SYSTEMS make it possible...

...PEOPLE make it happen

Group Annual Report 2009

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OUR VISION

Our Vision is to be the BEST technology and business solutions company to work for, partner with and invest in.

OUR MISSION

We endeavour to form life-long partnerships by developing business and IT strategies, supplying and implementing solutions and managing enterprise-wide systems and processes for medium to large clients.

WHAT WE DO

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

EOH differentiates itself on the quality of its people: Our people combine best business practices with state of the art technologies that ensure delivery of optimum client solutions. EOH not only designs and builds world class solutions – through our outsourcing services we also run these systems and solutions on behalf of our clients.

EOH AT A GLANCE

- **Leader in Technology and Business Solutions**
- **Largest implementer of ERP solutions**
- **Widest range of applications**
- **Top 5 IT service provider**
- **End-to-end offering**
- **Strong black economic empowerment profile**
- **Operate in South Africa, Africa and the UK**
- **Listed on JSE 1998**
- **Over 1 600 people**

ABOUT EOH

EOH was established in 1998 with the aim of bridging the gap between business and technology. In 11 years, EOH has not only proven the importance of bridging the business/IT gap, but has, through its strategic partnerships and innovative products and services, dramatically transformed the way businesses view IT.

EOH demonstrated an immaculate financial performance in the past 11 years, realising over 40% compounded growth per annum since its inception, with headline earnings per share higher than 20% in all 20 reporting periods. Late in 1998 the company was listed on the JSE. This decision was not motivated by capital gain; it was simply the appropriate time to encourage growth and gain better exposure for the business and the EOH brand.

Acquisition growth has always played a role in the EOH growth strategy coupled with an extensive drive to increase annuity business in many existing and innovative ways. This strategy will continue.

EOH is a services-focused business and we hold high our philosophy of building partnerships for life with our customers.

Relevant to the sector we operate in, the glue that holds EOH together is its people. There is a formidable correlation between the business and its employees which is why there is no compromise on the key driver to attract and retain the best talent in the industry. We are 1 600 staff strong, and growing. Since EOH employs only the best, our customers are assured of a comprehensive and integrated approach which delivers a 'right first time' solution, every time. EOH recognises the importance of putting the right people in place to ensure we deliver what the customer expects.

Designing, building and operating world-class business systems

Doing more with less is a priority in companies around the globe today, and the spotlight has fallen quite heavily on CIO's to make sure that they achieve what they claim IT can do for the business. As a leading provider of end-to-end solutions to customers who want to evolve their IT services to increase efficiency, lower costs and become more responsive, EOH is taking over the pains of procuring and managing critical IT infrastructure.

EOH understands its customers' need to conserve their resources without compromising service. To this end, EOH offers a comprehensive range of managed services which include full IT outsourcing, IT infrastructure maintenance and support, hosting and network managements, and desktop support. Apart from receiving an end-to-end service from EOH, this also gives customers access to dedicated and specialised skills – something which an in-house scenario can seldom offer and maintain.

EOH is also solidly focused on the implementation of enterprise systems for boosting revenue and keeping costs down. It is our experience that without such systems in place, the economic downturn poses greater risk to business operations.

Giving companies clearer visibility into their operations and processes is a focus for EOH. This enables our customers to quickly capitalise on what works well, rapidly identify and address the issues that degrade performance and efficiency, and optimise their use of resources. In addition, our customers aren't basing decisions on guesswork but rather on fact, and are able to ensure greater alignment and accountability across all employees, so business performance is maximised within the allocated plans and budgets.

Companies outsource IT environments for a variety of reasons (sharpening their focus on strategic goals, better managing operating costs, boosting system performance, etc.) and, at a minimum, EOH addressed each of these issues. EOH does not, and never will, follow a one-size-fits-all strategy. Each client solution is designed to optimise their unique operating environment and EOH's mission is clear, to form life-long partnerships by developing business and IT strategies, supplying and implementing solutions and managing enterprise-wide systems and processes for the realisation of cost reduction, greater risk control, and increased revenue.

Services at EOH

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

Consulting

With the know-how to help clients excel in a rapidly-changing business environment, this division creates value and architecture change through its range of services. Solutions are crafted from both global best practice and hands-on experience. Services include strategic systems planning and architecture, strategic business architecture, and project and programme management. In addition, EOH Consulting provides project services and contract resourcing.

Technology

EOH has long been recognised for the exceptional skill of its technology consultants. EOH's technology offerings, combined with world-class processes, best-in-class methodologies and stringent project management ensures exceptionally consistent delivery. EOH also provides niche-packaged solutions to the mining and public sectors.

- **Enterprise-wide Systems**
  EOH implements and supports enterprise-wide systems, including Oracle, SAP, Microsoft, Infor and Syspro.
- **Business Intelligence**
  Combining EOH's expertise in information management and professional consulting services, EOH delivers world class BI solutions with product partners Oracle, SAP Business Objects, Cognos and Infor CPM.
- **Business Technology Optimisation**
  In partnership with HP Software, EOH provides and implements 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) and, in Sub-Saharan Africa, represents the Wonderware solution set.
- **Networking Technologies**
  EOH is a leader in this field and has key alliances with F5, Packeteer and Bluecoat.
- **Infrastructure Solutions**
  EOH provides optimised infrastructure solutions in partnerships with HP and IBM.

Outsourcing

To assist clients to achieve optimum performance, EOH provides outsourcing services to virtually every type of need.

- **Infrastructure Outsourcing**
  Providing around-the-clock remote and on-site support, EOH's state-of-the-art Network Operational Control Centre and call centre facilities ensure a highly proactive and efficient operation.
- **Application Outsourcing**
  EOH's application outsourcing services helps clients increase the strategic value of their application investments and reduces the overall cost of ownership. EOH's range of services includes testing and development and the application of emerging technologies. In application outsourcing, EOH provides not only technical and operational support but also the strategic support required.
- **Business Process Outsourcing**
  EOH optimises these processes and achieves both cost reduction and service excellence. Its BPO practice covers IT planning and budgeting, telecentre operations and standard HR processes.
- **Managed Services**
  EOH provides on-site and remote managed services through its support call centres and an agile staff complement.
- **Transformational Outsourcing**
  With this offering, EOH combines some or all of the above services into a single offering to allow companies to manage risk and operationalise IT-related costs.

Right First Time

The truth today is that customers do not have to remain loyal. If they are unhappy with a provider's service, for whatever reason, they will quickly find another company to do business with. It is no longer good enough to simply 'satisfy' customers, which is why customer intimacy is not just another buzz word at EOH – it is a way of life. Much time and effort is spent on developing this business imperative across the company. A key driver to customer intimacy, especially in the current economic environment, is the EOH 'Right First Time' philosophy. EOH practices excellence, professional planning and execution in all we do to ensure that it delivers its services right – first time. EOH's employees are critical to this objective and we can proudly say that the quality of our staff has and always will be the reason EOH maintains an impeccable reputation in the IT services market.

GROUP FINANCIAL HIGHLIGHTS

Revenue R1 255,1 million — up 32,0%

Attributable income R77,8 million — up 27,6%

EPS 120,7 cents — up 25,5%

HEPS 121,9 cents — up 25,9%

Cash R206,9 million — up 73,6%

Dividend 30,0 cents — up 20,0%

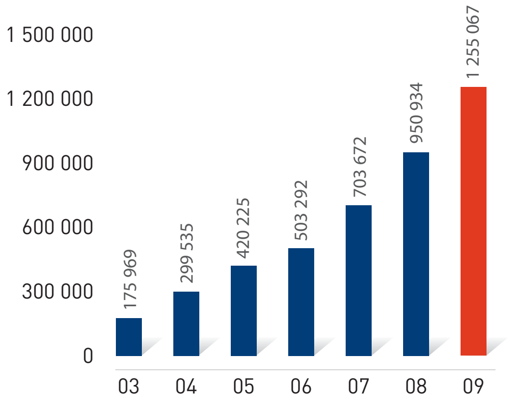
		12 months to 31 July 2009	12 months to 31 July 2008	12 months to 31 July 2007	12 months to 31 July 2006	12 months to 31 July 2005**	12 months to 31 July 2004*	12 months to 31 July 2003*
Revenue	(R'000)	**1 255 067**	950 934	703 672	503 292	420 225	299 535	175 969
Attributable income	(R'000)	**77 835**	60 988	49 038	37 457	23 166	19 134	14 395
Earnings per share	(cents)	**120,7**	96,2	78,6	63,4	46,1	40,6	30,7
Headline earnings per share	(cents)	**121,9**	96,8	78,8	63,4	52,7	42,8	33,1
Fully diluted earnings per share	(cents)	**104,9**	85,7	69,5	54,5	37,0	36,8	29,4
Dividend per share	(cents)	**30,0**	25,0	20,0	14,0	11,5	10,0	7,0
Cash	(R'000)	**206,9**	119,1	114,1	84,5	68,4	61,7	40,4
Net asset value per share	(cents)	**406,7**	328,6	274,1	213,3	165,3	133,3	102,8

Notes

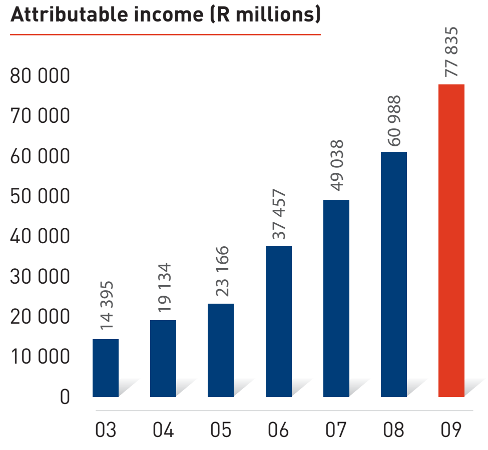
* *these numbers are as reported under old SA GAAP*

** *restated under IFRS*

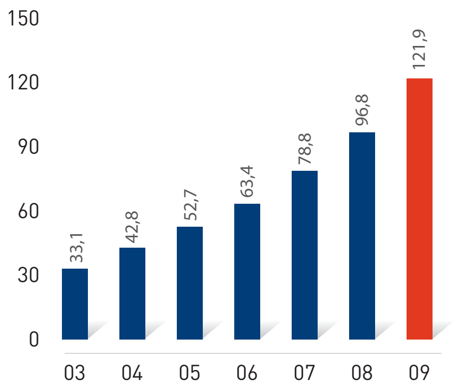
Revenue (R millions)



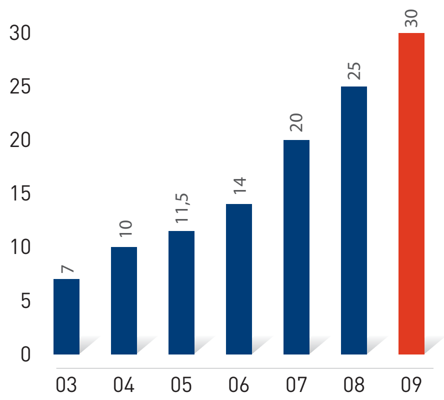
Attributable income (R millions)



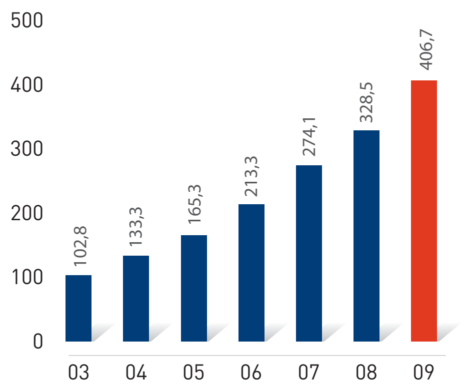
Headline earnings per share (cents)



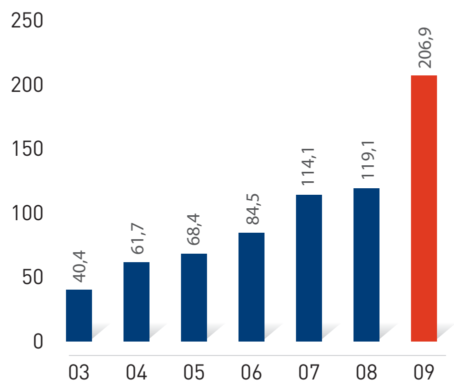
Dividend per share (cents)



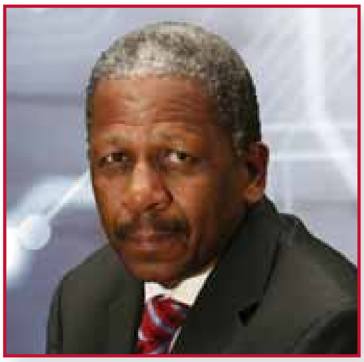
Net asset value per share (cents)



Cash (R millions)



BOARD OF DIRECTORS



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

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

Pumeza Bam
Executive Director
BSc Biochemistry
Appointed 15 July 2009

Lucky Khumalo
Executive Director
BSc (Computer Science)
Re-appointed 25 February 2009

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

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

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

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

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

Jane Thomson
Executive Director
Re-appointed 15 February 2006

"We've always been impressed by both the composition of this company's strategy and its board."

