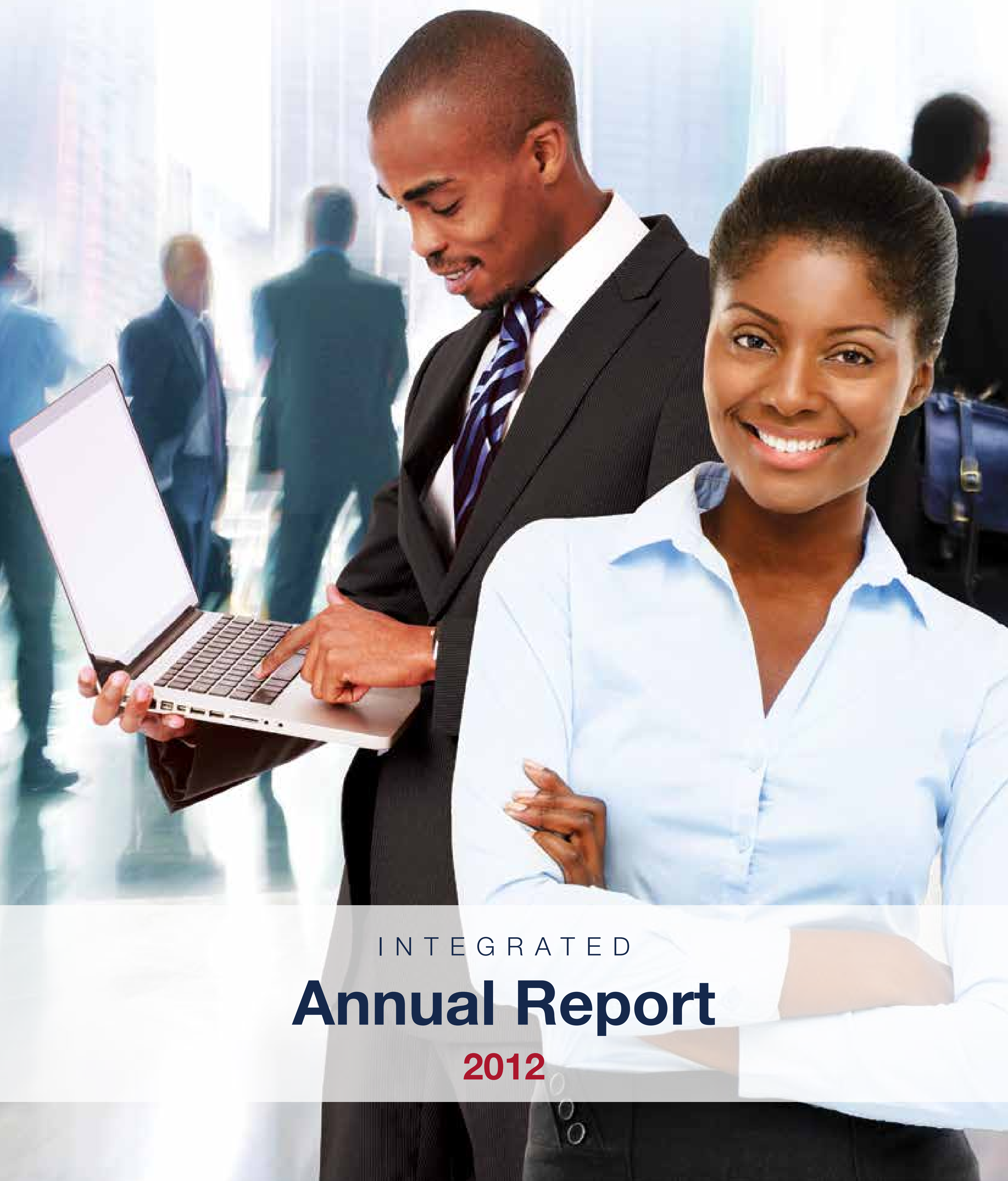
EOH

Systems make it possible...
People make it happen



INTEGRATED

Annual Report

2012

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45,2% compounded year-on-year growth

15% of our workforce are learners and interns

Wide geographic coverage with over 100 points of presence

About EOH

EOH purpose

- To provide technology, knowledge, skills and organisational ability critical to Africa's development and growth
- To be ethical and relevant for good and to play a positive role in society, beyond normal business

EOH vision

To be the best technology and knowledge service provider in Africa to:

- work for;
- partner with; and
- invest in.

EOH at a glance

- End-to-end solution offerings
- Largest implementer of enterprise applications
- Wide range of BPO services
- Strong outsourcing and cloud services
- Sound Black Economic Empowerment profile
- Operates in South Africa, Africa and the UK
- Listed on JSE since 1998
- Strong financial position

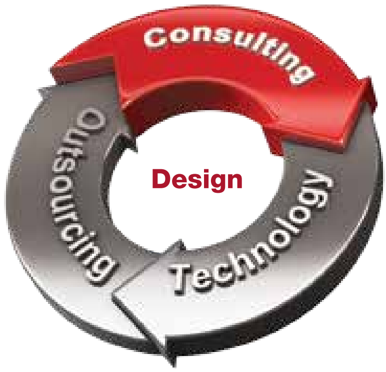
Achievements

- Compounded year-on-year growth of 45,2%
- Fifth best performing company on the JSE (*Financial Mail* Top Companies Survey 2012)
- Largest number of certified practitioners with all major IT vendors
- Formation of EOH's Job Creation initiative and the employment of 620 graduates and trainees on EOH's intern programme

EOH is a leader in technology and business services, the largest implementer of business applications and a provider of end-to-end solutions. We are active in South Africa, Africa and the United Kingdom and has a strong Black Economic Empowerment profile.

EOH was listed on the JSE in 1998 and since then has grown to over 4 900 people and more than 3 500 clients across all major industries. We achieved compounded annual revenue growth of 45,2% since inception.

Services and solutions



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

- Enterprise applications
- Information management
- Enterprise content management
- Information risk management
- IT management and optimisation
- Software development and integration
- IT infrastructure
- Intelligent infrastructure

Technology outsourcing

- Transformational outsourcing
- Managed services
- Cloud services
- Network and hosting

Business process outsourcing

- Finance/administration
- Corporate legal services
- Customer services
- Procurement
- Human capital solutions

Industry dimension

EOH's approach to industry is to complement generic IT services with in-depth and specialised industry knowledge. Our industry model is front-ended with specialist industry consulting skills and underpinned by core industry technology and business process outsourcing services.

- Financial services
- Utilities
- Telecommunications
- Retail
- Manufacturing and logistics
- Health
- Public sector
- Education
- Mining
- Construction
- Energy

Financial highlights

Our financial status

Our financial stability is underpinned by:

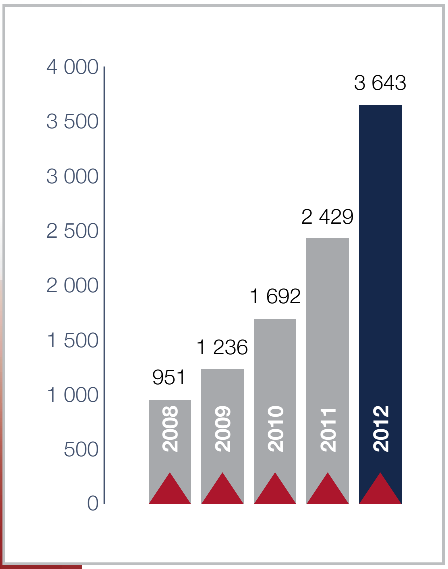
- A strong balance sheet
- 45,2% compounded year-on-year growth
- The management team and resources required to continue aggressive growth
- Strong accountability, risk management and compliance

Revenue	**R3 642,9 million**	UP	**50,0%**
Attributable income	**R222,6 million**	UP	**51,1%**
Earnings per share	**254,9 cents**	UP	**29,8%**
Headline earnings per share	**253,1 cents**	UP	**29,1%**
Cash	**R451,9 million**	UP	**40,5%**
Dividend per share	**70 cents**	UP	**45,8%**

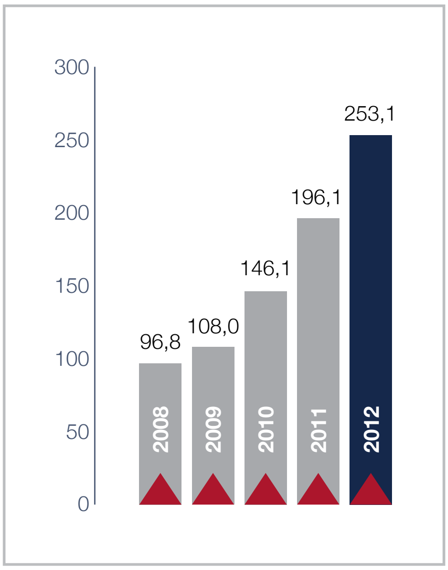
EOH has grown organically and through businesses joining the EOH family. The results below reflect consistent EOH growth over the past five years as a result of its activities and recognition of customer needs.

