832	500	**12 332**	19 350
Outside shareholders					**–**	(169)
	3 500	2 500	13 000	500	**19 500**	26 490
Consideration paid						
Cash	(3 500)	(2 500)			**(6 000)**	(15 366)
Shares to be issued			(3 120)		**(3 120)**	(4 624)
Vendors for acquisitions			(9 880)	(500)	**(10 380)**	(6 500)
	(3 500)	(2 500)	(13 000)	(500)	**(19 500)**	(26 490)
Net cash outflow on acquisition						
Cash consideration paid	(3 500)	(2 500)			**(6 000)**	(15 366)
Cash acquired			7 846		**7 846**	4 335
	(3 500)	(2 500)	7 846	–	**1 846**	(11 031)

41. Subsidiary company equity accounted in 2007

2007

EOH Consulting (Botswana) (Proprietary) Limited

During the 2007 financial year, a change in circumstances in the management and operation of the above entity resulted in management concluding that control no longer existed and that the entity no longer met the definition of a subsidiary and was therefore equity accounted. The effect of this is summarised below:

Assets and liabilities at date of change were:

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Property, plant and equipment	**–**	266	**–**	–
Trade and other receivables	**–**	1 086	**–**	–
Trade and other payables	**–**	(1 672)	**–**	–
Long-term borrowings	**–**	(1 044)	**–**	–
Cash and cash equivalents	**–**	1 364	**–**	–
Net assets	**–**	–	**–**	–
Cash and cash equivalents no longer consolidated	**–**	(1 364)	**–**	–
	–	(1 364)	**–**	–

	Remuner-ation R'000	Bonuses R'000	Contributions to provident fund R'000	Directors' fees R'000	Gain on exercise of options R'000	Total R'000
42. Directors' emoluments						
Executive						
2008						
A Bohbot	1 468	700	–	–	–	2 168
SPJ Evans (Resigned 31/01/2008)	543	400	–	–	–	943
L Khumalo	1 562	–	–	–	–	1 562
JS Thomson	1 058	300	–	–	–	1 358
RMM Sporen	263	–	–	–	–	263
N Khumalo (Resigned 01/04/2008)	786	380	–	–	–	1 166
K Cullinan	1 107	270	–	–	–	1 377
JW King (Appointed 01/03/2008)	600	–	–	–	–	600
DD Ramoo	1 050	200	–	–	764	2 014
	8 437	2 250	–	–	764	11 451
2007						
A Bohbot	1 287	600	113	–	–	2 000
SPJ Evans	894	350	66	–	–	1 310
L Khumalo	1 200	700	–	–	–	1 900
JS Thomson	950	290	–	–	–	1 240
RMM Sporen	970	350	–	–	170	1 490
N Khumalo	1 260	380	–	–	–	1 640
K Cullinan	979	462	21	–	830	2 292
JW King (Resigned 31/03/2007)	693	–	53	–	707	1 453
DD Ramoo	1 008	–	36	–	621	1 665
	9 241	3 132	289	–	2 328	14 990
Non-executive						
2008						
Dr NM Phosa	–	–	–	706	–	706
T Marwala	–	–	–	63	–	63
RMM Sporen	–	–	–	63	–	63
	–	–	–	832	–	832
2007						
Dr NM Phosa	–	–	–	667	–	667
	–	–	–	667	–	667

43. Segment reporting

	Revenue 2008 R'000	Revenue 2007 R'000	Result 2008 R'000	Result 2007 R'000
Segment revenue and result				
System integration and software maintenance	**525 416**	442 819	**56 505**	54 093
Outsourcing	**204 741**	107 482	**25 172**	18 283
Infrastructure	**142 413**	76 915	**2 880**	(248)
Consulting	**78 364**	76 456	**10 481**	2 744
	950 934	703 672	**95 038**	74 872
Share of profits/losses of associates			**(657)**	(102)
Unallocated income or expenses			**(2 905)**	(2 421)
Profit before tax			**91 476**	72 349
Tax expense			**(29 990)**	(23 202)
Profit for the year			**61 486**	49 147

	Assets 2008 R'000	Assets 2007 R'000	Liabilities 2008 R'000	Liabilities 2007 R'000
Segment assets and liabilities				
System integration and software maintenance	**254 600**	223 560	**(131 983)**	(117 676)
Outsourcing	**167 676**	101 240	**(65 404)**	(15 395)
Infrastructure	**45 160**	69 993	**(39 767)**	(69 473)
Consulting	**44 136**	29 528	**(31 635)**	(22 661)
Consolidated	**511 572**	424 321	**(268 789)**	(225 205)