Warwick Lucas
Analyst at Imara SP Reid

> "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 eleventh year of existence with another set of excellent results. All of us at EOH are proud of our achievements, especially during these challenging times. 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 all these years.

In 2009 EOH crossed the billion rand turnover milestone with ease. This year marked EOH becoming one of the top IT service providers in Southern Africa and the largest enterprise applications provider in our territory. Early in the year we entered the resourcing, contract management and business process outsourcing space through the acquisition of Highveld PFS.

At the beginning of the second half of the year, EOH was appointed as the long-term sole representative of Computer Associates ('CA') (the fourth largest software company in the world) in Southern Africa, something EOH is very proud of. This partnership puts EOH squarely as a first tier software and IT service provider in our region.

In 2009 we began promoting and selling our various offerings as a combined composite solution to our blue chip customers, a process we believe will support our endeavours to be the chosen lifelong technology partner to our key customers.

Internally we have created a powerful leadership team strong enough to manage the doubling of EOH. We also enhanced our shared services effectiveness, allowing our operating units to focus on their people and customers.

In 2009 EOH demonstrated its ability to attract technology partners, blue chip customers and the best people in the industry.

Financial performance

The board is satisfied with the overall performance for the year under review. Revenue improved by 32,0% over the previous year, whilst profit before tax increased by 27,3% and the headline earnings per share by 25,9%.

The balance sheet remains strong with the growth being financed internally. Cash resources were substantially up by 73,6% to R206,9 million. The board has declared a dividend of 30 cents per share.

Vision and key objectives

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

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.**

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

Partner for life

– To develop lifelong mutually beneficial partnerships with both our customers and technology partners.

Best people

– To attract, develop and retain the best people.

Right first time

– Excellent, professional planning and execution in all that we do.

Profitable growth

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

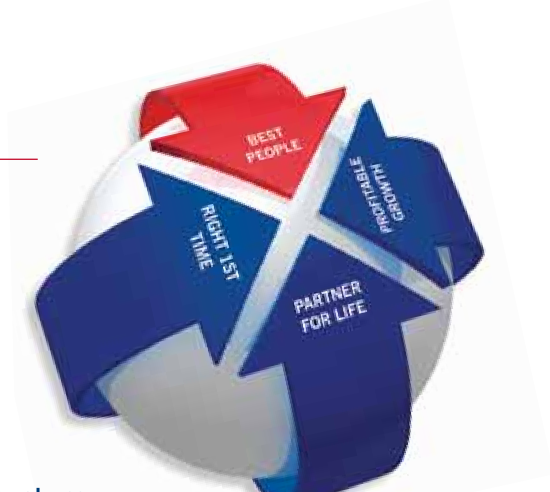
Operating model

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

Consulting

EOH Consulting Services assist in defining IT strategies, operations and governance. We see IT as a driver for business change to ensure that our clients maximise business value from their IT investment. We strive to align IT with business needs and to ensure more business effectiveness and agility.

Our consulting business offers IT Strategy and Architecture, Business Operations Optimisation, Change Management and Project Management.



Group structure

We are a business and technology solution provider. We endeavour to form life-long partnerships by developing business and IT strategies, supplying and implementing solutions and managing enterprise-wide systems and processes for medium to large clients.

EOH was founded and listed on the JSE in 1998 and since then has grown from strength to strength with the Head Office located in Johannesburg with operations located in all the major centres of South Africa, West and Central Africa and the United Kingdom.

EOH offers consultancy technology and outsourcing solutions to a wide range of industries. The goal is to match the needs of our 2 500 customers, enabling them to get on with that they do best. We have an expansive solution set which allows us to deliver a wide service offering to our client base via our team of 1 600 staff. EOH serves the following industries: Financial Services, Mining Sector, Manufacturing Industry, Public Sector and Telecommunications Industry.

Technology

Our Technology offerings are based on the best in class software processes and methodologies and include the following:

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

Outsourcing

EOH has a broad range of outsourcing services that we offer to our clients which includes Infrastructure Managed Services, Technical and Application Managed Services, Desktop Managed Services and Business Process Managed Services and Resourcing.

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

EOH comprises more than 30 strategic business units, each fully accountable for the top and bottom line with the overall strategy of the business being driven centrally. The 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 financial, IT, HR, legal and marketing support, as well as business development and strategic account management. This ensures that the business units remain customer focused maximising the value-add to our customers.

Strategy

Our business is about our clients and 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 issues to which we give priority.

It is the knowledge and experience of our staff that ensures that our clients receive the best 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 1 600 people – 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 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.

EOH has achieved critical mass and is considered one of the top five service providers in South Africa. EOH's wide offering added to various industries both in 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 development

We are committed to the empowerment of those who have been economically marginalised and previously disadvantaged through discriminatory practices and have an active Employment Equity Forum. We aim 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**
  EOH has a 34,3% broad-based effective black ownership with the establishment of the Mthombo Empowerment Trust in 2006 as the main catalyst. We will continue to strive to improve this percentage.

- **Management and control**
  Black people currently hold six of the ten director's positions on the EOH board, three of which are in executive directorship positions, three in non-executive positions with Dr Nakedi Mathews Phosa holding the non-executive chair.

- **Employment equity (EE)**
  EOH complies with the requirements of the Employment Equity Act and through a process of continuous improvement of its employment equity profile, EOH has an EE staff complement of 43,5%.

- **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 to uplift their personal skills. We have learnership agreements as part of our commitment towards the development of skills and experience.

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

- **Enterprise development**
  Through joint ventures with black SMEs, we encourage and support black entrepreneurs to participate in business opportunities. More specifically we 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 (CSI)**
  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

All our business units include a consulting/advisory aspect which assists our clients to 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.

Both our business and technology consulting services are a critical part of our business model. Their value-add to the group is paramount and a prime differentiator in the market place. We operate in the boardroom of our clients and we are therefore able to identify opportunities for other business units to contribute to the client's success.

Technological services

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

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.
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.

Managed services

We have a broad range of managed service offerings. We provide managed services to cater for virtually every client's IT needs and in this regard help our clients achieve optimum performance in these areas.

Our services include:

- **Technology Managed Services** where we ensure that our client's infrastructure works by providing 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 Managed Services** where we 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 managed services, we provide not only technical and operational support but also the strategic support required from our experienced consulting base.

- **Business Process Outsourcing ('BPO')** where we optimise processes to achieve both cost reduction and service excellence. Our BPO practice covers IT planning and budgeting, telecentre operations, HR processes and personal finance management for contractors.

- **Resourcing** where we provide skills to the technology market through permanent and temporary placements.

Future plans

The local economic environment is showing signs of improvement with customers undertaking IT initiatives beyond the maintenance and support of their existing IT investment.

Being recognised as a major player in the technology, consulting and outsourcing space has enhanced our ability to deliver effective 'end-to-end' solutions, enabling EOH to offer its large clients a single source for a significant portion of their IT needs.

The EOH brand is now well established. We have a solid customer base of over 2 500 clients, a wide spread of offerings, a strong annuity base and a healthy balance sheet – EOH is in a strong position to grow even further and we aim to gain our future growth by expanding our existing product sets and service offerings as well as via strategic acquisitions. We believe we have the ability, the management, the track record and the resources to do this effectively.

CORPORATE GOVERNANCE

The board of directors

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.

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

The board is making good progress with regard to complying with the recommendations of King II and to align with the recommendations of King III. The board has, however, acknowledged the need to re-structure in order to take steps towards compliance with these recommendations. Currently there are four non-executive directors.

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

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. Where a non-executive director is unable to attend a meeting, independent discussions and inputs are obtained and imparted at the board meeting.

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 some of the 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 69 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 deemed appropriate. The board has appointed an audit and risk committee and a remuneration committee, the details of which are presented below.

Audit and risk committee

The group's audit and risk committee is no longer chaired by the chairman of the board to comply with the guidelines of King III and is now chaired by a non-executive director. This committee meets formally 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 the interim and final results. The audit committee is satisfied with the experience and expertise of the group financial director.

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

Directors	24 June 2009	17 March 2009	19 November 2008	22 September 2008
Dr Mathews Phosa	**No**	No	No	No
Asher Bohbot	**Yes**	Yes	Yes	Yes
Pumeza Bam**	**Yes**	n/a	n/a	n/a
Ken Cullinan*	**n/a**	n/a	No	Yes
Lucky Khumalo	**Yes**	Yes	Yes	Yes
John King	**Yes**	Yes	Yes	Yes
Tshilidzi Marwala	**No**	Yes	Yes	Yes
Dion Ramoo	**No**	Yes	Yes	Yes
Tebogo Skwambane	**Yes**	Yes	Yes	No
Rob Sporen	**Yes**	Yes	Yes	Yes
Jane Thomson	**No**	Yes	Yes	Yes
Adri Els (Secretary)	**Yes**	Yes	Yes	Yes

* *Resigned on 30 November 2008*
** *Appointed on 15 July 2009*

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 effective;
- 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:

Directors	**17 March 2009**	22 September 2008
Dr Mathews Phosa	**No**	No
Asher Bohbot	**Yes**	Yes
Adri Els (Secretary)	**Yes**	Yes
David Grawitzky (Auditor)	**Yes**	Yes
Robert Hall (Auditor)	**Yes**	Yes
John King	**Yes**	Yes
Tebogo Skwambane	**Yes**	n/a
Rob Sporen	**Yes**	Yes

Remuneration committee

The remuneration committee is chaired by a 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 fully comply with the recommendations of King II. However, the board is committed to transforming the composition of the board and its various sub-committees and to this end a search is currently underway to identify suitably qualified independent non-executive directors for appointments to the board and its 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:

Directors	**24 June 2009**	19 November 2008
Dr Mathews Phosa	**No**	No
Asher Bohbot	**Yes**	Yes
Pumeza Bam	**Yes**	n/a
Lucky Khumalo	**Yes**	Yes
John King	**Yes**	Yes
Adri Els (Secretary)	**Yes**	Yes

Company secretary

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

All directors have access to the advice and services of the company secretary and, in appropriate circumstances, are entitled and authorised, at the company's expense, to seek independent professional advice concerning the affairs of the 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.

Critical business processes

Business continuity plans are in place should a disaster occur to ensure that the business, both from an information technology and operational viewpoint, continues with the least amount of disruption.

Going concern

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

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 is 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 Forum which, amongst other responsibilities, monitors the implementation of the Employment Equity (EE) Plan. Training and development of employees from the designated groups forms an important component of the EE plan and attention is focused on accelerated development of the previously disadvantaged groups.

Black Economic Empowerment strategy

34,3% of EOH is effectively black-owned and in time the effective holding will increase. EOH has a Black Economic Empowerment ('BEE') plan which focuses on:

- Equity participation;
- Employment equity;
- Skills development;
- Enterprise development;
- Corporate social investment;
- Preferred suppliers; and
- Management development.

The current profile is as follows:

- 34,3% broad-based effective black ownership in EOH;
- 43,5% black employee profile; and
- Six black directors, including three executives and three non-executives of which one is the non-executive chairman.

EOH believes that the most effective way to achieve broad-based empowerment is to involve its black 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, including the Employment Equity Forum, 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.

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 final results announcements or while the company is trading under-cautionary.

Annual Financial Statements 2009

CONTENTS

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of EOH Holdings Limited

We have audited the accompanying annual financial statements of EOH Holdings Limited, which comprise the directors' report, the balance sheet as at 31 July 2009, 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 72.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') 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 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 annual financial statements present fairly, in all material respects, the financial position of the company as of 31 July 2009, 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.