	12 months to 31 July 2012	12 months to 31 July 2011	12 months to 31 July 2010	12 months to 31 July 2009	12 months to 31 July 2008
Revenue (R'000)	**3 642 915**	2 428 973	1 692 421	1 235 568	950 934
Attributable income (R'000)	**222 577**	147 273	97 511	68 892	60 988
Earnings per share (cents)	**254,9**	196,4	146,2	106,8	96,2
Headline earnings per share (cents)	**253,1**	196,1	146,1	108,0	96,8
Diluted earnings per share (cents)	**226,2**	172,6	132,7	92,8	85,7
Dividend per share (cents)	**70,0**	48,0	36,0	30,0	25,0
Cash (R'000)	**451 867**	321 507	266 671	206 877	119 140
Net asset value per share (cents)	**1 118,7**	744,2	582,2	421,2	328,6

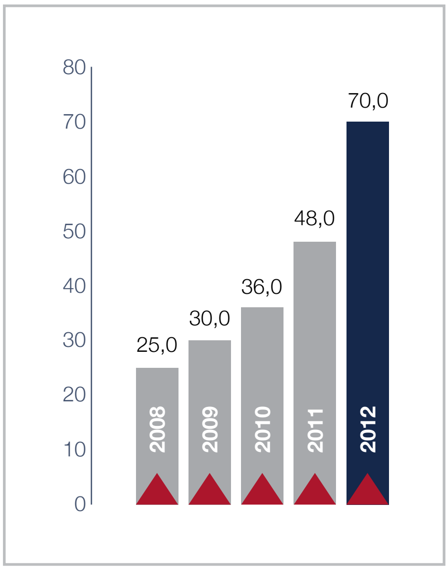
Revenue (Rand million)*



Headline earnings per share (cents)*



Dividend per share (cents)



** 12 months to 31 July*

Directorate

Asher Bohbot

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

Responsibilities:
Group Chief Executive Officer
Member of the Board
Invitee to the Audit Committee
Member of the Remuneration Committee
Member of the Risk Committee
Chairman of the Executive Committee ('EXCO')
Member of the Social and Ethics Committee
Member of the IT Governance Committee

John King

BCom, BAcc, CA(SA)
Appointed 1 March 2008
Group Financial Director

Responsibilities:
Group Financial Director
Member of the Board
Invitee to the Audit Committee
Member of the Remuneration Committee
Member of the Risk Committee
Member of the Social and Ethics Committee
Member of the IT Governance Committee
Member of EXCO

Pumeza Bam

BSc (Biochemistry) PMD
Appointed 15 July 2009
Human Resources Director

Responsibilities:
Human Resources Director
Member of the Board
Member of the Remuneration Committee
Member of the EXCO
Member of the Social and Ethics Committee

Dion Ramoo

BSc (IntoProcl, CA(SA) A.I.M.F.O
Re-appointed 23 February 2011
Executive Director

Responsibilities:
Member of the Board
Head of Public Sector Consulting
Member of the EXCO

Lucky Khumalo

BSc (Computer Science)
Appointed 1 May 2010
(Formerly Executive Director)
Non-executive Director

Responsibilities:
Member of the Board
Member of the Remuneration Committee
Member of the IT Governance Committee

Jane Thomson

Re-appointed 23 February 2011
Executive Director

Responsibilities:
Member of the Board
Managing Director of Softworks
Member of the EXCO

Robert Sporen

Re-appointed 23 February 2011
(Formerly Executive Director)
Lead Independent Non-executive Director

Responsibilities:
Member of the Board
Chairman of the Audit Committee
Chairman of the Risk Committee
Chairman of the Remuneration Committee
Chairman of the Social and Ethics Committee

Tebogo Skwambane

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

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

Dr Nakedi Mathews Phosa

BProc, LLB, Honorary PhD in Law (University of Boston)
Re-appointed 27 February 2008
*Chairman**

Responsibilities:
Independent Non-executive Chairman of the Board

* *Resigned with effect from 30 November 2012.*

Prof Tshilidzi Marwala

BSc (Mechanical Engineering), MSc (Engineering), PhD
Re-appointed 23 February 2011
Independent Non-executive Director

Responsibilities:
Member of the Board
Member of the Risk Committee
Chairman of the IT Governance Committee

CEO's operational report

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

EOH is about people and its business philosophy is:

▲ **Best people**	To attract, develop and retain the best people
▲ **Partner for life**	To develop life-long, mutually beneficial partnerships with its clients and partners
▲ **Right 1st time**	To ensure professional planning and execution and to have pride in all that we do
▲ **Sustainable transformation**	To transform and to manage diversity
▲ **Profitable growth**	To grow the top and bottom line similarly, while remaining entrepreneurial

The performance of the business

All areas of EOH's business operations have seen growth during the year under review with the revenue from services being the most significant generator of revenue. Revenue increased by 50,0% to R3 642,9 million and profit before tax is up by 45,0% to R339,9 million. Services revenue has increased to R2 344,6 million, a 61% increase over the previous period. Software sales have increased to R614,9 million (increase of 28%). Infrastructure sales have also increased by 39% to R683,3 million. Operating margin is 9,8% compared with 9,6% the previous year.

The growth is attributable to a combination of both organic growth and recent acquisitions. Earnings per share ('EPS') and headline earnings per share ('HEPS') have grown by 29,8% and 29,1%, respectively, with cash balances increasing to R451,9 million. The statement of financial position is strong with substantial cash resources to support future growth.

During the year under review, EOH's primary focus was to increase its Managed Services, Intelligent Infrastructure and Business Process Outsourcing ('BPO') businesses and, accordingly, the Group made several acquisitions in these areas.

Asher Bohbot – *Chief Executive Officer*

The Group acquired 100% of the share capital of Stanley Security Proprietary Limited, a company specialising in security equipment for a cash consideration of R83,2 million on 3 November 2011 to enhance EOH's Intelligent Infrastructure capability. A related property-owning company was also acquired during this transaction for R6,3 million in cash.

The Group acquired the entire share capital of Dental Information Systems Holdings Proprietary Limited ('DISH') with effect from 25 April 2012 for a consideration of R138,1 million. DISH specialises in dental managed healthcare BPO services.

The Group also acquired a number of smaller businesses to complement its existing service offerings. The total purchase consideration for these acquisitions was R220,0 million.

Operating environment

EOH operates in a fairly sizeable information technology ('IT') and BPO market estimated to be approximately R200 billion and growing at about 7,0% per annum. EOH's share of this market remains relatively small despite EOH growing at 50% during the year under review. This year has again seen customers spending more on IT than in previous years with a shift from customers providing most of their IT and BPO services in-house to outsourcing these services to IT service providers. Whilst the overall spend in IT remains moderate, the growth in revenues of the IT services providers has grown at a more rapid pace.

Cloud computing is prominent on the CIO's agenda and the opportunities around cloud computing provide new and exciting opportunities. EOH has capitalised on its end-to-end service offering and provides cloud service offerings as another channel for its customers.

The need for useful information and business intelligence is a top priority for customers and EOH, through its multiple service offerings and strong vendor relations, is well positioned for the anticipated growth in this area.

There continues to be some consolidation in the IT industry and there has been some convergence of technology and IT services. We have also seen the telecommunications companies entering into the traditional IT space.

EOH's operating model

The EOH operating model is based on a two dimensional approach: **lines of business** and **industry verticals**.

The lines of business are clustered around consulting, technology, technology outsourcing and business process outsourcing.

Consulting

These services include:

- Business operations improvement;
- IT strategy;
- IT architecture;
- Project management; and
- Change management.

Technology

EOH's technology offerings include:

- Enterprise applications;
- Information management;
- Enterprise content management;
- Information risk management;
- IT management and optimisation;
- Software development and integration;
- IT infrastructure; and
- Intelligent infrastructure.

Technology outsourcing

EOH offers a range of technology outsourcing services:

- Transformational outsourcing;
- Managed services;
- Cloud services; and
- Hosting and networking.

Business process outsourcing

EOH derives maximum value for its clients by outsourcing specific business processes. These include: finance and accounting, corporate legal services, customer services, human capital solutions and procurement.

Industry model

EOH's industry model complements generic IT services with in-depth and specialist industry knowledge.

EOH focuses on the following industries:

- Financial services;
- Telecommunications;
- Manufacturing and logistics;
- Mining;
- Central and local Government;
- Stated-owned entities; and
- Health.

More about EOH's lines of business

Consulting

EOH Consulting helps organisations manage and improve their corporate performance through practical, actionable and tangible business and technology consulting services. We deliver a complete managed solution from inception to implementation, taking into account strategy, governance, risk and compliance, process, people, structure and technology.

Enterprise applications

EOH's aim is to guide clients in the selection, deployment, operation, maintenance and refreshment of various Enterprise Resource Planning ('ERP') applications and their underlying technical infrastructure. We offer asset management, project management and on-demand managed services to allow resource elasticity and user training. We also provide niche solutions to clients to improve business processes.

Information management

EOH Information Management has powerful analytical solutions that are simple to build, cost effective, quick to deploy and easy to use. By seamlessly integrating information, technology and processes, we give users access to meaningful and accurate data. This facilitates the identification of trends and patterns for informed decision making.

Enterprise content management

EOH Enterprise Content Management helps organisations increase productivity, information sharing and knowledge retrieval while enabling regulatory compliance and reducing risk. We implement the strategies, methods and tools used to capture, manage, store, preserve and deliver information.

Information risk management

EOH reduces the complexity of information risk management by offering an end-to-end portfolio of services. We maintain partner status with the world's leading security technology providers and have some of the most experienced security resources in the world.

IT management and optimisation

EOH's IT Management and Optimisation Solutions include leading edge support infrastructure, high availability, security and Wide Area Network ('WAN') optimisation tools, as well as tools to monitor and manage an entire IT infrastructure. EOH provides these solutions across physical, virtual and cloud environments.

Software development and integration

EOH develops software solutions that meet clients' precise specifications. These solutions are flexible and scalable, allowing clients to modify them as the business evolves. They are designed to deliver business outcomes that benefit the entire organisation through innovation and operational efficiencies.

IT infrastructure

The EOH approach is to maximise the value of its clients' technology investments through effective use of the existing systems where possible and, where it makes business sense, embrace new technologies in order to realise a faster return on investment.

Intelligent infrastructure

Our intelligent infrastructure solutions are proven and world class, from corporate campus data networks to MetroLAN and broadband networks. We deliver full turnkey data centres, biometric identity management, energy control or systems integration, building management and intelligent green building design.

Transformational outsourcing

EOH provides an outsourcing service that streamlines IT operations and aligns IT architecture with overall business strategy. This can be provided as a bundled offering or on a component basis.