	Depreciation and amortisation 2008 R'000	Depreciation and amortisation 2007 R'000	Additions to non-current assets 2008 R'000	Additions to non-current assets 2007 R'000
Other segment information:				
System integration and software maintenance	**3 851**	3 766	**13 098**	4 003
Outsourcing	**1 801**	1 473	**5 105**	2 750
Infrastructure	**843**	479	**789**	1 058
Consulting	**503**	788	**263**	51
	6 998	6 506	**19 255**	7 862

ANNEXURE A – SUBSIDIARY COMPANIES

at 31 July 2007

Name of company	Country of incorporation	Issued share capital 2008 R'000	Issued share capital 2007 R'000	Effective shareholding 2008 %	Effective shareholding 2007 %	Cost of shares 2008 R'000	Cost of shares 2007 R'000	Book value of company interest and indebtedness 2008 R'000	Book value of company interest and indebtedness 2007 R'000
Direct subsidiaries									
EOH Mthombo (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**1 795**	1 795	**(46 663)**	(43 600)
Enterprise Logistics Solutions (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**–**	–	**25**	25
Enterprise Implementation Solutions (Pty) Ltd	South Africa	**0,3**	0,3	**100**	100	**–**	–	**–**	–
Technolease (Pty) Ltd	South Africa	**0,8**	0,8	**100**	100	**8**	8	**(8)**	(8)
Enterprise Softworx (Pty) Ltd	South Africa	**9,0**	9,0	**100**	100	**–**	–	**4 850**	3 150
V55 Investments (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**–**	–	**(1 798)**	(1 798)
Jent Solutions (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**–**	–	**–**	–
Enterprise 21 Solutions (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**–**	–	**–**	–
EOH Consulting Services (Western Cape) (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**3 270**	3 270	**–**	–
EOH Consulting (Pty) Ltd	South Africa	**1,0**	1,0	**100**	100	**43 846**	43 846	**(19 003)**	(19 003)
Intellient (Pty) Ltd	South Africa	**1,0**	1,0	**100**	100	**7 140**	7 140	**3 445**	948
Mthombo IT Services (Pty) Ltd	South Africa	**0,5**	0,5	**100**	100	**39 642**	39 642	**2 000**	2 000
Axia Business Solutions (Pty) Ltd	South Africa	**1,0**	1,0	**100**	100	**–**	–	**–**	–
Enterweb (Pty) Ltd	South Africa	**1,0**	1,0	**100**	100	**–**	–	**–**	–
EOH Abantu (Pty) Ltd	South Africa	**1,0**	1,0	**100**	100	**–**	–	**–**	–
Indirect subsidiaries	South Africa	**0,1**	0,1	**100**	100	**–**	–	**–**	–
ESP Solutions (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**–**	–	**–**	–
EOH Consulting Services KZN (Pty) Ltd	South Africa	**0,6**	0,6	**100**	100	**–**	–	**–**	–
EOH Impact Consulting Services (Pty) Ltd	South Africa	**1,0**	1,0	**100**	100	**–**	–	**–**	–
EOH Academy (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**–**	–	**–**	–
Enterprise Scheduling (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**–**	–	**–**	2 700
Managed Print Solutions (Pty) Ltd	South Africa	**0,1**	0,1	**51**	51	**–**	–	**–**	–
E-Secure Distribution (Pty) Ltd	South Africa	**0,1**	0,1	**80**	80	**–**	–	**–**	–
EOH Consulting Services (Eastern Cape) (Pty) Ltd	South Africa	**1,0**	1,0	**90**	90	**–**	–	**–**	–
Lan Metrix (Pty) Ltd	South Africa	**0,1**	0,1	**99**	99	**–**	–	**–**	–
Intelliware (Pty) Ltd	South Africa	**0,1**	0,1	**100**	100	**–**	–	**–**	–
EOH (Pty) Ltd	Australia	**0,1**	–	**80**	–	**–**	–	**–**	–
EOH Europe Ltd	United Kingdom	**0,1**	–	**80**	–	**–**	–	**–**	–
Trusts									
EOH Mthombo Trust				**100**	100	**–**	–	**22 948**	22 948
EOH Share Trust				**100**	100	**–**	–	**2 307**	2 307
						95 701	95 701	**(31 897)**	(30 331)
Less: Impairment provision						**(1 073)**	(1 073)	**–**	–
						94 628	94 628	**(31 897)**	(30 331)

EOH Holdings Limited

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

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

Notice is hereby given that the tenth Annual General Meeting of shareholders of the company will be held on Wednesday, 25 February 2009 at 10:00 in the boardroom of the company, Ground Floor, Block D, Gillooly's View, 1 Osborne Lane, Bedfordview to conduct the following business:

(1) To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 31 July 2008, including the directors' report and the report of the auditors therein.