David Grawitzky
IAPA Johannesburg Chartered Accountants Inc.
Registered Auditors

14 September 2009
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. 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 72 were approved by the board of directors on 14 September 2009 and are signed on its behalf by:

Asher Bohbot
Chief Executive Officer

John King
Executive Director

CERTIFICATION BY THE COMPANY SECRETARY

In terms of section 268G (1)(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 2009, 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.

Els

Mrs A Els
Company Secretary

14 September 2009

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 2009.

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 – EOH Consulting Services assist in defining IT strategies, operations and governance. We see IT as a driver for business change to ensure that our clients maximise business value from their IT investment. We strive to align IT with business needs to ensure more business effectiveness and agility. Our consulting business offers IT Strategy and Architecture, Business Operations Optimisation, Change Management and Project Management Services.

Technology – Our technology offerings are based on best in class software processes and methodologies and include the following:

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

Outsourcing – EOH has a broad range of outsourcing services that we offer to our clients which includes Infrastructure Managed Services, Technical and Application Managed Services, Desktop Managed Services and Business Process Managed Services and Resourcing.

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

Basis of preparation

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

Trading results

The results of operations for the year ended 31 July 2009 are detailed in the accompanying table. Earnings attributable to ordinary shareholders amounted to R77,8 million representing earnings per share of 120,7 cents and headline earnings per share of 121,9 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, restated for the adoption of IFRS, are set out below:

Figures in Rand thousand	Audited 2009	Audited 2008
Revenue	1 255 067	950 934
Profit before tax	116 493	91 476
Taxation	(39 961)	(29 990)
Profit for the period	76 532	61 486
Earnings per share (cents)	120,7	96,2
Headline earnings per share (cents)	121,9	96,8
Fully diluted earnings per share (cents)	104,9	85,7
Dividends per share (cents)	30,0	25,0

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 30 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, 30 October 2009. Shareholders are advised that the last day to trade *cum* the dividend will be Friday, 23 October 2009. The shares will trade *ex* dividend as from Monday, 26 October 2009. Payment will be made on Monday, 2 November 2009. Share certificates may not be dematerialised or rematerialised during the period Monday, 26 October 2009 to Friday, 30 October 2009, both days inclusive.

Share capital

During the financial year the authorised share capital remained unchanged and a total of 2 157 918 ordinary shares were issued during the year as a result of part settlement of a recent acquisition and employees exercising share options in terms of the EOH Share Option Scheme.

Between year end and the publication of the report, a further 477 500 ordinary shares have been issued as a result of employees exercising share options in terms of the EOH Option Scheme and 1 466 667 as part settlement for an acquisition.

At year end 3 840 336 EOH shares were held by a wholly-owned subsidiary of EOH and will not be cancelled.

At 31 July 2009 the shares of the company were held by the following categories of shareholders:

	Number of shareholders	Percentage	Number of shares	Percentage
Shareholder spread				
1 – 1 000 shares	274	24,55	152 239	0,20
1 001 – 10 000 shares	599	53,67	2 606 828	3,44
10 001 – 100 000 shares	187	16,76	5 236 691	6,91
100 001 – 1 000 000 shares	39	3,50	15 875 696	20,94
1 000 001 shares and over	17	1,52	51 945 058	68,51
	1 116	100,00	75 816 512	100,00
Distribution of shareholders				
Close corporations	20	1,79	177 155	0,23
Empowerment trust	1	0,09	9 180 382	12,11
Endowment funds	9	0,81	1 473 267	1,94
Individuals	887	79,48	16 862 316	22,24
Insurance companies	3	0,27	2 464 525	3,25
Investment companies	5	0,45	112 102	0,15
Medical scheme	1	0,09	20 000	0,03
Mutual funds	30	2,68	26 697 170	35,21
Nominees and trusts	109	9,77	3 145 230	4,15
Other corporations	7	0,62	75 220	0,10
Private companies	31	2,78	1 308 316	1,72
Public companies	1	0,09	57 050	0,08
Retirement funds	10	0,90	10 122 267	13,35
Share trust	1	0,09	243 226	0,32
Treasury shares	1	0,09	3 878 286	5,12
	1 116	100,00	75 816 512	100,00
Public/non-public shareholders				
Non-public shareholders	6	0,54	13 148 338	17,35
– Directors and associates of the company of holdings	4	0,36	9 026 826	11,91
– The Mthombo Trust	1	0,09	243 226	0,32
– The EOH Share Trust	1	0,09	3 878 286	5,12
Public shareholders	1 110	99,46	62 668 174	82,65
	1 116	100,00	75 816 512	100,00

According to records of the company, the only shareholders registered as holding three percent or more of the company's shares at 31 July 2009, other than directors, are as follows:

	Shareholding 31 July 2009	Percentage	Shareholding 31 July 2008	Percentage
Major shareholders				
Sanlam	**15 120 728**	**19,94**	15 299 222	20,77
The Mthombo Trust	**9 180 381**	**12,11**	9 180 382	12,46
Asher Bohbot	**7 343 026**	**9,68**	7 188 220	9,76
Old Mutual	**5 266 543**	**6,95**	5 025 919	6,82
Eskom Pension and Provident Fund	**5 015 919**	**6,62**	4 336 299	5,89
V55 Investments	**3 878 286**	**5,12**	2 973 000	4,04
ABSA	**2 973 000**	**3,92**	2 451 698	3,33
	48 777 883	**64,34**	46 454 740	63,07

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 and business combinations

Early in the year we entered the resourcing, contract management and business process outsourcing space through the acquisition of Highveld PFS.

At the beginning of the second half of the year, EOH was appointed as the long-term sole representative of CA (the fourth largest software company in the world) in Southern Africa, something EOH is very proud of. This partnership puts EOH squarely as a first tier software and IT service provider in our region.

Directorate

The following directors served during the period:

Dr Mathews Phosa
Asher Bohbot
Pumeza Bam (appointed 15 July 2009)
Ken Cullinan (resigned 30 November 2008)
Lucky Khumalo
John King
Prof Tshilidzi Marwala
Dion Ramoo
Tebogo Skwambane
Robert Sporen (Netherlands)
Jane Thomson

Directors' interest in contracts

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

Directors' interest in the share capital of the company

At 31 July 2009 the directors' direct and indirect interest in the company's issued shares were as follows:

	Beneficial July 2009	Beneficial July 2008	Non-beneficial July 2009	Non-beneficial July 2008	Share options July 2009	Share options July 2008
Directly						
Dr Mathews Phosa	**–**	–	**–**	–	**766 667**	1 150 000
Asher Bohbot	**154 806**	123 106	**–**	–	**875 000**	875 000
Pumeza Bam	**–**	–	**–**	–	**250 000**	–
Ken Cullinan (resigned)	**–**	40 000	**–**	–	**–**	337 500
Lucky Khumalo	**1 000 000**	2 283 000	**–**	–	**500 000**	500 000
John King	**–**	–	**–**	–	**500 000**	500 000
Prof Tshilidzi Marwala	**–**	–	**–**	–	**–**	–
Dion Ramoo	**–**	–	**–**	–	**246 667**	495 000
Tebogo Skwambane	**–**	–	**–**	–	**–**	–
Rob Sporen	**–**	–	**–**	–	**–**	–
Jane Thomson	**–**	–	**–**	–	**400 000**	400 000
Indirectly						
Asher Bohbot	**7 188 220**	7 188 220	**–**	–	**–**	–
Rob Sporen	**683 800**	683 800	**85 000**	79 000	**–**	–

Ordinary shares

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

- EOH Share Option Scheme – 2 880 645 ordinary share options were issued to employees
- The Mthombo Trust – 5 753 203 ordinary share options were issued to employees

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

- EOH Share Option Scheme – 350 000 ordinary share options were issued to employees
- The Mthombo Trust – 1 404 999 ordinary share options were 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 Mthombo Trust 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 Mthombo Trust
Opening balance	**437 933**	**8 732 500**	**6 868 141**
Granted	–	2 880 645	5 753 203
Exercised	(189 506)	(777 500)	(917 118)
Forfeited	–	(937 500)	(3 026 696)
Closing balance	**248 427**	**9 898 145**	**8 677 530**
Exercisable	248 427	1 571 250	113 393

Contingent liabilities

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

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

Subsequent events

Other than the events noted in the annual report, no material event or transaction has occurred subsequent to 31 July 2009 that warrants adjustment to, or notification in, the annual financial statements.

No change statement

This annual report for the year ended 31 July 2009 does not contain any material modifications to the audited results which were published on 14 September 2009.

BALANCE SHEET

at 31 July 2009

Figures in Rand thousand	Notes	Group 2009	Group 2008	Company 2009	Company 2008
Assets					
Non-current assets					
Property, plant and equipment	3	37 170	29 764	–	–
Intangible assets	4	215 936	109 527	–	–
Investments in subsidiaries	5	–	–	94 628	94 628
Investments in associates	6	–	353	–	–
Other financial assets	7	4 833	5 712	–	–
Deferred tax	8	26 424	11 809	–	–
		284 363	157 165	94 628	94 628
Current assets					
Inventories	9	7 872	7 821	–	–
Loans to group companies	10	–	–	46 967	35 575
Current tax receivable		3 252	3 725	–	18
Trade and other receivables	11	343 455	223 721	396	350
Cash and cash equivalents	12	206 877	119 140	147	141
		561 456	354 407	47 510	36 084
Total assets		845 819	511 572	142 138	130 712
Equity and liabilities					
Equity					
Attributable to equity holders of parent					
Share capital	14	60 501	47 051	82 136	71 655
Reserves	16	2 863	7 416	–	–
Accumulated profit/(loss)		244 966	187 540	(10 913)	(8 731)
Non-controlling interest		(527)	776	–	–
		307 803	242 783	71 223	62 924
Liabilities					
Non-current liabilities					
Other financial liabilities	17	33 333	2 600	119	119
Finance lease obligation	18	71	1 115	–	–
Deferred tax	8	4 434	4 667	13	–
		37 838	8 382	132	119
Current liabilities					
Loans from group companies	10	–	–	70 700	67 472
Other financial liabilities	17	77 387	16 775	–	–
Current tax payable		44 570	18 794	–	–
Finance lease obligation	18	701	896	–	–
Trade and other payables	21	334 455	191 248	53	161
Deferred income		41 066	32 658	–	–
Provisions	20	1 969	–	–	–
Dividend payable		30	36	30	36
		500 178	260 407	70 783	67 669
Total liabilities		538 016	268 789	70 915	67 788
Total equity and liabilities		845 819	511 572	142 138	130 712
Net asset value per share (cents)		406,7	328,6	93,9	85,4
Net tangible asset value per share (cents)		121,9	179,9	93,9	85,4

INCOME STATEMENT

for the year ended 31 July 2009

Figures in Rand thousand	Notes	Group 2009	Group 2008	Company 2009	Company 2008
Revenue	23	1 255 067	950 934	–	–
Cost of sales		(797 421)	(625 737)	–	–
Gross profit		457 646	325 197	–	–
Operating expenses		(336 447)	(228 764)	(2 152)	(2 960)
Depreciation		(9 932)	(6 958)	–	–
Amortisation of intangible assets		(1 811)	(667)	–	–
Impairment of assets		(458)	(40)	–	–
Reversal of impairment of assets		34	–	–	–
Operating profit/(loss)	24	109 032	88 768	(2 152)	(2 960)
Investment income	25	10 602	5 141	18 416	14 515
Impairment of investment in associated companies		(353)	–	–	–
Income from equity accounted investments		–	120	–	–
Loss on disposal of associated companies		–	(777)	–	–
Finance costs	26	(2 788)	(1 776)	–	–
Profit before taxation		116 493	91 476	16 264	11 555
Taxation	27	(39 961)	(29 990)	(31)	9
Profit for the year		76 532	61 486	16 233	11 564
Attributable to:					
Equity holders of parent		77 835	60 988	16 233	11 564
Non-controlling interest		(1 303)	498	–	–
Earnings per share (cents)	37	120,7	96,2	25,2	18,3
Fully diluted earnings per share (cents)	37	104,9	85,7	21,9	16,3
Dividend per share (cents)		30,0	25,0	30,0	25,0