Managed services

By using a unique framework for providing our services, EOH keeps clients' computer systems, servers and network infrastructure operationally available and their staff and businesses productive. We optimise the availability, scalability and flexibility of Information and Communication Technology ('ICT') infrastructures while minimising expenditure.

Cloud computing hosting and networking

Whether it is the evolution of an on-site managed service or a private, hybrid or public cloud solution, EOH can assist through a combination of infrastructure, platform or software-as-a-service solutions. We ensure that the cloud is secure, resilient and stable, so that business applications perform optimally.

Business Process Outsourcing

EOH's knowledge based business process outsourcing services allow clients to achieve efficiency and cost savings. Our operational capacity, specialist skills and enabling technologies help companies to achieve optimum performance. We work in five key functional areas: human capital solution, customer services, corporate legal services, finance and accounting, and procurement.

EOH provides rightshoring (a combination of onshoring, offshoring and nearshoring) services to organisations worldwide. We leverage time zone and cultural synergies, while delivering cost and performance benefits. Our expertise lies in application and infrastructure support, application testing and monitoring, and business process outsourcing. EOH tailors each solution to specific customer requirements.

EOH Human capital solutions focused on designing, streamlining and improving organisations' non-core HR functions and processes. EOH Human Capital Solutions increase employee potential, improves organisational effectiveness and drives down operational costs – thereby generating value to the entire organisation. At the same time, EOH ensures that organisations comply with all statutory and Corporate Governance requirements.

Transformation

EOH is certified as a Large Enterprise Level 2 Contributor with BBBEE Procurement Recognition of 156% as a Value Adding Vendor.

EOH's current black shareholding is 34,62%. 59% of EOH's staff and 60% of its Board members are black.

EOH's corporate social investment initiatives are focused around education and wellness. One of our community involvement projects is the Maths Centre Programme, which has as its primary objective to equip teachers with skills to develop learner competency in maths. We have also given our support to The Child and Youth Development Programme of Afrika Tikkun. This programme provides support to youth during their school career and assists them in finding employment in the workplace. During this year EOH has spent R4,4 million on CSI initiatives.

Our Enterprise Development initiatives are aimed at developing black-owned ICT companies through financial and non-financial support, which includes the transfer of business skills. EOH has spent R14,2 million in the form of loans and training on enterprise development.

EOH has 620 trainees participating in a year-long graduate and school leavers' programme and has spent R8,4 million on this programme so far and is committed to spending a further R7,8 million over the next six months.

Job creation initiative

EOH launched the 'EOH Job Creation Initiative' in 2011 aimed at stimulating job creation by interacting with its customers, business partners and Government.

The main areas of focus for this initiative are:

- Internships and training programmes;
- Repatriation of jobs off-shored to other countries back to South Africa;
- Working with Government to mobilise business to take advantage of Government incentive schemes for job creation; and
- Encourage business to invest more in South Africa.

EOH estimates that between 20 000 and 25 000 jobs are being off-shored. EOH's objective for the next three years is to assist businesses to bring some 10 000 jobs back home. EOH also wants to help create internships for 20 000 graduates and learnerships for 30 000 matriculants across business in South Africa. South Africa is short of skills, rather than short of jobs. EOH believes that one set of skills equals one job.

Business needs to skill people, starting with school leavers and graduates through learnership and internship programmes. EOH has 620 learners and interns, which represents 15% of its workforce. If every business in SA were to do the same, it would mean the employment of hundreds of thousands of young South Africans. Business needs to take up the role of further developing our youth; it's good for our society and it's good for business.

EOH will continue to work with its international technology partners and clients to reduce unemployment in South Africa.

Sustainability policy

EOH believes that the correlation between people, business and the community is inseparable and that a company is fundamentally a social structure. Sustainable principles have always been part of EOH's philosophy.

EOH recognises the need to provide sustainable solutions for its clients and has always embraced the philosophy of partner for life for its people, customers, vendors and other stakeholders.

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

Strategy and future plans

EOH's growth strategy will continue to be a combination of organic growth and strategic acquisitions. The main growth areas will be infrastructure and applications managed services, cloud offerings, enterprise applications, information management BPO, security and facilities management. EOH views Africa as a growth area in the medium term and will continue to cautiously pursue opportunities in identified countries.

EOH feels that as a South African enterprise it has the responsibility to actively contribute all that it knows and the resources that it has to improving Public Sector delivery. Currently, a quarter of EOH's revenue is derived from the Public Sector, from all tiers of Government and from state-owned entities. EOH also believes that the Public Sector represents a major business opportunity and if done well, could represent a substantial part of its future growth. In this regard, EOH is able to add value and contribute to improving the service delivery in the health sector, education, municipalities and other Government departments.

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

Corporate Governance report

The Board of Directors ('the Board') is committed to the concept and principles of effective Corporate Governance. The directors recognise the need for adherence to generally accepted Corporate Governance practice in all spheres of business activities. Accordingly, EOH is committed to entrenching the highest levels of Corporate Governance and continues to make significant progress in implementing structures, policies and procedures all aimed at strengthening governance within the Group.

The Board believes that the Group has made good progress with regards to complying with the recommendations of King III and EOH will continue to do so. A King III assessment and results are shown on page 24.

Statement of compliance

The Board, through the Audit and Risk Committee, has satisfied itself with the extent of the Company's compliance with the King III Report and with the JSE Listings Requirements during the financial year ended 31 July 2012.

The South African Companies Act, 2008 (Act 71 of 2008) ('Companies Act')

The Companies Act and the Regulations thereto came into effect on 1 May 2011. The Board is committed to the implementation of the new Companies Act. The adoption and approval of the Memorandum of Incorporation by shareholders is addressed in the notice of the Annual General Meeting to be held on 5 February 2013.

Regulatory and statutory compliance

Compliance remains a core focus of the Board, which is ultimately responsible for ensuring that the Group identifies and complies with applicable laws. The Board has noted the following significant legislative developments during the year under review:

- The Companies Act, No 71 of 2008;
- The South African Consumer Protections Act;
- The South African Competitions Act;
- The South African Protection of Personal Information Act; and
- The JSE Listings Requirements.

In addition there are various corporate governance guidelines and best-practice recommendations, key among which are those provided by King III, the OECD Principles of Corporate Governance, the United Nations Global Compact and the Global Reporting initiative guidelines.

The Board

The purpose of the Board is to steer the Group with integrity, through the development of policies, strategic decisions, planning, governance, resource allocation, standards of conduct and stakeholder relationship management.

Composition of Board

Currently there are five executive directors and five non-executive directors. There were no changes to the Board of Directors during the reporting period.

Composition of Board:

Director	Designation	Appointment
Dr Mathews Phosa	Chairman independent non-executive	20 October 2003 (Resigned 30 November 2012)
Pumeza Bam	Executive	15 July 2009
Asher Bohbot	Executive (CEO)	6 August 1998
Lucky Khumalo	Independent non-executive	1 May 2010
John King	Executive (Financial Director ('FD'))	1 March 2008
Tshilidzi Marwala	Independent non-executive	22 November 2006
Dion Ramoo	Executive	30 January 2004
Tebogo Skwambane	Independent non-executive	1 August 2008
Robert Sporen	Independent non-executive	1 November 2007
Jane Thomson	Executive	30 September 2002

Full details of the directorate are set out on pages 6 and 7.

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

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

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

The role and responsibilities of the Board are as follows:

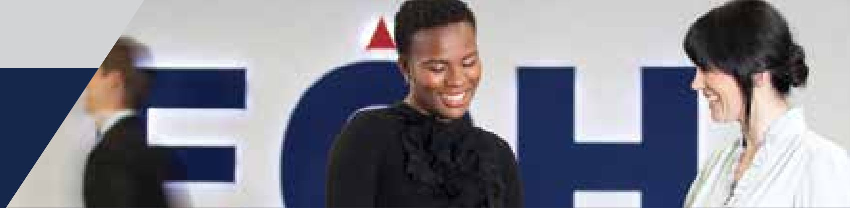
- To act in the best interests of the Company/Group;
- To provide ethical leadership and give direction to the Group in all matters;
- To approve the strategic plan developed by management and monitor its implementation;
- To ensure the Group's ethics are managed effectively through building an ethical culture, setting ethics standards, measuring adherence and incorporating ethics into its risk management, operations, performance management and disclosure;
- To act as the focal point for, and custodian of Corporate Governance by managing its relationship with management, the shareholders and other stakeholders;
- To monitor the Group's communication with all relevant stakeholders;
- To advise on the commercial and economic direction of the Group;
- To ensure that shareholders are treated equitably;
- To ensure that the Group complies with applicable laws, rules, codes and standards;
- To ensure that the Group is and is seen to be a responsible corporate citizen;
- To appreciate that strategy, risk, performance and sustainability are inseparable and govern the Group accordingly;
- To ensure that the Group has an effective and independent Audit Committee;
- To be responsible for the governance of risk;
- To be responsible for IT governance;
- To ensure that there is an effective risk based approach; and
- To determine policies and processes to ensure the integrity and effectiveness of:
  - Risk management, risk-based approach and internal controls;
  - Executive, management and staff remuneration;
  - External and internal communications;
  - Selection of directors and Chairman and their orientation and evaluation; and
  - The Integrated Annual Report.

Board proceedings

The Board meets quarterly and on an ad hoc basis when it is considered necessary to consider results and performance and to monitor the strategic direction and any other issues having a material effect on the Group. Board meetings are convened by formal notice incorporating the agenda and accompanied by background material regarding matters to be discussed at each meeting to enable the directors to prepare in advance. Where a non-executive director is unable to attend a meeting, independent discussions and input is obtained prior to the meeting and imparted at the Board meeting.

The roles of Chairman and Chief Executive Officer are separate. The Chief Executive Officer, Asher Bohbot, ensures that the day-to-day business affairs of the Group are properly managed. The Chairman manages and chairs the Board meetings.