(2) To elect Mr John King, who was appointed to the board. John graduated from the University of the Witwatersrand with both a Bachelor of Commerce and Bachelor of Accountancy degree before qualifying as a Chartered Accountant. He joined KPMG in 1984 where he gained both local and international experience consulting to major listed companies. John is a former audit partner and former head of KPMG's consulting practice. Before assuming the position of CFO, John headed up EOH's consulting business. John has considerable experience in business and has consulted to major clients (in both the private and public sector) primarily in the areas of 'operationalising strategy' and World Class Finance. John has many diverse interests including property development and is also active in the community where he is either the chairman or a member of several community based organisations.

(3) To reappoint Mr Lucky Khumalo who retires by rotation in terms of the articles of association.

Lucky holds a BSc in Computer Science, Project Management and SCO Ace in UNIX. He also has various technical and management qualifications. He sits on various boards and also spends time growing and helping new businesses. Lucky started his career in 1994 as a programmer and has stayed in the ICT sector since then. He has been involved with project management, business analysis and overall business management over his 12 years in the ICT world. In June 2000, Lucky become one of three entrepreneurs to start an IT Services company, Mthombo IT (M-IT), a company that grew from seven people to over 230 employees nationwide within five years. In 2001, Lucky was voted the Top Black ICT Individual in the country for the role he plays at one of the successful BEE Services companies M-IT, and in 2004 M-IT was voted the Top Black ICT Company in SA. Lucky enjoys the outdoors and uses each opportunity to travel locally and abroad. Lately he has found interest in playing golf.

(4) To approve the directors' remuneration for the year ended 31 July 2008 as reflected in note 42 to the annual financial statements.

(5) To confirm the re-appointment of IAPA Johannesburg as independent auditors of the company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

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

Ordinary resolution number 1

(6) Control of authorised but unissued ordinary shares.
Resolved by way of a general authority that the authorised but unissued ordinary shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company ('directors') and that the directors be and are hereby authorised and empowered to allot and issue such ordinary shares, or to issue any options in respect of such ordinary shares, to such person(s) on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 221 and 222 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and the Listings Requirements of JSE Limited from time to time.

Ordinary resolution number 2

(7) Approval to issue ordinary shares, and to sell treasury shares, for cash.
Resolved that the directors of the company and/or 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 all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of ordinary shares purchased by subsidiaries of the company;

for cash, to such person(s) on such terms and conditions and at such time as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 10% (ten percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the company's next annual general meeting and the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to by the directors of the company; and
- whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.

Under the JSE Listings Requirements, Ordinary Resolution Number 2 must be passed by a 75% majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

Special resolution number 1

(8) General approval to repurchase shares.

Resolved that, as a general approval contemplated in sections 85(2) and 85(3) of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), the acquisition by the company, and/or any subsidiary of the company, from time to time of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the articles of association of the company, the provisions of the Act and the JSE Limited ("JSE") Listings Requirements, where applicable, and provided that:

- the acquisition of ordinary shares will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 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 by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the company;
- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% (twenty per cent) of the company's issued ordinary share capital from the date of the grant of this general authority;
- the company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in para 3.67 of the JSE listing requirements;
- the company and the group are in a position to repay their debt in the ordinary course of business for the following year;
- the consolidated assets of the company, being fairly valued in accordance with International Financial Reporting Standards are in excess of the consolidated liabilities of the company for the following year;
- the ordinary capital and reserves of the company and the group are adequate for the next twelve months;
- the available working capital is adequate to continue the operations of the company and the group in the following year;
- upon entering the market to proceed with the acquisition, the company's Sponsor has complied with its responsibilities contained in Schedule 25 of the JSE Listings Requirements;
- the repurchase of ordinary shares may only be underwritten if after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- at any point in time the company may only appoint one agent to effect any acquisition(s) on its behalf.

Reason for and effect of Special Resolution

The reason for and effect of the Special Resolution number 1 is to authorise the company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the company, subject to the limitations set out above.

It is the intention of the directors to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

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

The JSE Listings Requirements require the following disclosures, some of which are disclosed in the annual report of which this notice forms part, as set out below:

- directors – page 20;
- major shareholders of EOH – page 19 and 20;
- directors' interests in securities – page 20; and
- share capital of the company – page 14.