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2009

Figures in Rand thousand	Share capital	Share premium	Total share capital	Reserves	Accu-mulated profit/ (loss)	Total attri-butable to equity holders of the group	Non-con-trolling interest	Total equity
Group								
Balance at 1 August 2007	633	45 842	46 475	12 354	140 009	198 838	278	199 116
Currency translation differences	–	–	–	976	–	976	–	976
IFRS 2 adjustment*	–	–	–	5 992	–	5 992	–	5 992
Prior period adjustment	–	–	–	–	(798)	(798)	–	(798)
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)	–	(12 616)	–	(12 616)
Dividends	–	–	–	–	(12 659)	(12 659)	–	(12 659)
Balance at 1 August 2008	**628**	**46 423**	**47 051**	**7 416**	**187 540**	**242 007**	**776**	**242 783**
Currency translation differences	**–**	**–**	**–**	**(127)**	**–**	**(127)**	**–**	**(127)**
IFRS 2 adjustment*	**–**	**–**	**–**	**11 790**	**–**	**11 790**	**–**	**11 790**
Reclassification adjustment**	**–**	**5 156**	**5 156**	**–**	**(5 156)**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**	**77 835**	**77 835**	**(1 303)**	**76 532**
Issue of share capital	**22**	**10 459**	**10 481**	**–**	**–**	**10 481**	**–**	**10 481**
Movement in treasury shares	**(22)**	**(2 165)**	**(2 187)**	**(11 154)**	**–**	**(13 341)**	**–**	**(13 341)**
Post acquisition adjustment	**–**	**–**	**–**	**(1 665)**	**–**	**(1 665)**	**–**	**(1 665)**
The effects of consolidating the Mthombo Trust	**–**	**–**	**–**	**(3 397)**	**–**	**(3 397)**	**–**	**(3 397)**
Dividends	**–**	**–**	**–**	**–**	**(15 253)**	**(15 253)**	**–**	**(15 253)**
Balance at 31 July 2009	**628**	**59 873**	**60 501**	**2 863**	**244 966**	**308 330**	**(527)**	**307 803**
Notes	14	14	14	16				

* *Adjustment required in terms of share option schemes. (Refer to note 15)*

** *Adjustment to account for the reclassification of reserves in a subsidiary company acquired which is not sufficiently material to warrant restating prior period figures.*

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2009

Figures in Rand thousand	Share capital	Share premium	Total share capital	Reserves	Accu-mulated profit/(loss)	Total attri-butable to equity holders of the group	Non-con-trolling interest	Total equity
Company								
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 share capital	11	1 274	1 285	–	–	1 285	–	1 285
Dividends	–	–	–	–	(14 511)	(14 511)	–	(14 511)
Balance at 1 August 2008	**737**	**70 918**	**71 655**	**–**	**(8 731)**	**62 924**	**–**	**62 924**
Profit for the year	**–**	**–**	**–**	**–**	**16 233**	**16 233**	**–**	**16 233**
Issue of share capital	**22**	**10 459**	**10 481**	**–**	**–**	**10 481**	**–**	**10 481**
Dividends	**–**	**–**	**–**	**–**	**(18 415)**	**(18 415)**	**–**	**(18 415)**
Balance at 31 July 2009	**759**	**81 377**	**82 136**	**–**	**(10 913)**	**71 223**	**–**	**71 223**
Notes	14	14	14	16				

CASH FLOW STATEMENT

for the year ended 31 July 2009

Figures in Rand thousand	Notes	Group 2009	Group 2008	Company 2009	Company 2008
Cash flows from operating activities					
Cash used in operations	29	135 587	78 410	(2 306)	(2 856)
Investment income		10 602	5 141	1	4
Dividends received		–	–	18 415	14 511
Finance costs		(2 788)	(1 776)	–	-
Tax (paid)/received	30	(25 927)	(25 218)		38
Net cash from operating activities		117 474	56 557	16 110	11 697
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(18 614)	(19 255)	–	–
Sale of property, plant and equipment	3	3 111	815	–	–
Acquisition of businesses including subsidiaries, associates and joint ventures	38	14 057	1 846	–	–
Loans to group companies repaid		–	–	–	2 700
Loans advanced to group companies		–	–	(11 391)	(4 197)
Proceeds from loans from group companies		–	–	3 983	3 063
Repayment of loans from group companies		–	–	(756)	–
(Increase)/decrease in financial assets		(313)	(3 061)	–	–
Post acquisition adjustment		–	(1 297)	–	–
United Kingdom office start-up		–	(615)	–	–
CA (Southern Africa) office start-up		(11 006)	–	–	–
Net cash from investing activities		(12 765)	(21 567)	(8 164)	1 566
Cash flows from financing activities					
Proceeds on share issue	14	10 481	1 286	10 481	1 285
Proceeds from other financial liabilities		9 273	–	–	–
Settlement of post acquisition obligations		–	(4 922)	–	–
Net acquisition of treasury shares		(20 226)	(12 551)	–	–
Finance lease payments		(1 241)	(1 144)	–	–
Dividends paid	31	(15 259)	(12 655)	(18 421)	(14 507)
Net cash from financing activities		(16 972)	(29 986)	(7 940)	(13 222)
Total cash movement for the year		87 737	5 004	6	41
Cash at the beginning of the year		119 140	114 136	141	100
Total cash at end of the year	12	206 877	119 140	147	141

1. Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, Interpretations issued by the International Financial Reporting Interpretation Committee ('IFRIC'), and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

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:

Impairment of 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

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

Options granted

Management used the Binomial model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 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. 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.

1. Accounting policies continued

1.1 Significant judgements continued

Provisions

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

Taxation

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

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the 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
Buildings	50 years
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 is depreciated separately. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

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

1.3 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. Accounting policies continued

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.

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 the 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.

1. Accounting policies continued

1.5 Investments in subsidiaries continued

Non-controlling interests in the net assets of consolidated subsidiary companies are identified separately from the group's equity therein. Non-controlling 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

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 associates 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

Classification

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. For financial instruments which are not at fair value through profit or loss, classification is re-assessed on an annual basis

Initial recognition and measurement

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

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

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

1. Accounting policies continued

1.7 Financial instruments continued

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

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

Subsequent measurement

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

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised directly in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

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

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

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.

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

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

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

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

1. Accounting policies continued

1.7 Financial instruments continued

Loans to/(from) group companies

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

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

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 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 receivable is uncollectible, it is written off against the allowance account for 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

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.

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 – held for trading.

1.8 Taxation

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.

1. Accounting policies continued

1.8 Taxation continued

Deferred tax assets and liabilities

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

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

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

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

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

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

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, 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 substantially 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.

1. Accounting policies continued

1.9 Leases continued

Operating leases – lessor

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

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

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 are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period in which they occur.

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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Deferred revenues and expenditure

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

1.12 Impairment of assets

The group assesses at each 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.

1. Accounting policies continued

1.12 Impairment of assets continued

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.

1.13 Share capital and equity

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

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

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

1. Accounting policies continued

1.14 Share-based payments

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

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

1.15 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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. Accounting policies continued

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.

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.

1. Accounting policies continued

1.20 Translation of foreign currencies continued

Foreign currency transactions continued

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. New standards and interpretations

2.1 Standards and interpretations early adopted

The group has chosen to early adopt the following standards and interpretations:

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 Segment Reporting. The new standard requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. The effective date of the standard is for years beginning on or after 1 January 2009.

The group has early adopted the standard for the first time in the 2009 annual financial statements.

The adoption of this standard has not had a material impact on the results of the group, but has resulted in different disclosure than was previously provided in the annual financial statements.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 August 2009 or later periods. In all cases, the effective date is years beginning on or after 1 January 2009 unless otherwise specifically stated. The group expects to adopt the interpretation or standard for the first time in the 2010 financial statements. It is unlikely that the interpretations or standards will have a material impact on the group's annual financial statements unless otherwise stated.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The interpretation deals with the following issues:

- Presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation;
- Any entity or entities within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation. The parent entity holding the net investment in a foreign operation therefore does not also have to hold the hedging instrument;
- How an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item when the entity disposes of the investment; and
- IAS 39 (Financial Instruments: Recognition and Measurement) must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, and IAS 21 (The Effects of Changes in Foreign Exchange Rates) must be applied in respect of the hedged item.

The effective date of the interpretation is for years beginning on or after 1 October 2008.

IAS I (Revised) Presentation of Financial Statements

The main revisions to IAS 1:

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income;
- Require the presentation of a balance sheet at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes;
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes;
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only; and
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows'. These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

2. New standards and interpretations continued

2.2 Standards and interpretations not yet effective continued

IAS 23 (Revised) Borrowing Costs

The revision requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

IFRS 2 Amendment: IFRS 2 Share-based Payment: Vesting Conditions and Cancellations

The amendment clarifies that vesting conditions are only performance conditions or service conditions. All other conditions are non-vesting conditions. Non-vesting conditions are accounted for in the same manner as market conditions. It further clarifies that if either party can choose not to satisfy a non-vesting condition, then the arrangement is treated as a cancellation upon non-fulfilment of that condition.

May 2008 Annual Improvements to IFRSs: Amendments to IFRS 7 Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total Interest Income' was removed as a component of finance costs from paragraph IG1 3. This was to remove inconsistency with the requirement of IAS 1 Presentation of Financial Statements which precludes the offsetting of income and expenses.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 1 Presentation of Financial Statements

The amendment is to clarify that financial instruments classified as held for trading in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) are not always required to be presented as current assets/liabilities.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors

The amendment clarified that implementation guidance related to any Standard is only mandatory when it is identified as an integral part of the Standard.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 10 Events after the Reporting Period

The amendment clarified that if dividends are declared (appropriately authorised and no longer at the discretion of the entity) after the reporting period but before the financial statements are authorised for issue, the dividends may not be recognised as a liability as no obligation exists at the reporting date; thus clarifying that in such cases a liability cannot be raised even if there is a constructive obligation.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 16 Property, Plant and Equipment

The term 'net selling price' has been replaced with 'fair value less cost to sell' in the definition of recoverable amount.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 16 Property, Plant and Equipment

The amendment requires entities that routinely sell items of property, plant and equipment that they have previously held for rental to others, to transfer such assets to inventories at their carrying amount when they cease to be rented and are held for sale. The proceeds from the sale of such assets should be recognised as revenue in accordance with IAS 18 Revenue. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations does not apply in these situations.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 7 Statement of Cash Flows

Cash payments to manufacture or acquire property, plant and equipment that entities routinely sell and which they have previously held for rentals to others, and cash receipts from rental and sale of such assets are to be included within operating activities.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 18 Revenue

With regard to financial service fees, the term 'direct costs' has been replaced with 'transaction costs' as defined in IAS 39 (Financial Instruments: Recognition and Measurement). This was in order to remove the inconsistency for costs incurred in originating financial assets and liabilities that should be deferred and recognised as an adjustment to the underlying effective interest rate.

2. New standards and interpretations continued

2.2 Standards and interpretations not yet effective continued

May 2008 Annual Improvements to IFRSs: Amendments to IAS 19 Employee Benefits

With regard to curtailments and negative past service costs, clarification has been made that:

- When a plan amendment reduces benefits, the effect of the reduction for future service is a curtailment and the effect of any reduction for past service is a negative past service cost;
- Negative past service cost arises when a change in the benefits attributable to past service results in a reduction in the present value of the defined benefit obligation; and
- A curtailment may arise from a reduction in the extent to which future salary increases are linked to the benefits payable for past service,

The definition of return on plan assets has also been amended to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the actuarial assumptions used to measure the defined benefit obligation.

The term 'fall due' in the definition of 'short-term employee benefits' has been replaced with 'due to be settled'.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 23 Borrowing Costs (as revised in 2007)

The description of specific components of borrowing costs has been replaced with a reference to the guidance in IAS 39 Financial Instruments: Recognition and Measurement on effective interest rate.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 27 Consolidated and Separate Financial Statements

The amendment requires that investments in subsidiaries, jointly controlled entities and associates accounted for in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) in the parent's separate financial statements should continue to be measured in accordance with IAS 39 when classified as held for sale (or included in a disposal group classified as held for sale), and not in accordance with IFRS 5 (Non-current Assets held for Sale and Discontinued Operations).

May 2008 Annual Improvements to IFRSs: Amendments to IFRS 7 Financial Instruments: Disclosures; IAS 32 Financial Instruments: Presentation; IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures

The amendment adjusted the disclosure requirements of investments in associates and interests in joint ventures which have been designated as at fair value through profit or loss or are classified as held for trading. The amendment provides that only certain specific disclosure requirements of IAS 28 (Investments in Associates) and IAS 31 (Interests in Joint Ventures) are required together with the disclosures of IFRS 7 (Financial Instruments: Disclosures); IAS 32 (Financial Instruments: Presentation).