Details of the directors' emoluments are set out on page 93 of the Integrated Annual Report.



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

Name	Designation	Status	Meetings held	Attended
Dr Mathews Phosa	Chairman	Independent non-executive	4	1
Pumeza Bam	Member	Executive	4	3
Asher Bohbot	Member	Executive (CEO)	4	4
Lucky Khumalo	Member	Non-executive	4	2
John King	Member	Executive (FD)	4	4
Tshilidzi Marwala	Member	Independent non-executive	4	2
Dion Ramoo	Member	Executive	4	3
Tebogo Skwambane	Member	Independent non-executive	4	1
Rob Sporen	Member	Independent non-executive	4	4
Jane Thompson	Member	Executive	4	4

Nomination and appointment to the Board

The appointment of directors is approved by the Board after an extensive search and interview process.

The Board as a responsible corporate citizen

In determining the strategy and long-term sustainability of the Group, the members keep abreast of concerns and consider the impact of its operations on the economy, society and the environment.

The Board and its shareholders

The Board has a high regard for its shareholders and makes every effort to present a balanced and comprehensive assessment of the Group's position, addressing material matters of significant interest and concern to stakeholders. The Board presents material aspects of the Group's activities, while remaining cognisant of the framework of sound governance principles.

The International Financial Reporting Standards ('IFRS') are used to report on all financial matters. The results for the year ended 31 July 2012 have been prepared in accordance with the Group's accounting policies, which comply with IFRS. Further details and definitions pertaining to the Group's accounting policies are set out fully in the annual financial statements.

The role and responsibility of the Board and its committees are embodied in formal charters and approved terms of reference which are reviewed annually to ensure that they remain relevant. The fundamental responsibility of the Board is to control, monitor and review the Group's overall economic performance.

Trading in Company shares

The Board updated its Trading in Securities Policy to ensure compliance with the JSE Listings Requirements. The Company Secretary informs the Board and employees of its closed periods prohibiting trade in EOH shares by directors, senior executives and participants in the various long-term incentive schemes. The closed periods commence 1 August and 1 February in each year and remain in force until the publication of the interim and final results respectively. Any period where the Company may trade under cautionary announcement would also be classified as a closed period.

All directors' dealings require the prior approval of the Chairman. The Company Secretary retains a record of all such share dealings.

Directors' and prescribed officers' interests in EOH shares

It is not a requirement of the Company's Memorandum of Incorporation or the Board Charter that directors own shares in the Company. The shares held by the directors as at 31 July 2012 are contained in the Directors' Report on page 39.

Conflicts of interests

Directors are required to annually declare their interests in order to determine whether there is any conflict with their duties to EOH. Directors are also required to disclose any conflicts of interest if and when they may arise.

Company Secretary

Adri Els CA(SA) is appointed as the Company Secretary. The Company Secretary acts in a supportive capacity to the directors and Chairman, and is suitably qualified, competent and experienced to provide guidance to the Board in matters relating to governance and other related practices across the Group. All directors have access to the services of the Company Secretary and directors may obtain independent professional advice at the Group's expense, should the need arise. All directors are required to comply with the requirements of the JSE Listings Requirements, King Report and the Companies Act. The Company Secretary provides appropriate guidance in this regard.

The Company Secretary is responsible for, *inter alia*:

- Maintenance of Board and Committee charters and the compilation of Board papers;
- Providing input into the agenda as well as taking minutes at Board and Committee meetings;
- Acting as primary point of contact between directors and the Group;
- Guiding directors regarding their duties as directors, matters of ethics and good governance; and
- Monitoring interests of directors, dealing in shares and the administration of the various share incentive trusts.

The Company Secretary is also the secretary to the Board committees and the Group's subsidiary companies.

Code of Ethics

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

Board committees

The Board has delegated certain functions to Committees. In doing so, the Board has not abdicated any of its own responsibilities. Formal documented charters define terms of reference, duration and functions, reporting procedures and the scope of authority of each Committee. The Board Committees are as follows:

- Audit Committee;
- Risk Committee;
- Remuneration Committee;
- Social and Ethics Committee; and
- IT Governance Committee.

These committees are chaired by non-executive directors. Non-executive directors may meet separately with operational management without the attendance of the executive directors.

Audit Committee

The Committee has an independent role with accountability to both the Board and shareholders. The Committee does not assume the functions of management, which remains the responsibility of the executive directors, officers and other members of senior management.

Composition

The Audit Committee comprises three independent non-executive directors and is chaired by an independent non-executive director. The members of the Committee have the requisite financial knowledge, skills and experience to contribute effectively to the carrying out of the Committee's mandate.

This Committee formally meets at least twice per annum prior to the publication of the Group's interim and final results.

The members have been nominated by the Board for re-election as members of the Audit Committee subject to shareholder approval at the Annual General Meeting to be held on 5 February 2013:

- Robert Michael Maria Sporen
- Tebogo Mapula Skwambane
- Tshilidzi Marwala

Attendance

The members and the CEO and FD attend committee meetings. Other members of staff attend when required. Representatives from the external auditors are present at all committee meetings and meet with the members and Committee Chairman, without management present, as and when required.

Attendance at Audit Committee meetings:

Name	Designation	Status	Meetings held	Attended
Rob Sporen	Chairman	Independent non-executive	3	3
Tshilidzi Marwala	Member	Independent non-executive	3	3
Tebogo Skwambane	Member	Independent non-executive	3	1
Asher Bohbot	By invitation	Executive (CEO)	3	3
John King	By invitation	Executive (FD)	3	3
PKF Inc	By invitation	External auditors	3	2

Audit Committee's responsibilities

The Audit Committee's responsibilities are varied and include:

Integrated and financial reporting

- Review and comment on the Annual Financial Statements, Annual Integrated Report, annual condensed results, interim results and trading update announcements to ensure compliance with IFRS and the Companies Act;
- Review and approve the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls;
- Perform a review of the Group's integrated reporting function and progress and consider factors and risks that could impact on the integrity of the Integrated Annual Report; and
- Recommend the Integrated Annual Report to the Board for approval.

Finance function

- Consider the expertise and experience of the Financial Director
- Consider the expertise, experience and resources of the Group's finance function; and
- Consider the effectiveness of internal control over finance.

Internal audit

The Company does not yet have a separate internal audit function. The oversight of the internal control remains with the Audit Committee and the required testing and investigation are performed in-house by competent financial staff.

During the coming year, these tests and reviews will be extended using both internal and external resources.

The areas that the Audit Committee considered during the year included:

- The Group's systems of internal control, including financial controls, to ensure that management is adhering to and continually improving these controls;
- Significant issues raised by the internal review process; and
- Policies and procedures for preventing and detecting fraud.

External auditors

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

- The Committee acts as a liaison between the external auditors and the Board;
- Nominates the external auditor for appointment by shareholders;
- Considers the scope of audit and non-audit services which the external auditors may provide to the Group;
- Reviews letters from auditors stating points of improvement or control deficiencies;
- Approves the remuneration of the external auditors and assesses their performance; and
- Annually assess the independence of the external auditors.

Accountability and accounting

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

Risk Committee

The Risk Committee is constituted as a Committee of the Board and chaired by a non-executive director.

Composition

The Risk Committee comprises three independent non-executive directors and the CEO and FD. It is chaired by an independent non-executive director. The members of the Committee have the requisite knowledge, skills and experience to contribute effectively to the carrying out of the Committee's mandate.

- Tebogo Mapula Skwambane
- Tshilidzi Marwala
- Rob Sporen
- Asher Bohbot
- John King
- Exco members (invitees)

The role of the Committee

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

Attendance

During the year under review, the Risk Committee met several times and the attendance was as per the table below.

The primary responsibilities of the Risk Committee include:

The Committee will perform all the functions as is necessary to fulfil its aforementioned role, including the following:

- Oversee the development and annual review of the risk policy and risk management plan and to recommend such for approval to the Board;
- Monitor the implementation of the policy and plan;
- Approve systems and processes;
- Make recommendations to the Board regarding the level of tolerance and appetite for risk;
- Oversee that the risk management plan is widely disseminated throughout the Group and integrated as part of the day-to-day activities of the Group;
- Ensure that risk management assessments are performed on a continuous basis;
- Ensure that frameworks and methodologies are implemented to anticipate risks;
- Ensure that management considers and implements appropriate risk responses;
- Ensure that management continuously monitors risk;
- Liaise closely with the Audit Committee to exchange information relevant to risk;
- Express an opinion to the Board on the effectiveness of the system and process of risk management; and
- Review the reporting of risk to be included in the Integrated Annual Report.

Attendance at Risk Committee meetings:

Name	Designation	Status	Meetings held	Attended
Rob Sporen	Member and Chairman	Independent non-executive	2	1
Asher Bohbot	By invitation	Executive (CEO)	2	2
John King	By invitation	Executive (FD)	2	2
Tshilidzi Marwala	Member	Independent non-executive	2	1
Tebogo Skwambane	Member	Independent non-executive	2	0

Risk management

The Board is ultimately responsible for the management of risk. The significant risks are communicated to the Board. The identified risks, their likelihood of occurrence, severity if occurred, mitigating control and the risk management outcomes are discussed on a regular basis. Risks on the register are ranked and prioritised ensuring swift response and intervention to risks outside the tolerance levels. No risks identified exceeded tolerance levels. Liquidity risks are managed on a short-term, and long-term basis ensuring pairing of known cash in and outflows, with predictions of expected cash flows.

Internal control

Operational and financial risks are managed through 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 occurred that would indicate any material breakdown in these internal controls during the year. The Group's assets are insured against loss, above predetermined self-insurance levels.

Critical business processes

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

Remuneration Committee

Composition

The Remuneration Committee is chaired by a non-executive director and two other non-executive directors, the CEO, FD and the Human Resources Director:

- Robert Sporen
- Tebogo Skwambane
- Lucky Khumalo
- Asher Bohbot
- John King
- Pumeza Bam

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.