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

Directors' responsibility statement
The directors, whose names are given on page 20 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the Special Resolution number 1 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all such information.

Litigation statement
Save as disclosed in note 33 of the financial statements, the directors whose names are given on page 20 of the annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Voting and proxies

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote 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 enclosed herewith.

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 other than with "own name" registration and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation, or 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.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited, at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

By order of the board

AEls

A Els
Company Secretary

19 January 2009
Johannesburg

CORPORATE INFORMATION

EOH Holdings Limited
Registration number 1998/014669/06
Share code: EOH
ISIN Code: ZAE000071072

Directorate
Non-executive
Dr Mathews Phosa (Chairman)
Prof Tshilidzi Marwala
Tebogo Skwambane
Rob Sporen (Dutch)

Executive
Asher Bohbot (Chief Executive Officer)
Ken Cullinan
John King
Lucky Khumalo
Dion Ramoo
Jane Thomson

Company secretary
Adri Els

Registered address
Block D, Gillooly's View Office Park, 1 Osborne Lane, Bedfordview, 2007

Telephone number
+27 (0) 11 607 8100

Postal address
PO Box 59, Bruma, 2026

Website
www.eoh.co.za

Auditors
IAPA Johannesburg

Transfer secretaries
Computershare Investor Services (Proprietary) Limited

Sponsor
Merchant Sponsors (Proprietary) Limited

NOTES

Designed by motiv
Printed by ince

FORM OF PROXY

EOH Holdings Limited

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

For the use by certificated shareholders or dematerialised shareholders registered with 'own name' registration only, at the tenth annual general meeting of shareholders of the company to be held in the boardroom of the company, Ground Floor, Block D, Gillooly's View, 1 Osborne Lane, Bedfordview, on Wednesday, 25 February 2009 commencing at 10:00.

Dematerialised shareholders holding shares other than with 'own name' registration, must inform their Central Securities Depository Participant ('CSDP') or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary Letter of Representation to attend the annual general meeting in person and vote or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat. These shareholders must not use this form of proxy.

I/We (name/s in block letters) ______________________________

of (address) ______________________________

Telephone work ( ) ______________ Telephone home ( ) ______________

being the holder/s of ______________ shares in the capital of the company do hereby appoint (see note):

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the Chairperson of the annual general meeting,

as my/our proxy to act for me/us at the annual general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof; and to abstain from voting for and/or against the resolutions in respect of the shares registered in my/our name in accordance with the following instructions:

		Number of shares		
		In favour of	Against	Abstain
1.	To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 31 July 2008			
2.	To elect as a director, Mr John King who was appointed after year end			
3.	To re-elect as a director, Mr Lucky Khumalo who retires by rotation			
4.	To approve the directors' remuneration for the year ended 31 July 2008			
5.	To confirm the re-appointment of the auditors, IAPA Johannesburg Chartered Accountants (SA), for the ensuing financial year and to authorise the directors to determine the auditors' remuneration			
6.	Ordinary Resolution Number 1: Control of authorised but unissued ordinary shares			
7.	Ordinary Resolution Number 2: Approval to issue ordinary shares for cash			
8.	Special Resolution 1: General approval to repurchase shares			

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

Please read the notes on the reverse side of this form of proxy.

Signed at ______________ on ______________ 2009

Signature ______________________________

Assisted by (where applicable) ______________________________

NOTES

1 The form of proxy must only be used by shareholders who hold shares that are not dematerialised or who hold dematerialised shares in their "own name".

2 A shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the annual general meeting". A proxy need not be a shareholder of the company. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3 A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box(es). Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes.

4 A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries not less than 48 hours before the commencement of the annual general meeting.

5 If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.

6 The Chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

7 The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

8 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 or unless this requirement is waived by the Chairperson of the annual general meeting.

9 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 company.

10 Where there are joint holders of shares:

10.1 any one holder may sign the form of proxy;

10.2 the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of 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).

11 Forms of proxy should be lodged with or mailed to Computershare Investor Services (Proprietary) Limited:

Hand deliveries to:
Computershare Investor Services
(Proprietary) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001

Postal deliveries to:
Computershare Investor Services
(Proprietary) Limited
PO Box 61051
Marshalltown, 2107

to be received by no later than 10:00 on Monday, 23 February 2009 (or 48 hours before any adjournment of the annual general meeting which date, if necessary, will be notified in the press).

12 Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.

PARTNER FOR LIFE

www.eoh.co.za