May 2008 Annual Improvements to IFRSs: Amendments to IAS 28 Investments in Associates

The amendment clarifies that because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised, it is not tested separately for impairment. Instead the entire carrying amount of the investment is tested for impairment. Any resulting impairment loss is not allocated to any of the assets, including goodwill, that make up the carrying amount of the investment. Therefore any reversal of an impairment loss is reversed to the extent that the recoverable amount of the investment increases. This applies to the full impairment loss, because the impairment was not allocated to goodwill.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 34 Interim Financial Reporting

The amendment clarifies that the requirement to present information on earnings per share in interim financial reports applies only to entities within the scope of IAS 33 Earnings Per Share.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 36 Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

- The period over which management has projected cash flows;
- The growth rate used to extrapolate cash flow projections; and
- The discount rate(s) applied to the cash flow projections.

2. New standards and interpretations continued

2.2 Standards and interpretations not yet effective continued

May 2008 Annual Improvements to IFRSs: Amendments to IAS 36 Impairment of Assets continued

The adoption of this amendment is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the annual financial statements.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 38 Intangible Assets

The amendments clarify the circumstances in which an entity can recognise a prepayment asset for advertising or promotional expenditure. Recognition of an asset would be permitted up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services.

In addition, wording perceived as prohibiting the use of the unit of production method if it results in a lower amount of accumulated amortisation than under the straight line method has been removed. Entities may use the unit of production method when the resulting amortisation charge reflects the expected pattern of consumption of the expected future economic benefits embodied in an intangible asset.

May 2008 Annual Improvements to IFRSs: Amendments to IAS 39 Financial Instruments: Recognition and Measurement

IAS 39 prohibits the classification of financial instruments into or out of the fair value through profit or loss category after initial recognition. The amendments set out a number of changes in circumstances that are not considered to be reclassifications for this purpose.

The amendments have also removed references to the designation of hedging instruments at the segment level.

The amendments further clarify that the revised effective interest rate calculated when fair value hedge accounting ceases, in accordance with paragraph 92 IAS 39, should be used for the remeasurement of the hedged item when paragraph AG8 of IAS 39 is applicable.

IFRS I First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Amendment for determining cost of investment in the separate financial statements on first time adoption

The amendments:

- Allow for the purposes of first time adoption of IFRS, investors to use a deemed cost to measure the initial cost of investments in subsidiaries, jointly controlled entities, and associates in the separate financial statements. This deemed cost is either fair value or the carrying amount under previous accounting practice; and
- Require that, when a new parent is formed in a reorganisation, the new parent must measure the cost of its investment in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the reorganisation.

IAS 18 Revenue: Consequential amendments

Dividends paid out of pre-acquisition profits are no longer deducted from the cost of the investment.

IAS 21 The Effects of Changes in Foreign Exchange Rates: Consequential amendments

A dividend paid out of pre-acquisition profits is no longer considered to be part of a disposal of an interest in a foreign operation.

IAS 36 Impairment of Assets: Consequential amendments

Under certain circumstances, a dividend received from a subsidiary, associate or joint venture could be an indicator of impairment. This occurs when:

- The carrying amount of an investment in the separate financial statements is greater than the carrying amount of the investee's net assets including goodwill in the consolidated financial statements; or
- The dividend exceeds total comprehensive income of the investee in the period in which the dividend is declared.

2. New standards and interpretations continued

2.2 Standards and interpretations not yet effective continued

IFRS 3 (Revised) Business Combinations

The revisions to IFRS 3 Business combinations require:

- Acquisition costs to be expensed;
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree;
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments;
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss;
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree;
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts; and
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 1 July 2009.

The group is unable to reliably estimate the impact of the standard on the annual financial statements as it depends on the terms of future acquisitions.

IAS 27 (Amended) Consolidated and Separate Financial Statements

The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance;
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any remeasurement of goodwill;
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments; and
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 1 July 2009.

IAS 7 Statement of Cash flows: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

Cash flows arising from changes in level of control, where control is not lost are equity transactions and are therefore accounted for as cash flows from financing transactions.

The effective date of the amendment is for years beginning on or after 1 July 2009.

IAS 28 Investments in Associates: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

When an investment in an associate is reduced but significant influence is retained, a proportionate share of other comprehensive income must be reclassified to profit or loss.

The effective date of the amendment is for years beginning on or after 1 July 2009.

2. New standards and interpretations continued

2.2 Standards and interpretations not yet effective continued

IAS 31 Interests in Joint Ventures: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

When an interest in a joint venture is reduced but joint control is retained, a proportionate share of other comprehensive income must be reclassified to profit or loss.

The effective date of the amendment is for years beginning on or after 1 July 2009.

IAS 12 Income Taxes: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (Consolidated and Separate Financial Statements). The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group is unable to reliably estimate the impact of the amendment on the annual financial statements as it depends on future acquisitions.

May 2008 Annual Improvements to IFRSs: Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment clarifies that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

The effective date of the amendment is for years beginning on or after 1 July 2009.

IAS 39 Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items

The amendment provides clarification on two hedge accounting issues:

- Inflation in a financial hedged item; and
- A one-sided risk in a hedged item.

The effective date of the amendment is for years beginning on or after 1 July 2009.

Amendment to IAS 39 and IFRS 7: Reclassification of Financial Assets

The amendment permits an entity to reclassify certain financial assets out of the fair value through profit or loss category if certain stringent conditions are met. It also permits an entity to transfer from the available-for-sale category to loans and receivables under certain circumstances. Additional disclosures are required in the event of any of these reclassifications.

The effective date of the amendment is for years beginning on or after 1 July 2009.

2. New standards and interpretations continued

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 1 August 2009 or later periods but are not relevant to its operations:

- IFRIC 15 Agreements for the Construction of Real Estate
- May 2008 Annual Improvements to IFRSs:
  - Amendments to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
  - Amendments to IAS 40 Investment Property and IAS 16 Property, Plant and Equipment
  - Amendments to IAS 29 Financial Reporting in Hyperinflationary Economies
  - Amendments to IAS 41 Agriculture

2.4 Standards and interpretations only effective after the 2010 financial year

The following Standards and Interpretations were in issue but not yet effective until after the 2010 financial year:

- Amendments to IAS 1 Presentation of Financial Statements (effective from 1 January 2010)
- Amendments to IAS 7 Statement of Cash Flows (effective from 1 January 2010)
- Amendments to IAS 17 Leases (effective from 1 January 2010)
- Amendments to IAS 36 Impairment of assets (effective from 1 January 2010)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective from 1 January 2010)
- Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards (effective 1 January 2010)
- Amendments to IFRS 2 Share-based Payment (effective from 1 January 2010)
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective from 1 January 2010)
- Amendments to IFRS 8 Operating Segments (effective from 1 January 2010)

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

3. Property, plant and equipment

Figures in Rand thousands	2009 Cost	2009 Accumulated depreciation	2009 Carrying value	2008 Cost	2008 Accumulated depreciation	2008 Carrying value
Group						
Building**	978	–	978	–	–	–
Furniture and fixtures	12 233	(3 591)	8 642	8 534	(2 551)	5 983
Motor vehicles	2 523	(1 843)	680	2 088	(1 017)	1 071
Office equipment	7 898	(4 777)	3 121	6 379	(3 277)	3 102
IT equipment	41 862	(28 119)	13 743	29 429	(17 171)	12 258
Computer software	12 744	(8 144)	4 600	9 861	(5 342)	4 519
Leasehold improvements	7 621	(2 215)	5 406	4 093	(1 262)	2 831
	85 859	(48 689)	37 170	60 384	(30 620)	29 764

Reconciliation of property, plant and equipment – Group

Figures in Rand thousands	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
2009						
Building**	–	–	978	–	–	978
Furniture and fixtures	5 983	2 065	1 212	(126)	(492)	8 642
Motor vehicles	1 071	5	149	(184)	(361)	680
Office equipment	3 102	1 164	223	(167)	(1 201)	3 121
IT equipment	12 258	8 823	828	(886)	(7 280)	13 743
Computer software	4 519	2 904	7	(1 659)	(1 171)	4 600
Leasehold improvements	2 831	3 653	–	(57)	(1 021)	5 406
	29 764	18 614	3 397	(3 079)	(11 526)*	37 170
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

**Depreciation expense included in cost of sales and operating expenses.*

***Office building described as: Unit 6 of ST Crystal Park, No. 1282, held under Title Deed No. ST 168558/2005.*

3. Property, plant and equipment continued

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Assets subject to finance lease (Net carrying amount)				
Furniture and fixtures	**102**	150	**–**	–
Motor vehicles	**482**	856	**–**	–
Office equipment	**668**	1 035	**–**	–
IT equipment	**41**	–	**–**	–
	1 293	2 041	**–**	–

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.

4. Intangible assets

Figures in Rand thousand	2009 Cost	2009 Accumulated amortisation	2009 Carrying value	2008 Cost	2008 Accumulated amortisation	2008 Carrying value
Group						
Goodwill	**209 001**	**–**	**209 001**	104 781	–	104 781
Other intangible assets	**10 635**	**(3 700)**	**6 935**	6 635	(1 889)	4 746
	219 636	**(3 700)**	**215 936**	111 416	(1 889)	109 527

Reconciliation of intangible assets – Group

Figures in Rand thousand	Opening balance	Additions	Additions through business combinations	Amortisation	Total
2009					
Goodwill	**104 781**	**9 459**	**94 761**	**–**	**209 001**
Other intangible assets	**4 746**	**4 000**	**–**	**(1 811)**	**6 935**
	109 527	**13 459**	**94 761**	**(1 811)**	**215 936**
2008					
Goodwill	91 047	12 947	787	–	104 781
Other intangible assets	5 413	–	–	(667)	4 746
	96 460	12 947	787	(667)	109 527

5. Investments in subsidiaries

Figures in Rand thousand	2009 Carrying amount	2008 Carrying amount
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	Percentage holding 2009 %	Percentage holding 2008 %	Carrying amount 2009 R'000	Carrying amount 2008 R'000	Fair value 2009 R'000	Fair value 2008 R'000
AMC IT Services (Pty) Limited	Unlisted	32,50	32,50	220	220	–	220
Invision (Pty) Limited	Unlisted	50,00	50,00	149	149	–	149
SMB Solutions (Pty) Limited	Unlisted	30,00	30,00	(16)	684	–	(16)
				353	1 053	–	353
Impairment of investments in associates				(353)	(700)	–	–
				–	353	–	353

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

All investments in associates have been impaired fully as all of the companies are currently dormant.

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 on investments not listed or quoted are estimated using the discounted cash flow analysis.

Summary of group's interest in associates	2009 R'000	2008 R'000
Total assets	552	2 310
Total liabilities	889	1 788
Revenue	–	40 134
Profit or loss	(159)	26

Associates with different reporting dates

The reporting dates of certain associates are not the same as that of the group:
AMC IT Services (Pty) Limited – 30 June 2009
SMB Solutions (Pty) Limited – 28 February 2009

7. Other financial assets

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Non-current loans and receivables				
MIIB Business Technologies (Pty) Limited	**2 100**	1 600	**–**	–
Dicoll Panoptican (Pty) Limited	**1 219**	1 781	**–**	–
Invision IT (Pty) Limited	**682**	779	**–**	–
Vebus Business Systems CC	**132**	132	**–**	–
BEE loans and receivables	**266**	–	**–**	–
Vendor loans and receivables	**434**	1 420	**–**	–
	4 833	5 712	**–**	–
Non-current assets				
Loans and receivables	**4 833**	5 712	**–**	–
Loans and receivables impaired				
As of 31 July 2009, loans and receivables of R2 335 (2008: R1 911) were impaired and provided for.				
Reconciliation of provision for impairment of loans and receivables				
Opening balance	**1 911**	1 871	**–**	–
Provision for impairment	**424**	40	**–**	–
	2 335	1 911	**–**	–

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

Fair values of loans and receivables

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

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

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

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. Deferred tax

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Deferred tax asset/(liability)				
Accelerated capital allowances for tax purposes	21 990	7 142	(13)	–
Reconciliation of deferred tax asset/(liability)				
Provisions and allowances	14 653	3 145	(13)	–
Property, plant and equipment	(296)	(214)	–	–
Leased assets	78	628	–	–
Leased liabilities	(91)	(550)	–	–
Prepaid expenses	(372)	(896)	–	–
Deferred revenue	8 018	5 262	–	–
Acquisitions	–	(233)	–	–
	21 990	7 142	(13)	–
Deferred tax asset	26 424	11 809	–	–
Deferred tax liability	(4 434)	(4 667)	(13)	–
	21 990	7 142	(13)	–

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 thousand	Group 2009	Group 2008	Company 2009	Company 2008
9. Inventories				
Work in progress	14	47	–	–
Merchandise and consumables	7 858	7 774	–	–
	7 872	7 821	–	–
10. Loans to/(from) group companies				
Current assets	–	–	46 967	35 575
Current liabilities	–	–	(70 700)	(67 472)
	–	–	(23 733)	(31 897)

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.