Attendance

The attendance at the Remuneration Committee is indicated in the table below.

The role of the Committee

The Committee has an independent role to oversee and make recommendations to the Board for its consideration and final approval. The Committee does not assume the functions of management, which remains the responsibility of the executive directors, officers and other members of senior management.

The role of the Committee is to ensure that the Group remunerates directors and executives fairly and responsibly and that the disclosure of directors remuneration is accurate, complete and transparent.

Attendance at Remuneration Committee meetings:

Name	Designation	Status	Meetings held	Attended
Rob Sporen	Chairman	Independent non-executive	2	0
Pumeza Bam	By invitation	Executive (HR)	2	2
Asher Bohbot	By invitation	Executive (CEO)	2	2
Lucky Khumalo	Member	Independent non-executive	2	1
John King	By invitation	Executive (FD)	2	2
Tebogo Skwambane	Member	Independent non-executive	2	0

Responsibilities

The Committee must perform all the functions necessary to fulfil its role as stated above, and includes the following:

- Oversee the setting and administering of remuneration at all levels in the Group;
- Oversee the establishment of a remuneration policy to promote the achievement of strategic objectives and encourage individual performance;
- Review the implementation of the remuneration policy to ensure that objectives are being achieved;
- Ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the Group's needs and strategic objectives;
- Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- Ensure that all benefits are justified and correctly valued;
- Consider the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration;
- Regularly review incentive schemes;
- Consider the appropriateness of early vesting of share-based schemes at the end of employment;
- Advise on the remuneration of non-executive directors; and
- Oversee the remuneration report, to be included in the Integrated Annual Report.

EOH remuneration policy for directors and executives

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

In determining the remuneration of directors and executives, the Remuneration Committee aims to adhere to EOH's remuneration policy which is to provide appropriate remuneration packages required to attract, retain and motivate directors and executives, whilst giving consideration to remuneration levels, both within and outside the Group. Such overall packages must be competitive as talent is mobile both within local markets and globally. To meet these objectives, the Committee takes advice from external remuneration specialists from time to time.

The Remuneration Committee empowers the CEO to determine the remuneration packages of senior executives based on guidelines discussed and agreed at Remuneration Committee meetings. The Remuneration Committee will determine the fixed remuneration of Board members allowing the CEO discretion to determine incentives for executive directors based on specific performance criteria. Such overall remuneration must incentivise management to deliver sustained performance, consistent with strategic goals and appropriate risk management. The overall remuneration package may consist of fixed remuneration, performance incentives and longer term incentive and retention mechanisms (share options).

The remuneration of directors is transparent and disclosed in the Integrated Annual Report.

Attendance at Social and Ethics Committee:

Name	Designation	Status	Meetings held	Attended
Rob Sporen	Chairman	Independent non-executive	1	1
Pumeza Bam	Member	Director	1	1
John King	Member	Executive Director	1	1
Isobel Townsend	Member	Divisional Director	1	1

Social and Ethics Committee

The requirement for the Committee arose during the financial year pursuant to Regulation 43 of the Companies Act. A Social and Ethics Committee has recently been established.

Composition

- Rob Sporen
- Isobel Townsend
- John King
- Pumeza Bam

Roles and responsibilities

The Committee is responsible for monitoring the Group's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, with regard to matters relating to:

- Social and economic development;
- Good corporate citizenship, including the Group's:
  - promotion of equality, prevention of unfair discrimination and reduction of corruption;
  - contribution to the development of the communities in which it operates; and
  - to record sponsorship, donations and charitable giving;
- The environment, health and public safety;
- Consumer relations, including the Group's advertising, public relations and compliance with consumer protection laws; and
- Labour and employment practices.

Attendance

During the year under review, the Social and Ethics Committee meetings were as per the table on the previous page.

IT Governance Committee

Information technology remains a key and integrated part of EOH's business.

Composition

- Tshilidzi Marwala
- Rob Godlanton
- Hendrick Mosopa
- John King
- Asher Bohbot

Roles and responsibilities

The oversight of the Committee is to focus on:

- The effectiveness of EOH's IT strategy;
- Evaluate and ensure that there is appropriate management capacity and resources and IT systems;
- Review the capital and operating budgets for IT activities;
- The effectiveness of documentation for systems, programming, network and operations activities; and
- Effective backup procedures for all material IT activities.

Attendance

The IT Governance Committee was established during the financial year and the first meeting occurred after the financial year-end. The attendance was per the table below.

Attendance at IT Governance Committee:

Name	Designation	Status	Meetings held	Attended
Tshilidzi Marwala	Chairman	Independent non-executive	1	1
Asher Bohbot	Member	CEO	1	1
Rob Godlonton	Member	Member of EXCO	1	1
John King	Member	FD	1	1
Hendrick Mosopa	Member	CIO	1	1

Transformation in South Africa

In South Africa, EOH continues its drive towards economic and social equity through the process of Broad Based Black Economic Empowerment ('BBBEE'). Transformation is managed at an operational level and reported and monitored at Group level via our various reporting structures. The best measure of our overall success is reflected in the Group BBBEE rating, which has improved again, reaching level 2 contributor status under the South African Department of Trade and Industry ('DTI') Code of Good Practice.

EOH's approach to BBBEE has progressed to a culture of change that is fully integrated as part of our business.

While EOH has made great strides in the area of socio-economic development, preferential procurement and enterprise development, we are aware that employment equity requires ongoing attention.

EOH will continue to encourage and support the training and development of employees and places particular emphasis on middle to senior level management as part of the succession planning process.

Summary of DTI Codes scores for the Group

Element	Indicator	July 2012	July 2011
Management control	Percentage black divisional executive directors	36%	36%
Employment equity	Percentage black employees at senior management Percentage black employees at middle management Percentage black employees at junior management	24% 45% 75%	17% 27% 49%
Skills development	Skills development expenditure on learning programmes for black employees as percentage of leviable amount Number of black employees participating in learnerships of category B, C and D as percentage of total employees	1,38% 676	0,5% 148
Preferential procurement	BBBEE procurement spend from all suppliers based on BBBEE, procurement recognition levels as a percentage of total measured procurement spend	71,28%	89,56%
Enterprise development	Average annual value of all socio-economic development contributions and sector-specific programmes made by the measured entity as a percentage of the net profit after tax ('NPAT')	6,39%	3,24%
Socio-economic development	Average annual value of all enterprise development contributions and sector specific programmes made by the measured entity as a percentage of ('NPAT')	1,98%	1,35%
Ownership	Percentage exercisable voting rights and economic interest of black people	34,62%	37,47%

Relationship with stakeholders

EOH is a strong proponent of transparency, best-practice disclosure, consistent communication and equal and timely dissemination of information to all stakeholders. Because EOH is an end-to-end solution provider, stakeholder engagement happens at a Group, divisional and Company level. Our businesses engage with stakeholders considered material to its business, which helps identify many of the important commercial and sustainable development issues facing the operation. The process forms a major source of input for our sustainability reports.

The Group's website contains a range of stakeholder-related information and material, including an update on the Group's activities, copies of presentation material given to investors and further explanation of matters contained in the Integrated Annual Report.

The table overleaf identifies each of EOH's key stakeholder groups and summarises their level of engagement and interaction:

Stakeholder and nature of relationship	Nature of engagement	Material issues	Actions
Shareholders, Investors and analysts	• Investor meetings • Internet updates/communications • Publication of results	• Group strategy • Group performance • Significant non-financial matters	• Continued inclusion of non-financial matters in Integrated Annual Report
Employees	• Employment equity forums • Employees surveys • Senior health and safety managers appointed	• Market related remuneration • Group policy to ensure good employee relationship • Health and safety measures • Retention of workforce	• Action the feedback from employee surveys • Training for health and safety • Identification of effective communication tools • Career path planning and training initiatives • Graduate programmes
Customers Largely service industry based	• Monitor call centres • EOH email address • EOH website • Customer visits	• Comply with social, environmental and human rights standards • Comply with the Consumer Protection Act • Customer-centric ethos	• Monitoring of call lines and emails • Customer service improvements identified and actioned
Suppliers	• Communication with key suppliers	• Clear communication channels • Long-term sustainable support of small and black suppliers	• Supportive relationships with suppliers • Continued efforts to streamline logistics chain
Government, authorities and regulators	• Proactive interaction and communication at all levels	• Compliance with national authorities and regulatory requirements • Tax compliance • Employment Equity Plans • Government procurement and spend plans	• Proactive consultation as required • Compliance with all required laws and regulations
Environment	• Commitment to reduce environment impacts	• Reduction in energy, fuel, water and paper usage • Recycling opportunities identified	• Business strategies to reduce wastage and increase recycling • Capex spend includes a commitment to improve energy efficiencies • Staff awareness of sustainability issues
Communities Including community based organisations and non-Governmental organisations	• Community impact employment opportunities • Donations to community projects • Track and communicate success stories • EOH engages directly with local communities	• Employment opportunities • Social and educational initiatives	• CSI strategy – To support worthy causes focused on education and wellness • Support of community-based projects

Compliance with King III

Chapter on Governance	Status update
1. Ethical leadership and corporate citizenship	• Ethics in the Group is fundamental and is continually monitored. A Code of Ethics is in place and all employees are required to adhere to the EOH work life constitution
2. Board and Directors	• The structure of the Board of Directors is reviewed regularly • A self-evaluation process is in progress • The intention is to combine the Remuneration Committee with a Nominations Committee to be constituted. Such committee will be chaired by the Chairman of the Board • The Remuneration Policy is defined and adhered to
3. Audit Committee	• The Audit Committee continues to operate effectively
4. The Governance of risk	• Frameworks and methodologies have been further embedded. • The Barn-Owl software will be implemented during 2013 • Risk registers have been compiled
5. The Governance of Information Technology	• The IT Governance Committee has been established and works closely with the Audit and Risk Committees
6. Compliance with laws, codes, rules and standards	• The Board is aware of the laws, regulations, codes and rules affecting the Group and complies therewith
7. Internal audit	• The implementation of a formal internal audit function is being considered • Various independent reviews of major controls and reconciliations are performed, and controls and procedures are reviewed at a business unit level by skilled practitioners
8. Governing stakeholder relationships	• The 2012 Integrated Annual Report includes disclosure regarding stakeholder expectations
9. Integrated reporting and disclosure	• The Integrated Annual Report adequately conveys information regarding the Group's financial performance and sustainability

At EOH, we believe that there is a distinct relationship between the quality of people a company employs and the success of a business. Companies therefore need to create the right environment, processes, structures and value system to ensure that people are happy and productive.

CEO's message

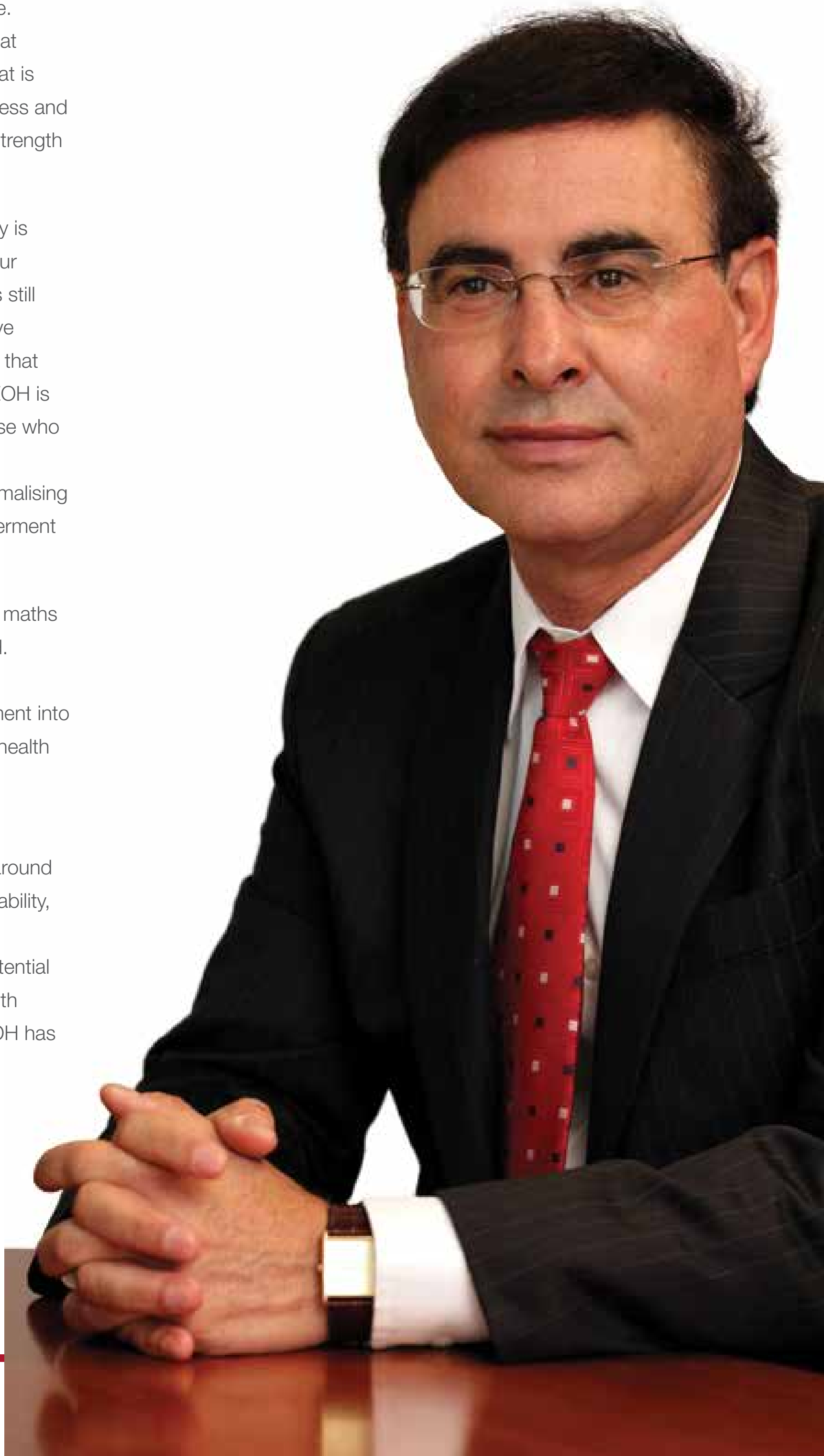
There is more to business than focusing only on the bottom line. At EOH its about people, understanding what people want, what they feel, what their needs are and to create an environment that is conducive to success. Our belief is that the quality of the business and the strength of the business equates 100% to the quality and strength of its people.

We've grown in all parts of the business and the business today is one of the strongest, if not the strongest technology player in our market. Even though EOH now employs over 4 900 people, it's still about people as opposed to technology. Consequently, we have numerous activities and programmes in the business to ensure that we stay close to our people. Another important priority within EOH is empowerment. We are committed to the empowerment of those who are economically marginalised and previously disadvantaged. We acknowledge and accept that we have a role to play in normalising our society through positive intervention programmes. Empowerment is relevant and it has to be sustainable.

EOH is committed to teacher training, especially in the fields of maths and science. If you improve the teaching, you improve the child. This is important to EOH because these people are our future employees. As with education, EOH has extended its commitment into the health arena, assisting Government in dealing with various health concerns, especially those related to HIV and AIDS.

EOH has the opportunity to create a positive impact with its customers. Our services and technologies enable companies around the world to align their business performance with their sustainability, increase their efficiency and their profitability. As sustainability becomes a core element of strategy, we see vast untapped potential for companies to benefit from a paradigm shift that is on par with the changes brought about by globalisation. Consequently, EOH has the ability to remain relevant and in business.

Asher Bohbot – *Chief Executive Officer*



Some of EOH's achievements

- Partnership with Government to undertake health screenings in impoverished communities.
- Job Creation initiative to assist the high unemployment in South Africa by employing 300 graduates on internship and 320 school leavers on learnerships.
- Recognised as a Level 2 contributor to Broad-Based Black Economic Empowerment.
- Spent R4,4 million on CSI Initiatives during 2012.
- Provided financial assistance of R14,2 million in the form of loans and support for enterprise development initiatives.
- Continued investment in employee training and development – R21,9 million spent on employee development in the past financial year.
- EOH declares that it is time for business to take more responsibility for alleviating unemployment in South Africa. EOH believes that Government alone cannot shoulder the responsibility of job creation. It is imperative that the private sector lead the job creation initiative; collectively business can make a difference.
- Lobbying Government to put some regulations and incentives in place to keep jobs in South Africa.

Sustainability reporting initiative

EOH's sustainability initiatives will be described in the following report from an environmental, social and economic perspective.

The report has been prepared in accordance with the Global Reporting Initiatives ('GRI') guidelines. This is the second year that EOH has produced a sustainability report conducted in accordance with GRI guidelines.

During the 2011/2012 financial year, EOH collated relevant sustainability data from their various businesses and activities as part of their 2012 sustainability report with the assistance of CoZero, a company specialising in sustainability measurements and reporting.

Sustainability strategy

EOH's strategy is two-fold; firstly to assist in the creation of a sustainable society without which no business can exist, and secondly to ensure that EOH's own impact is positive, both to the environment and to society.

This is the second year that EOH is measuring its own impact. As EOH expands as a Group, each of the new business units that are incorporated under the EOH umbrella are monitored and evaluated.

EOH concentrates its efforts in three areas; improved education, meaningful job creation and the fight against HIV and Aids.

Sustainable governance at EOH

The sole purpose of all governance within EOH is to guarantee the Group's commitments to all of its stakeholders: shareholders, customers, suppliers, lenders, the community and employees.

Currently, there is no single committee or board member, who has sole responsibility for organisational sustainability.

There are, however, various existing committees that focus on various aspects of sustainability. These committees are reflected in the diagram below.

Further details on Corporate Governance can be found in the Corporate Governance report.

Fig 1 – *Governance structure*

Ethics and core values

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

The core values contained in this Code of Ethics are reflected in the figure below.

These simple, but highly imperative core values, together with local and international laws, are adhered to by EOH in its support and respect of human rights. These values also ensure that EOH is not complicit in any form of human rights abuse. Any form of discrimination whether against gender, race, employment or occupation is not tolerated and dealt with within the normal disciplinary procedures. EOH promotes a zero tolerance policy regarding any unethical behaviour, which includes corruption, extortion and bribery.

Stakeholders

Understanding what people want, what they feel and what their needs are cannot be achieved without engaging at various levels. Stakeholder engagement is core to EOH's business strategy and to achieve its business objectives. The Group has regular contact with customers, consumers, suppliers, investors, non-Government organisations ('NGOs') and official bodies and is receptive to their expectations and views. An open and continuous dialogue helps the Group gain an understanding of stakeholder expectations and raises employee commitment. Refer also to Corporate Governance report.

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

EOH's involvement in community projects contribute to local economies, and as a leading Black Economic Empowerment ('BEE') group, its operations in South Africa help develop people and businesses economically, while leading the way in the transformation and sustainability of the economy.