11. Trade and other receivables

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Trade receivables	333 048	217 848	–	–
Prepayments	1 870	3 213	396	350
Deposits	30	45	–	–
VAT	58	476	–	–
Other receivables	8 449	2 139	–	–
	343 455	223 721	396	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 2009, R26 919 (2008: R21 191) were past due but not impaired.				
The ageing of amounts past due but not impaired is as follows:				
90 days	11 183	6 314	–	–
120 and over days	15 736	14 877	–	–
Trade and other receivables impaired				
As of 31 July 2009, trade and other receivables of R14 414 (2008: R13 397) were impaired and provided for.				
The ageing of these loans is as follows:				
60 days	–	1 373	–	–
90 days	241	3	–	–
120 and over days	14 173	12 021	–	–

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

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.

12. Cash and cash equivalents

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Cash and cash equivalents consist of:				
Cash on hand	113	75	–	–
Bank balances	204 618	118 324	147	141
Short-term deposits	2 146	741	–	–
	206 877	119 140	147	141
The total amount of undrawn facilities available for future operating activities and commitments	40 000	15 200	40 000	15 200

13. Financial assets by category

Figures in Rand thousand	Loans and receivables	Fair value through profit or loss – held for trading	Fair value through profit or loss – designated	Held to maturity investments	Available for sale	Total
Group – 2009						
Other financial assets	**4 833**	**–**	**–**		**–**	**4 833**
Trade and other receivables	**341 497**	**–**	**–**	**–**	**–**	**341 497**
Cash and cash equivalents	**–**	**206 877**	**–**	**–**	**–**	**206 877**
	346 330	**206 877**	**–**	**–**	**–**	**553 207**
Group – 2008						
Other financial assets	5 712	–	–	–	–	5 712
Trade and other receivables	219 987	–	–	–	–	219 987
Cash and cash equivalents	–	119 140	–	–	–	119 140
	225 699	119 140	–	–	–	344 839
Company – 2009						
Loans to group companies	**46 967**	**–**	**–**	**–**	**–**	**46 967**
Cash and cash equivalents	**–**	**147**	**–**	**–**	**–**	**147**
	46 967	**147**	**–**	**–**	**–**	**47 114**
Company – 2008						
Loans to group companies	35 575	–	–	–	–	35 575
Cash and cash equivalents	–	141	–	–	–	141
	35 575	141	–	–	–	35 716

14. Share capital

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
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	**73 659**	72 554	**73 659**	72 554
Issue of shares – ordinary shares	**2 158**	1 105	**2 158**	1 105
	75 817	73 659	**75 817**	73 659
Issued				
Ordinary shares of 1 cent each	**628**	628	**759**	737
Share premium	**59 873**	46 423	**81 377**	70 918
	60 501	47 051	**82 136**	71 655

At year end 3 840 336 EOH shares were held by a wholly-owned subsidiary of EOH and will not be cancelled.

24 183 488 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

	EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Share option			
Outstanding at the beginning of the year	437 933	8 732 500	6 868 141
Granted during the year	–	2 880 645	5 753 203
Forfeited during the year	–	(937 500)	(3 026 696)
Exercised during the year	(189 506)	(777 500)	(917 118)
Outstanding at the end of the year	248 427	9 898 145	8 677 530
Exercisable at the end of the year	248 427	1 571 250	113 393

	Exercise date within one year	Exercise date from two to five years	Exercise date after five years	Total
Outstanding options				
EOH Share Option Scheme	1 640 000	6 686 895	–	8 326 895
The Mthombo Trust	1 280 482	7 283 655	–	8 564 137

	EOH Share Option Scheme	The Mthombo Trust
Information on options granted during the year		
Weighted fair value of options issued during the year (cents)	328	323

15. Share-based payments continued

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

		EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Grant date		01/12/2002	06/06/2003 to 01/07/2009	01/12/2005 to 01/07/2009
Weighted average share price	(cents)	1	297,02	293,80
Options price	(cents)	1	83 to 540	279 to 630
Expected volatility	(%)	36,4	20,0	20,0
Expected dividend yield	(%)	2,6	2,1	2,1
Expiry date			05/06/2013 to 30/06/2019	30/11/2013 to 30/06/2017

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

16. Reserves

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Foreign currency translation reserve	**670**	797	**–**	–
Share-based payment reserve	**66 837**	55 047	**–**	–
Share repurchase reserve	**(64 644)**	(48 428)	**–**	–
	2 863	7 416	**–**	–

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. The share-based payment reserve represents the total cost recognised for the group's equity-settled share-based payments.

17. Other financial liabilities

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Held at amortised cost				
Bank loan The loan is repayable monthly over 20 years with an interest rate equal to the prime rate less 1,8%. Secured by building under note 3.	**1 177**	–	**–**	–
CA Incorporated Limited The loan is unsecured, interest free and has no fixed terms of repayment.	**17 309**	–	**–**	–
CA Africa The loan is unsecured, interest free and has no fixed terms of repayment.	**3 883**	–	**–**	–
Vendors for acquisition	**88 351**	19 375	**119**	119
	110 720	19 375	**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.

17. Other financial liabilities continued

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Non-current liabilities				
At amortised cost	**33 333**	2 600	**119**	119
Current liabilities				
At amortised cost	**77 387**	16 775	**–**	–
	110 720	19 375	**119**	119

The carrying amounts of financial liabilities at amortised cost are denominate in Rands.

18. Finance lease obligation

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Minimum lease payments due				
– within one year	**747**	1 113	**–**	–
– in second to fifth year inclusive	**73**	1 240	**–**	–
	820	2 353	**–**	–
Less future finance charges	**(48)**	(342)	**–**	–
Present value of minimum lease payments	**772**	2 011	**–**	–
Present value of minimum lease payments due				
– within one year	**701**	896	**–**	–
– in second to fifth year inclusive	**71**	1 115	**–**	–
	772	2 011	**–**	–
Non-current liabilities	**71**	1 115	**–**	–
Current liabilities	**701**	896	**–**	–
	772	2 011	**–**	–

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 note 3.

19. Retirement benefits

Defined contribution plan

The group is a member of a corporate retirement scheme, to which employees may elect to make retirement contributions. Employees are however obliged to become members of the group benefit scheme, providing certain minimum death and disability benefits.

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

20. Provisions

Reconciliation of provisions – Group

Figures in Rand thousand	Opening balance	Additions	Total
2009			
Restructuring	–	1 969	1 969

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

21. Trade and other payables

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Trade payables	180 064	86 969	53	88
VAT	17 514	10 666	–	–
Payroll accruals	67 372	29 912	–	–
Other accrued expenses	62 902	62 389	–	73
Other payables	6 603	1 312	–	–
	334 455	191 248	53 161	161

22. Financial liabilities by category

Figures in Rand thousand	Financial liabilities at amortised cost	Fair value through profit or loss – held for trading	Fair value through profit or loss – designated	Total
Group – 2009				
Finance lease obligation	772	–	–	772
Other financial liabilities	110 720	–	–	110 720
Trade and other payables	186 667	–	–	186 667
Dividend payable	30	–	–	30
	298 189	–	–	298 189
Group – 2008				
Finance lease obligation	2 011	–	–	2 011
Other financial liabilities	19 375	–	–	19 375
Trade and other payables	88 281	–	–	88 281
Dividend payable	36	–	–	36
	109 703	–	–	109 703

22. Financial liabilities by category continued

Figures in Rand thousand	Financial liabilities at amortised cost	Fair value through profit or loss – held for trading	Fair value through profit or loss – designated	Total
Company – 2009				
Loans from group companies	**70 700**	**–**	**–**	**70 700**
Other financial liabilities	**119**	**–**	**–**	**119**
Trade and other payables	**53**	**–**	**–**	**53**
Dividend payable	**30**	**–**	**–**	**30**
	70 902	**–**	**–**	**70 902**
Company – 2008				
Loans from group companies	67 472	–	–	67 472
Other financial liabilities	119	–	–	119
Trade and other payables	88	–	–	88
Dividend payable	36	–	–	36
	67 715	–	–	67 715

23. Revenue

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Sale of goods	**450 663**	377 146	**–**	–
Rendering of services	**804 404**	573 788	**–**	–
	1 255 067	950 934	**–**	–

24. Operating profit/(loss)

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Operating profit for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
– Contractual amounts	**16 652**	10 759	**–**	–
Equipment				
– Contractual amounts	**976**	725	**–**	–
	17 628	11 484	**–**	–
Profit on sale of property, plant and equipment	**32**	459	**–**	–
Employee costs	**222 217**	148 103	**–**	–

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
25. Investment income				
Dividend revenue				
Subsidiaries – Local	–	–	18 415	14 511
Interest revenue				
Bank	10 292	4 840	1	4
Other interest	310	301	–	–
	10 602	5 141	1	4
	10 602	5 141	18 416	14 515
26. Finance costs				
Non-current borrowings	121	–	–	–
Finance leases	276	416	–	–
Bank	822	–	–	–
Late payment of tax	227	–	–	–
Other interest paid	1 342	1 360	–	–
	2 788	1 776	–	–
27. Taxation				
Major components of the tax expense/(income)				
Current				
Local income tax – current period	50 370	29 223	18	(9)
Local income tax – recognised in current tax for prior periods	(35)	15	–	–
STC	1 841	1 451	–	–
	52 176	30 689	18	(9)
Deferred				
Originating and reversing temporary differences	(12 215)	(1 009)	13	–
Changes in tax rates	–	310	–	–
	(12 215)	(699)	13	–
	39 961	29 990	31	(9)

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008

27. Taxation continued

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group 2009	Group 2008	Company 2009	Company 2008
	(%)	(%)	(%)	(%)
Applicable tax rate	28,00	28,00	28,00	28,00
Exempt income	–	(0,30)	(31,68)	(35,16)
Assessed loss utilised	–	(1,13)	–	–
Prior year tax adjustments	(2,10)	–	–	(0,08)
Deferred tax rate adjustment	–	0,34	–	–
Disallowable charges	3,37	2,09	–	–
Secondary tax on companies	1,57	1,59	–	–
Deferred tax not raised on estimated losses	3,46	2,19	3,87	7,16
	34,30	32,78	0,19	(0,08)

28. Auditors' remuneration

	Group 2009	Group 2008	Company 2009	Company 2008
Fees paid	813	1 204	61	427
Tax and secretarial services paid	2	5	–	–
Expenses paid	109	12	–	–
	924	1 221	61	427

29. Cash generated from/ (used in) operations

	Group 2009	Group 2008	Company 2009	Company 2008
Profit before taxation	116 493	91 476	16 264	11 555
Adjustments for:				
Depreciation and amortisation	13 337	7 625	–	–
Profit on sale of assets	(32)	(457)	–	–
Loss on disposal of associated companies	–	777	–	–
Income from equity accounted investments	–	(120)	–	–
Dividends received	–	–	(18 415)	(14 511)
Investment income	(10 602)	(5 141)	(1)	(4)
Finance costs	2 788	1 776	–	–
Impairment loss	676	40	–	–
Share-based payment expense	11 790	5 992	–	–
Profit on shares purchased	301	–	–	–
Changes in working capital:				
Inventories	(51)	3 963	–	–
Trade and other receivables	(119 865)	(59 059)	(46)	–
Trade and other payables	143 209	40 637	(108)	104
Deferred income	8 408	(6 016)	–	–
Business combination – working capital acquired	(27 620)	(2 322)	–	–
Business combination – adjustment to goodwill	(3 245)	(761)	–	–
	135 587	78 410	(2 306)	(2 856)

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
30. Tax (paid)/refunded				
Balance at beginning of the year	(15 069)	(9 598)	18	47
Current tax for the year recognised in income statement	(52 176)	(30 689)	(18)	9
Balance at end of the year	41 318	15 069	–	(18)
	(25 927)	(25 218)	–	38
31. Dividends paid				
Balance at beginning of the year	(36)	(32)	(36)	(32)
Dividends	(15 253)	(12 659)	(18 415)	(14 511)
Balance at end of the year	30	36	30	36
	(15 259)	(12 655)	(18 421)	(14 507)
32. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
– Property, plant and equipment	1 827	526	–	–
Not yet contracted for and authorised by directors	–	946	–	–
This committed expenditure relates to leasehold improvements and will be financed internally.				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	10 213	5 499	–	–
– in second to fifth year inclusive	13 492	18 305	–	–
	23 705	23 804	–	–

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

33. Contingencies

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

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

34. Change in estimate

Property, plant and equipment

The useful life of furniture and fittings was estimated in prior years to be six years. During the 2008 financial year, management have revised their estimate to ten years. The effect of this revision has decreased the depreciation charge in 2008 by R564 522.