Customers

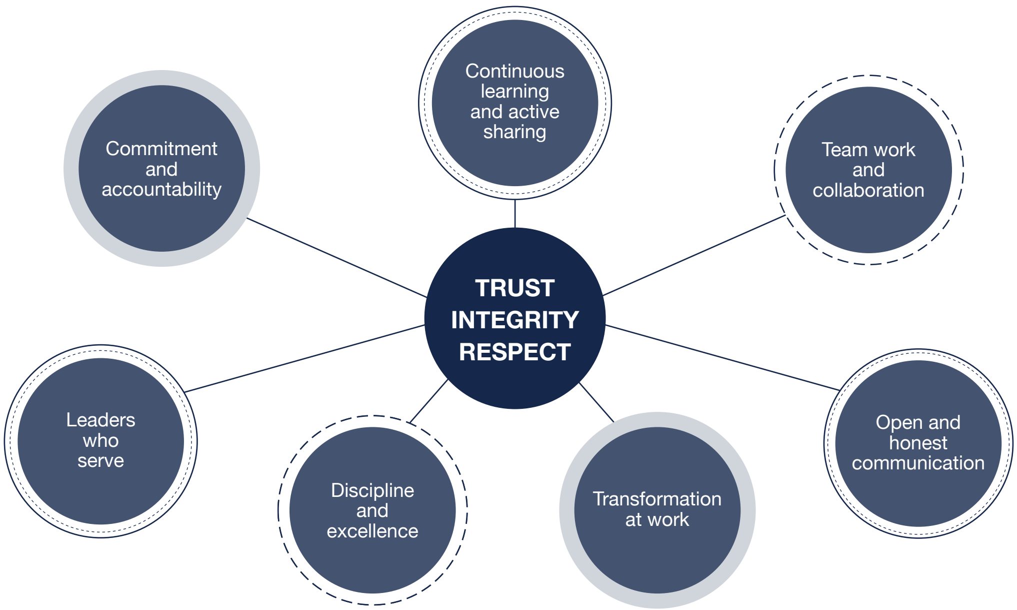
EOH delivers high-quality products and services to its clients that fulfil their needs and expectations.

Employees

EOH has over 4 900 employees and pays competitive salaries to its employees. EOH also provides various other benefits to employees, including managing contributions to life assurance, healthcare, disability cover and retirement provisions.

EOH employees are offered the opportunity to develop in terms of their own competence, as well as financially within the Company. The Group invests significant resources in training and development to enable employees to build careers within the Group. During the past financial year, the Group spent over R21,9 million on skills development.

Fig 2 – *Core values*



Suppliers

EOH strives to maintain transparent and long-term relationships with its suppliers. In the 2011/2012 financial year, EOH spent 71,2% of its total measured procurement spend on local BEE compliant suppliers.

Society

Building a prosperous South Africa through improved education

EOH, as a provider of business and technology solutions across a vast range of industries, understands that education is paramount in building a prosperous South Africa.

It is for this very reason that EOH undertook to support the Maths Centre for Professional Teachers ('MCPT'), more commonly referred to as the Maths Centre, which is aimed at supporting the teachers of maths and science.

Kabelo Primary School in Katlehong in the south of Johannesburg, is one of the 13 schools participating in this programme that receives support in the form of IT solutions from EOH. Their creed, 'I respect mathematics, I respect science and I respect myself,' demonstrates the interconnectedness of social responsibility, the private sector, education and sustainability. EOH believes that partnerships such as these, involving the private sector, teachers, learners and the community contribute significantly to developing South Africans. An education in science and mathematics opens doors of the future.

Three other schools that are supported by this programme are special needs schools, one of which is a school for the blind. EOH's support has enabled the MCPT to start working on producing teaching aids, books and other learning materials in braille. The programme aims to:

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

CEO, Asher Bohbot says, 'Maths and science are needed to give an individual access to the formal job sector. The Maths Centre programme offers a long-term solution to the maths and science shortage prevalent in South Africa, making it a natural avenue for EOH to grow and support.'

Creating meaningful employment

EOH has embarked on a major job creation initiative to address the issue of the millions of unemployed people in South Africa. CEO of EOH, Asher Bohbot states:

"The reality is that Government's role is not to create jobs. Businesses must create jobs. There are eight million people in South Africa who have never seen a payslip. We cannot wait for Government. I believe business has the capacity to make an impact."

EOH believes that Government alone cannot shoulder this responsibility. Business has the capacity and capability to do more and unemployment poses a major business risk. EOH is working with its top 300 customers and business partners to devise ways and means of creating more jobs and to develop and train young people. EOH is also working with existing Government departments to mobilise existing and new job creation initiatives.

EOH also has its own Graduate Recruitment Programme with 300 graduates participating in its internship programmes. EOH also has 320 learners on its learnership programme. These learners develop life and work skills through an intensive training programme focused on preparing them for the challenges of a professional environment.

Joining the fight against HIV and Aids and other chronic diseases

EOH has partnered with the South African Business Coalition on HIV and Aids ('SABCOHA') in a number of initiatives aimed at mobilising and empowering businesses to take effective and meaningful action against HIV and Aids, both in the workplace and further afield.

This is in line with the Government's National Strategic Plan (2012) to prevent new infections by maximising opportunities for testing and screening for HIV and Aids in business at both organisational and community levels.

SABCOHA plays an important role within the South African National Aids Council ('SANAC'), which comprises both civil and Government representatives, and is the co-ordinating body through which resources from the Global Fund to fight Aids, tuberculosis and malaria are channelled.

Being a development partner, EOH became a part of the national HIV Counselling and Testing ('HCT') campaign, providing both discounted and in-kind services. Participants are also given the opportunity to partake in a wellness screening campaign that tests for other chronic and lifestyle related ailments, such as cholesterol, diabetes and hypertension. These tests are not only important to the employee, but also to the sustainability of the business community and the social and economic life of the community in which it operates.

EOH makes its main contribution within the KwaZulu-Natal ('KZN'), Umlazi area in collaboration with the Wildlands Conservation Trust. This trust is focussed on unlocking the, 'green-preneurship,' potential of the impoverished and unemployed.

EOH has also become part of the Sukuma Sakhe programme in rural KZN, which was launched by the KZN Premier Dr Zweli Mkhize. The programme's mission is to provide comprehensive, integrated and transversal services to disadvantaged communities through effective and efficient partnerships. Dr Zweli Mkhize states: "It is impossible that we'd fail to resolve these problems if we all come together and work at resolving these problems."

Service delivery is therefore required through partnership with communities, stakeholders and Government.

EOH further undertook to co-ordinate the testing and screening of uninsured and contract workers within a construction group in Shoshanguve, spending in excess of R400 000. In this way, EOH helps to alleviate the burden placed on the public health system, which is in need of socio-economic partners that have the capacity to deploy expertise and innovative technology towards sustainable, affordable and quality care.

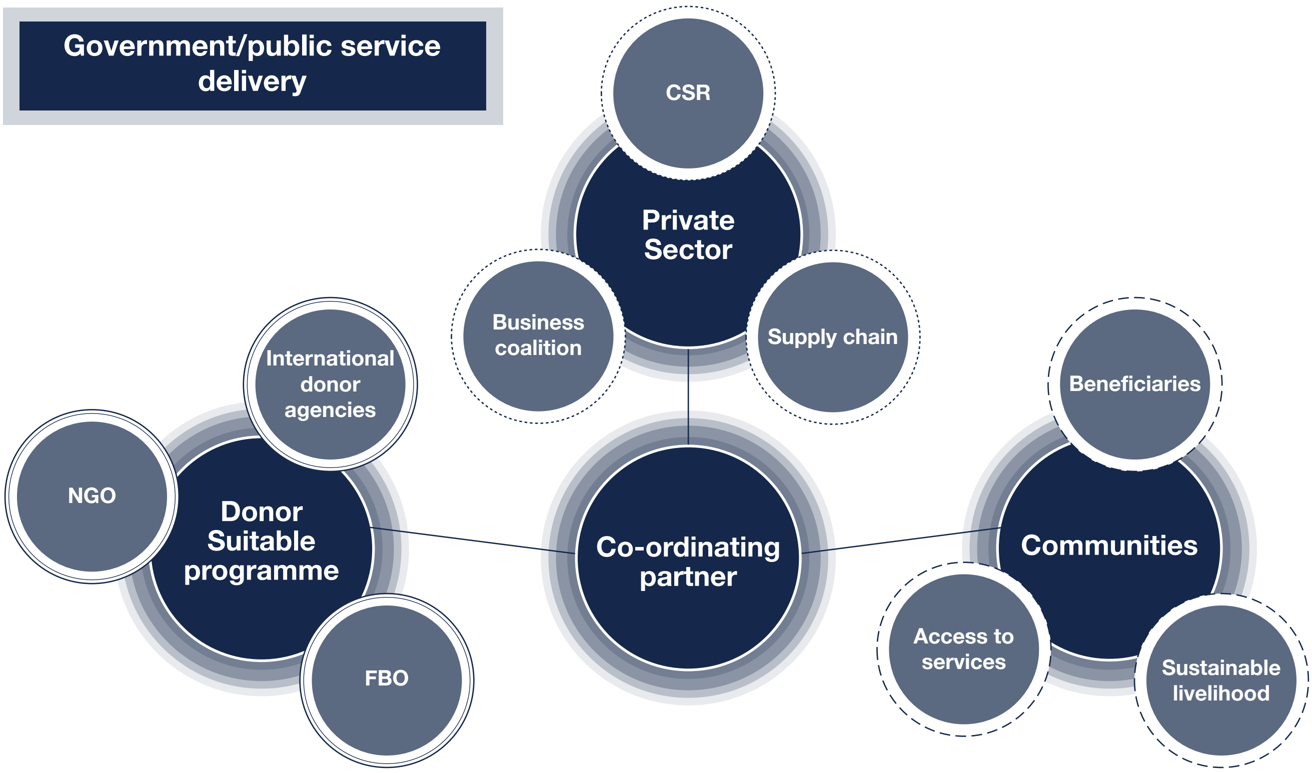
Below is a schematic representation (Fig 3 – Collaboration model) to show how members of the business coalition (including EOH) collaborate with other key stakeholders including Government and non-governmental organisations, in the fight against HIV and Aids.