35. Related parties

Figures in Rand thousand	Company 2009	Company 2008
Relationships		
Subsidiaries: Refer to Annexure A		
Related party balances		
Loan accounts – owing (to)/by related parties		
Enterprise Logistics Solutions (Pty) Limited	25	25
Enterprise Softworks (Pty) Limited	8 923	4 850
EOH Abantu (Pty) Limited	3 174	–
EOH Consulting (Pty) Limited	(18 247)	(19 003)
EOH Mthombo (Pty) Limited	(50 644)	(46 663)
Intellient (Pty) Limited	7 587	3 445
Mthombo IT Services (Pty) Limited	2 000	2 000
Technolease (Pty) Limited	(8)	(8)
The EOH Share Trust	2 307	2 307
The Mthombo Share Trust	22 948	22 948
V55 Investments (Pty) Limited	(1 798)	(1 798)
Related party transactions		
Dividends paid to/(received from) related parties		
Enterprise Softworks (Pty) Limited	(4 000)	(1 700)
EOH Abantu (Pty) Limited	(3 000)	–
EOH Consulting (Pty) Limited	(415)	–
EOH Consulting Services (Western Cape) (Pty) Limited	(1 000)	(600)
EOH Mthombo (Pty) Limited	(4 000)	(5 711)
Intellient (Pty) Limited	(4 000)	(2 500)
Mthombo IT Services (Pty) Limited	(1 907)	(4 000)

36. Risk management

Capital risk management

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

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

There are no externally imposed capital requirements.

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

36. Risk management continued

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price 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 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.

Figures in Rand thousands	Less than one year	Between one and two years	Between two and five years	Over five years
Group at 31 July 2009				
Other financial liabilities	**77 387**	**33 333**	**–**	**–**
Finance lease obligation	**701**	**71**	**–**	**–**
Trade and other payables	**334 455**	**–**	**–**	**–**
Group at 31 July 2008				
Other financial liabilities	16 775	2 600	–	–
Finance lease obligation	896	1 115	–	–
Trade and other payables	191 248	–	–	–
Company at 31 July 2009				
Loans from group companies	**70 700**	**–**	**–**	**–**
Other financial liabilities	**–**	**119**	**–**	**–**
Trade and other payables	**53**	**–**	**–**	**–**
Company at 31 July 2008				
Loans from group companies	64 472	–	–	–
Other financial liabilities	–	119	–	–
Trade and other payables	161	–	–	–

36. Risk management continued

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.

	Current interest rate %	Due in less than one year R'000	Due in one to two years R'000	Due in two to three years R'000	Due in three to four years R'000	Due after five years R'000
Trade and other receivables – normal credit terms	11,00	343 455	–	–	–	–
Cash in current banking institutions	11,00	206 877	–	–	–	–

Credit risk

Credit risk is managed on a group basis.

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

Trade receivables comprise a widespread customer base. Management evaluated 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, Euro 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 exchange contracts when considered appropriate. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The group has 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.

36. Risk management continued

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Foreign currency exposure at balance sheet date				
Current assets				
Trade and other receivables – AUD 2 (2008: 3)	12	22	–	–
Trade and other receivables – EUR 194 (2008: nil)	2 177	–	–	–
Trade and other receivables – GBP 1 004 (2008: 78)	13 197	1 133	–	–
Trade and other receivables – USD 404 (2008: nil)	3 211	–	–	–
Cash and cash equivalents – AUD 40 (2008: 112)	266	801	–	–
Cash and cash equivalents – GBP 184 (2008: 7)	2 420	105	–	–
Liabilities				
Trade and other payables – BWP nil (2008: (21))	–	(24)	–	–
Trade and other payables – EUR (3) (2008: (1))	(28)	(14)	–	–
Trade and other payables – GBP (28) (2008: (198))	(367)	(2 899)	–	–
Trade and other payables – USD (1 752) (2008: (1 146))	(13 928)	(8 443)	–	–
Exchange rates used for conversion of foreign items were:				
AUD	6,68	7,14		
BWP	–	1,15		
EUR	11,25	11,52		
GBP	13,14	14,61		
USD	7,95	7,37		

Forward exchange contracts which relate to future commitments

Amount in foreign currency purchased	Forward exchange rate	Maturity date
$300 000	7,99	3 August 2009
$300 000	7,86	3 August 2009
$3 868	7,97	3 August 2009
$900	8,07	3 August 2009
$421 700	7,87	3 August 2009
$99 485	9,75	3 August 2009
$228 000	8,15	3 August 2009
$77 093	7,97	3 August 2009
$100 000	8,18	21 August 2009
$200 000	7,85	28 August 2009
$100 000	8,24	30 September 2009
$60 000	7,90	30 September 2009
$31 067	8,16	2 October 2009

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

37. Earnings per share

Figures in Rand thousand	Group 2009	Group 2008	Company 2009	Company 2008
Profit for the year	**76 532**	61 486	**16 233**	11 564
Attributable to minority interests	**1 303**	(498)	**–**	–
Profit for the purpose of basic earnings per share and diluted earnings per share	**77 835**	60 988	**16 233**	11 564
Earnings per share (cents)	**120,7**	96,2	**25,2**	18,3
Fully diluted earnings per share (cents)	**104,9**	85,7	**21,9**	16,3
Headline earnings per share				
Earnings for the purpose of basic earnings per share	**77 835**	60 988	**16 233**	11 564
Profit on disposal of asset	**(32)**	(457)	**–**	–
Loss on disposal of associated companies	**–**	777	**–**	–
Net impairment of assets	**424**	40	**–**	–
Impairment of investment	**353**	–	**–**	–
	78 580	61 348	**16 233**	11 564
Headline earnings per share (cents)	**121,9**	96,8	**25,2**	18,3
Fully diluted headline earnings per share (cents)	**105,9**	86,2	**21,9**	16,3
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share	**64 477**	63 382	**64 477**	63 382
Weighted average number of ordinary shares for the purposes of fully diluted basic and headline earnings per share	**74 221**	71 160	**74 221**	71 160

38. Acquisition of businesses

2009

Highveld PFS

During the year under review, the group acquired the business of Rothwell International SA (Proprietary) Limited trading as Highveld PFS ('Highveld'), a contract management business and registered labour broker. The effective date of the agreement was 1 August 2008 and was treated as a business combination from that date. The transaction is based on a purchase consideration of R70 million and payable by way of cash (R37 million) and by way of issue of 4 400 001 shares.

R46,7 million of the purchase consideration is only payable and the shares only issuable upon the reaching of the following profit after tax ('PAT') warranties:

- R16 million PAT for the period ending 31 July 2009 will result in the payment of R12,3 million in cash and the issue of 1 466 667 EOH shares; and
- R18 million PAT for the period ending 31 July 2010 will result in the payment of R12,3 million in cash and the issue of 1 466 667 EOH shares.

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

No contingent liabilities were acquired as part of this transaction.

REO Consulting (Proprietary) Limited

On 1 October 2008, the group obtained control of REO Consulting (Proprietary) Limited ('REO') by acquiring 100 percent of the shares and voting interests in the company. The company, a provider of remote technology support, was treated as a business combination from the date that control was obtained. The total purchase consideration of R7,3 million is payable by way of cash amounting to R4,5 million and 367 650 shares.

No contingent liabilities were acquired as part of this transaction.

Corporate Performance Management Unit

During the year under review, the group acquired a Corporate Performance Management Unit ('CPMU'). The effective date of the agreement was 1 August 2008 and was treated as a business combination from that date. An amount of R2,1 million was paid as total purchase consideration for the business acquired.

No contingent liabilities were acquired as part of this transaction.

Key Advanced Project Solutions

The group acquired the business of Key Advanced Project Solutions (Proprietary) Limited ('KAPS'), a provider of project management, business analyst and process analyst contracting and consulting services, during the 2009 financial year. The effective date of acquisition was 1 November 2008 and was treated as a business combination from that date.

The total purchase consideration of R700 000 payable for the business of KAPS is only payable upon the reaching of the following profit after tax ('PAT') warranties:

- R270 000 PAT for the three months ending 31 January 2009 will result in the payment of R280 000 in cash;
- R270 000 PAT for the three months ending 30 April 2009 will result in the payment of R140 000 in cash; and
- R540 000 PAT for the six months ending 31 October 2009 will result in the payment of R280 000 in cash.

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

No contingent liabilities were acquired as part of this transaction.

38. Acquisition of businesses continued

Thin Client Technologies trading as IT Wise

The group acquired the business and specified assets of Thin Client Technologies (Proprietary) Limited trading as IT Wise ('IT Wise'), a Packeteer company, during the 2009 financial year. It was treated as a business combination from 1 January 2009, the effective date of the agreement. The total purchase consideration payable for the business of IT Wise was R1,5 million in cash.

No contingent liabilities were acquired as part of this transaction.

Hetu Consulting

During the year under review, the group acquired the business of Hetu Consulting CC ('Hetu'), a company providing SAP and general IT consulting services. The effective date of the agreement was 1 May 2009 and was treated as a business combination from that date.

The transaction is based on a purchase consideration of R22 million and payable by way of cash (R14 million) and EOH shares to value of R8 million.

R16 million of the purchase consideration is only payable and the shares only issuable upon the reaching of the following profit after tax ('PAT') warranties:

- R12 million PAT for the period ending 30 April 2010 will result in the payment of R3 million in cash and the issue of EOH shares to the value of R3 million; and
- R18 million PAT for the period ending 30 April 2011 will result in the payment of R5 million in cash and the issue of EOH shares to the value of R5 million.

No contingent liabilities were acquired as part of this transaction.

2008

During the previous financial year the group acquired the business operations of Eprime Consulting (Proprietary) Limited, Multipath Customer Solutions (Proprietary) Limited and Kwena Human Capital (Proprietary) Limited. The group also entered into a referral and placement agreement with Ilayo Software Solutions (Proprietary) Limited.

38. Acquisition of businesses continued

Figures in Rand thousand	Highveld	REO	CPMU	KAPS	IT Wise	Hetu	2009	2008
Fair value of assets acquired								
Property, plant and equipment	1 841	1 403	82	–	–	70	**3 396**	1 770
Goodwill and other intangible assets	64 564	4 450	2 000	130	1 387	22 230	**94 761**	12 332
Inventories	–	–	–	–	113	–	**113**	–
Trade and other receivables	9 026	4 346	–	924	–	–	**14 296**	2 372
Cash and cash equivalents	33 316	(709)	–	618	–	–	**33 225**	7 846
Long-term borrowings	–	(1 298)	–	–	–	–	**(1 298)**	(126)
Trade and other payables	(38 747)	(747)	(237)	(972)	–	–	**(40 703)**	(4 694)
Deferred revenue	–	–	(1 326)	–	–	–	**(1 326)**	–
Tax assets/liabilities	–	(114)	–	–	–	–	**(114)**	–
	70 000	7 331	519	700	1 500	22 300	**102 350**	19 500
Consideration paid								
Cash	(12 333)	(4 500)	(519)	(316)	(1 500)	–	**(19 168)**	(6 000)
Shares issued	(10 114)	–	–	–	–	–	**(10 114)**	(3 120)
Vendors for acquisitions	(47 553)	(2 831)	–	(384)	–	(22 300)	**(73 068)**	(10 380)
	(70 000)	(7 331)	(519)	(700)	(1 500)	(22 300)	**(102 350)**	(19 500)
Net cash outflow on acquisition								
Cash consideration paid	(12 333)	(4 500)	(519)	(316)	(1 500)	–	**(19 168)**	(6 000)
Cash acquired	33 316	(709)	–	618	–	–	**33 225**	7 846
	20 983	(5 209)	(519)	302	(1 500)	–	**14 057**	1 846

39. Directors' emoluments

Figures in Rand thousand	Remuneration	Bonuses	Contributions to provident fund	Directors' fees	Gain on exercise of options	Total
Executive						
2009						
A Bohbot	1 646	3 935	–	–	–	5 582
P Bam (appointed 15/07/2009)	190	–	–	–	–	190
K Cullinan (resigned 30/11/2008)	301	–	–	–	–	301
L Khumalo	1 647	400	–	–	–	2 047
J King	1 302	536	–	–	–	1 838
D Ramoo	1 141	135	–	–	1 135	2 411
J Thomson	1 300	986	–	–	–	2 286
	7 527	5 993	–	–	1 135	14 656
Executive						
2008						
A Bohbot	1 468	700	–	–	–	2 168
K Cullinan	1 107	270	–	–	–	1 377
S Evans (resigned 31/01/2008)	543	400	–	–	–	943
L Khumalo	1 562	–	–	–	–	1 562
N Khumalo (resigned 01/04/2008)	786	380	–	–	–	1 166
J King (appointed 01/03/2008)	600	–	–	–	–	600
D Ramoo	1 050	200	–	–	764	2 014
R Sporen	263	–	–	–	–	263
J Thomson	1 058	300	–	–	–	1 358
	8 437	2 250	–	–	764	11 451
Non-executive						
2009						
Dr NM Phosa	–	–	–	775	1 384	2 159
T Marwala	–	–	–	92	–	92
R Sporen	–	–	–	152	–	152
	–	–	–	1 019	1 384	2 403
Non-executive						
2008						
Dr NM Phosa	–	–	–	706	–	706
T Marwala	–	–	–	63	–	63
R Sporen	–	–	–	63	–	63
	–	–	–	832	–	832

40. Segment reporting

The group has three reportable segments, as described below, which are consistent with the group's strategic business units.

The group's CEO reviews internal management reports for each of the strategic business units on a monthly basis. The following summary describes the operations in each of the group's reportable segments:

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

Information about reportable segments

Figures in Rand thousand	Infrastructure	Software	Services	Total
2009				
Segment revenue	**(223 132)**	**(382 352)**	**(649 583)**	**(1 255 067)**
Segment profit before taxation	**(4 865)**	**(83 981)**	**(29 982)**	**(118 828)**
Included in profit before taxation:				
– Investment income	**(286)**	**(1 121)**	**(9 039)**	**(10 446)**
– Finance costs	**289**	**382**	**2 117**	**2 788**
– Depreciation and amortisation	**1 486**	**3 162**	**7 095**	**11 743**
– Income from equity accounted investments	**–**	**–**	**–**	**–**
Other material non-cash items:				
– Net impairment of assets	**241**	**21**	**162**	**424**
– Impairment of investment	**(16)**	**42**	**327**	**353**
Reportable segment assets	**113 001**	**211 536**	**466 878**	**791 415**
Investment in associate companies	**–**	**–**	**–**	**–**
Capital expenditure	**792**	**5 951**	**11 871**	**18 614**
Reportable segment liabilities	**(86 930)**	**(151 759)**	**(291 768)**	**(530 457)**
2008				
Segment revenue	(168 027)	(334 915)	(447 992)	(950 934)
Segment profit before taxation	(10 259)	(118 850)	30 045	(99 064)
Included in profit before taxation:				
– Investment income	(282)	(1 664)	(3 059)	(5 005)
– Finance costs	779	421	576	1 776
– Depreciation and amortisation	1 211	2 405	4 009	7 625
– Income from equity accounted investments	–	(58)	(62)	(120)
Other material non-cash items:				
– Net impairment of assets	34	4	2	40
– Impairment of investment	–	–	–	–
Reportable segment assets	40 786	160 993	232 280	434 059
Investment in associate companies	(16)	42	327	353
Capital expenditure	1 143	6 246	11 866	19 255
Reportable segment liabilities	(33 125)	(100 509)	(115 114)	(248 748)

40. Segment reporting continued

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

Figures in Rand thousand	Reportable segment totals	Unallocated amounts	Consolidated totals
2009			
Revenue	(1 255 067)	–	(1 255 067)
Profit before taxation	(118 828)	2 335	(116 493)
Investment income	(10 446)	(156)	(10 602)
Finance cost	2 788	–	2 788
Depreciation and amortisation	11 743	–	11 743
Income from equity accounted investments	–	–	–
Net impairment of assets	424	–	424
Impairment of investment	353	–	353
Reportable segment assets	791 415	54 404	845 819
Investment in associate companies	–	–	–
Capital expenditure	18 614	–	18 614
Reportable segment liabilities	(530 457)	(7 559)	(538 016)
2008			
Revenue	(950 934)	–	(950 934)
Profit before taxation	(99 064)	7 588	(91 476)
Investment income	(5 005)	(136)	(5 141)
Finance cost	1 776	–	1 776
Depreciation and amortisation	7 625	–	7 625
Income from equity accounted investments	(120)	–	(120)
Net impairment of assets	40	–	40
Impairment of investment	–	–	–
Reportable segment assets	434 059	77 513	511 572
Investment in associate companies	353	–	353
Capital expenditure	19 255	–	19 255
Reportable segment liabilities	(248 748)	(20 041)	(268 789)

ANNEXURE A – SUBSIDIARY COMPANIES

As at 31 July 2009

Name of company	Country of incorporation	Issued share capital		Effective shareholding		Cost of shares		Book value of company interest and indebtedness	
		2009 R'000	2008 R'000	2009 %	2008 %	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Direct subsidiaries									
Axia Business Solutions (Pty) Limited	SA	**1,0**	1,0	**100**	100	**–**	–	**–**	–
CA Southern Africa (Pty) Limited	SA	**0,1**	–	**100**	–	**–**	–	**–**	–
Enterprise Logistics Solutions (Pty) Limited	SA	**0,1**	0,1	**100**	100	**–**	–	**25**	25
Enterprise Softworx (Pty) Limited	SA	**9,0**	9,0	**100**	100	**–**	–	**8 923**	4 850
Enterweb (Pty) Limited	SA	**1,0**	1,0	**100**	100	**–**	–	**–**	–
EOH Abantu (Pty) Limited	SA	**1,0**	1,0	**100**	100	**–**	–	**3 174**	–
EOH Consulting (Pty) Limited	SA	**1,0**	1,0	**100**	100	**43 846**	43 846	**(18 247)**	(19 003)
EOH Consulting Services KZN (Pty) Limited	SA	**0,6**	0,6	**100**	100	**–**	–	**–**	–
EOH Consulting Services (Western Cape) (Pty) Limited	SA	**0,1**	0,1	**100**	100	**3 270**	3 270	**–**	–
EOH Mthombo (Pty) Limited	SA	**0,1**	0,1	**100**	100	**1 795**	1 795	**(50 644)**	(46 663)
Intellient (Pty) Limited	SA	**1,0**	1,0	**100**	100	**7 140**	7 140	**7 587**	3 445
Mthombo IT Services (Pty) Limited	SA	**0,5**	0,5	**100**	100	**39 642**	39 642	**2 000**	2 000
Technolease (Pty) Limited	SA	**0,8**	0,8	**100**	100	**8**	8	**(8)**	(8)
V55 Investments (Pty) Limited	SA	**0,1**	0,1	**100**	100	**–**	–	**(1 798)**	(1 798)
Indirect subsidiaries									
EOH (Pty) Limited	Aus	**0,1**	0,1	**80**	80	**–**	–	**–**	–
EOH Consulting Services (Eastern Cape) (Pty) Limited	SA	**1,0**	1,0	**100**	100	**–**	–	**–**	–
EOH Europe (Pty) Limited	UK	**0,1**	0,1	**80**	80	**–**	–	**–**	–
EOH Impact Consulting Services (Pty) Limited	SA	**1,0**	1,0	**100**	100	**–**	–	**–**	–
E-Secure (Pty) Limited	SA	**0,1**	0,1	**80**	80	**–**	–	**–**	–
Highveld Wealth Management (Pty) Limited	SA	**0,1**	–	**100**	–	**–**	–	**–**	–
Lanmetrix (Pty) Limited	SA	**0,1**	0,1	**100**	100	**–**	–	**–**	–
Managed Print Solutions (Pty) Limited	SA	**0,1**	0,1	**51**	51	**–**	–	**–**	–
REO Consulting (Pty) Limited	SA	**0,1**	–	**100**	–	**–**	–	**–**	–
Rosstone Consulting (Pty) Limited	SA	**0,1**	–	**100**	–	**–**	–	**–**	–
Trusts									
The Mthombo Trust				**100**	100	**–**	–	**22 948**	22 948
The EOH Share Trust				**100**	100	**–**	–	**2 307**	2 307
						95 701	95 701	**(23 733)**	(31 897)
Less: Impairment provision						**(1 073)**	(1 073)	**–**	–
						94 628	94 628	**(23 733)**	(31 987)

SA: South Africa
Aus: Australia
UK: United Kingdom

NOTICE OF ANNUAL GENERAL MEETING

EOH Holdings Limited

Incorporated in the Republic of South Africa
Registration number 1998/014669/06
Share code: EOH ISIN Code: 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 eleventh annual general meeting of shareholders of the company will be held on Wednesday, 17 February 2010 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 2009, including the directors' report and the report of the auditors therein.

2. To elect Ms Pumeza Bam as Human Resources Director.

   Pumeza was educated at Woodridge College and Preparatory School and obtained her BSc (Biochemistry) from the University of KwaZulu-Natal, and PMB from GIBS. Pumeza is a certified member of the Institute of Directors.

   Pumeza has assumed the responsibility of Human Resources Director for the EOH group of companies. Pumeza has over 15 years' experience in Human Resources in the Public Sector, Education, Financial Services and Information Technology sectors.

3. To ratify the directors' remuneration for the year ended 31 July 2009 as reflected in note 39 to the annual financial statements.

4. To confirm the re-appointment of IAPA Johannesburg Chartered Accountants Inc. as independent auditors of the company (responsible partner David Grawitzky) 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

Control of authorised but unissued ordinary shares

5. 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 the Companies Act (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

Approval to issue ordinary shares, and to sell treasury shares, for cash

6. 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, as and when they in their discretion deem fit, subject to the Companies Act (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited ('JSE') 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;
- a paid press announcement giving full details, including the impact on net asset value, 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, 10% (ten percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE 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

General approval to repurchase shares

7. Resolved that, as a general approval contemplated in sections 85(2) and 85(3) of the Companies Act (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 securities 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 percent) 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 percent) of the company's issued ordinary share capital from the date of the grant of this general authority;
- 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 Generally Accepted Accounting Practice, 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;
- after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the company or its subsidiaries will not acquire securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings 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
- the company only appoints one agent to effect any acquisition(s) on its behalf.

Reason for and effect of special resolution number 1

The reason for and effect of the special resolution 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.

The directors of the company have no specific intention to effect the provisions of the special resolution but will, however, continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of the special resolution number 1.

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 and management – page 20;
- major shareholders of EOH – page 20;
- directors' interests in securities – pages 19 and 20; and
- share capital of the company – page 53.

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 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 (Pty) 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

1 December 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 (Netherlands)

Executive

Asher Bohbot (Chief Executive Officer)
Pumeza Bam
Lucky Khumalo
John King
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 Chartered Accountants Inc.

Transfer secretaries

Computershare Investor Services (Proprietary) Limited

Sponsor

Merchantec (Proprietary) Limited

FORM OF PROXY

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

For the use by certificated shareholders or dematerialised shareholders registered with 'own name' registration only, at the eleventh 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, 17 February 2010 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		
	For	**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 2009			
2. To elect as a director, Pumeza Bam, who was appointed on 15 July 2009			
3. To ratify the directors' remuneration for the year ended 31 July 2009			
4. To confirm the re-appointment of the auditors, IAPA Johannesburg Chartered Accountants Inc. (responsible partner David Grawitzky), for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.			
5. Ordinary resolution number 1: Control of authorised but unissued ordinary shares			
6. Ordinary resolution number 2: Approval to issue ordinary shares for cash			
7. Special resolution number 1: General approval to repurchase shares			

Signed at on 2009

Signature

Assisted by (where applicable)

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.

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; and

    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 (Pty) Limited:

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

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

    to be received by no later than 10:00 on Monday, 15 February 2010 (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.