The illustration shows how EOH is playing its part in assisting the Government and rural communities to take services to the people, thereby contributing towards sustainability. More specifically, EOH is working with SABCOHA and other members of the business coalition towards strengthening healthcare delivery systems within communities in a sustainable manner.

During the year under review, EOH made the following contribution towards the fight against HIV and Aids:

Beneficiary	Total wellness screening	Total HCT
Business (uninsured workers)	9 545	8 687
Soshanguve Gauteng	555	1 819
Wildlands KZN	1 463	1 166
Umlazi KZN	0	850
Total	**11 563**	**12 522**

Fig 3 – *Collaboration model*



Environmental, social and economic performance

EOH has identified a number of areas and is actively managing each one of these:

	Issue	Description of issue	Response
Environmental responsibility	Waste management	Avoidance, minimisation, management and disposal of general and hazardous waste from EOH operations.	All hazardous IT waste is responsibly disposed of or recycled. Paper waste is recycled. Processes are still required to sort, monitor and recycle general waste.
	Energy and greenhouse gases	Improve energy efficiency. Promote renewable energy usage.	Develop an energy data collection and monitoring system.
Economic sustainability	Economic value generated and distributed	Transparency in disclosure to stakeholders.	This Integrated Annual Report indicates revenue, operational costs, taxes paid to the fiscus, interest payments, payments to employees and retained income. Detailed financial results are shown in the EOH Annual Financial Statements.
Social responsibility	Education	Improving the level of education of our society.	Build and continually fund maths and science training.
	Job creation	Unemployment is at the core of our societal issues.	EOH has embarked on a major job creation drive to assist in the creation of sustainable jobs. To date over 620 graduates and school leavers have been employed by EOH.
	Healthy employees and society	High prevalence of HIV and TB in South Africa, specifically in lower income households.	EOH has screened over 12 000 people in the past year for HIV and TB and has partnered with Government in the fight against HIV.
	Training and development	Initiatives to increase levels of education of employees.	Continuous training and development of employees is provided through the EOH Academy. Financial assistance is also available to employees for external courses.
	Employment equity	Achieving and exceeding regulatory and legislative targets.	EOH has achieved a BBBEE Level 2.

Environmental responsibility

The Group complies with all applicable environmental legislation. During the 2011/2012 financial year, EOH continued on the journey to measure and report its environmental impact. All fossil fuel consumption, purchased electricity and various other sources of emissions were included in its data collection framework over the past year. Each new business that joins EOH automatically becomes part of the data recording process.

Environmental data

Environmental data		
Indicator	**2012**	**2011**
Scope 1 emissions (ton CO_2e)	**2 847**	Unknown
Scope 2 emissions (ton CO_2e)	**4 932**	4 221
Scope 3 emissions (ton CO_2e)	**4 664**	4 328
Fuel consumption diesel (litres)	**191 396**	113 520
Fuel consumption petrol (litres)	**1 008 916**	Unknown
Electricity consumption (kwh)	**4 981 922**	4 098 673
Estimated business air travel (passenger kms)	**8 030 716**	8 891 210
Employee travel in personal cars for business purposes (kms) – (tons CO_2e)	**3 884**	3 176
Employee travel in personal cars for business purposes (diesel litres)	**267 727**	Unknown
Employee travel in personal cars for business purposes (petrol litres)	**936 805**	Unknown
Business travel in rental cars (kms)	**484 976**	231 026*
Paper consumption tonnes (estimated)	**83,2**	Unknown
Water consumption (kilo litres)	**13 242**	Unknown
Emissions intensity (Scope 1 and 2 Emissions/ # FTE)	**1,68**	1,33

** Based on limited information*

Economic sustainability

- ▲ 50% increase in revenue
- ▲ 29,1% increase in headline earnings per share

Over the past year, EOH has grown in all areas of its business and the business today is one of the strongest players in the market. The IT industry is still a growth industry; the adoption of technology in all aspects of life is there for all of us to see. EOH continues to take market share by growing both organically and through acquisitions.

Economic sustainability is critical to attract and retain customers, employees and investors. From a shareholder perspective, sustainability initiatives help to increase the value of the Group by leveraging opportunities and managing risks from a financial, social and environmental perspective.

EOH aims to be in business forever, thus the notion of sustainability is deeply entrenched in its daily operations. EOH is ethical and strives to be a relevant force for good and to play a positive role in society, beyond normal business.

Social responsibility

EOH is certified as a Large Enterprise Level 2 Contributor with BEE Procurement Recognition of 156% as a Value Adding Vendor. EOH realises the role of the Private Sector as key to fulfilling the goals of transformation within the national education system.

EOH demonstrated this commitment by instigating a job creation programme and a numeracy and natural science programme with the MCPT. EOH has also been supporting several businesses as part of its enterprise development programme.

EOH's black shareholding is in excess of 34,62%, of which 7,3% are black women. 60% of the board members are black and 59% of EOH's staff are black. EOH feels that, as a South African enterprise, it has the responsibility to actively contribute all that it knows and the resources that it has to improving Public Sector delivery. In this regard, EOH is able to add value and contribute to improving the service delivery in the health sector, education, municipalities and other Government departments.

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

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

Transformation

Commitment

EOH is committed to the empowerment of those who have been economically marginalised and previously disadvantaged through discriminatory practices. EOH does not discriminate and creates a work environment that promotes equal opportunities for all to ensure that the future environment within which we work reflects the demographics of South African society. EOH acknowledges and accepts that it has an important role to play in normalising society through positive intervention programmes.

Ownership

EOH is a listed Company with shares held by private individuals and public entities alike. The combined effect of the merger of black-owned companies and the Mthombo Empowerment Trust for black employees has contributed to EOH's black shareholding of 34,62%. EOH will continue to strive to improve this percentage.

Management and control

EOH has a Board consisting of ten directors, five of them are executive directors and the remainder are non-executive directors. Executive directors consist of three white and two black members of which one is a female. Non-executive directors consist of one white and four black members of which one is a female.

The participation by black directors is quantified at 60% and the participation by black female directors is 20%.

Employment equity

EOH complies with the requirements of the Employment Equity Act and currently has a total PDI staff complement of 59%.

Percentage of black management

The effective average representation of black people in senior, middle, and junior management levels of the Company is 52%.

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.

Quantifiable skills development expenditure could be identified for black employees for the period under review. The total cost of skills development for black people, adjusted using the gender recognition was R19,6 million.

EOH spent 89% of skills development expenditure on black people.

EOH had 676 black trainees on training programmes during the last financial year.

The EOH Academy, 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 of their personal skills. EOH continually strives to improve its employees' skills and competencies, once again entrenching the philosophy that it is the people within a business who make things happen.

Preferential procurement

EOH has developed and implemented policies and procedures to increase and maintain procurement from black-owned and black-controlled enterprises. EOH spent 64% of its procurement on suppliers with a BBBEE status varying from level 1 to level 6 and the weighted BEE procurement spend constituted 71,28% of total measured procurement spend.

Enterprise development

Enterprise development means monetary or non-monetary contributions made to beneficiary entities, with the objective of contributing to the development, sustainability, financial and operational independence of those beneficiaries. Total enterprise development contributions by EOH's totalled R14,2 million.

Corporate social investment

EOH supported many organisations during the year under review of which the People Upliftment Programme ('POPUP') is one. Through the supply of computers and the continuous maintenance thereof, EOH enables them to continue with skills development, job creation and upliftment programmes that benefit large groups of people each year. Another such initiative is the Child and Youth Development Programme of Afrika Tikkun. The aim is to provide a sustainable future for children in townships. It has been repeatedly proven that high quality Early Childhood ('ECD') and Child and Youth Development Programmes ('YDP') can break the cycle of poverty in a community. This programme gives the youth the opportunity to reach their potential and enter the job market and become creative contributing citizens.

EMPOWERLOGIC
Your Logical Empowerment Solution

Broad Based Black Economic Empowerment Verification Certificate

A Consolidated Verification Certificate Issued to

EOH Holdings Limited and its Subsidiaries

Level 2 Contributor

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

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

BEE Status

BBBEE Status Level	Level 2
Element Points Obtained	EO: 21.92 points; MC: 9.26 points; EE: 3.38 points; SD: 10.22 points; PP: 19.15 points; ED: 11 points; SED: 12 points
Black Ownership	34.62% Black Ownership; 7.3% Black Women Ownership
Value Adding Vendor	Yes
BEE Procurement Recognition	156%
Issue Date	12/11/2012
Expiry Date	11/11/2013
Certificate Number	ELC3464GENBBICT
Version	Final
Applicable Scorecard	ICT - Generic
Applicable BBBEE Codes	ICT Code Gazetted on 6 June 2012

BEE Procurement Recognition Levels

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

Enquiries

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verification@empowerlogic.co.za

www.empowerlogic.co.za

EmpowerLogic (Pty) Ltd

Reg. No. : 1995/000523/07

BBBEE Verification Agency

Per E Ackroyd CA(SA)

Member - Verification Committee

SANAS Accredited sanas BBBEE Verification Agency

BVA018

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

Employee relations

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

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

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

The Employment Equity Committee, monitors the implementation of the plan. The training and development of employees from the designated groups forms an important component of the plan.

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

Independent auditors' report to the shareholders of EOH Holdings Limited

We have audited the consolidated and separate financial statements of EOH Holdings Limited set out on pages 45 to 101, which comprise the statements of financial position as at 31 July 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of EOH Holdings Limited as at 31 July 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 July 2012, we have read the directors' report, the Audit Committee's report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PKF (Gauteng) Inc.

PKF (Gauteng) Inc
Registered Auditors
Chartered Accountants (SA)
Registration number 2000/026635/21

Director: **S Ranchhoojee**

Johannesburg
28 November 2012

Directors' responsibility statement

The directors of the Group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Annual Financial Statements and related information. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board in issue and effective for the Group at 31 July 2012, and the AC 500 standards issued by the Accounting Practices Board, and in the manner required by the South African Companies Act, 2008 (Act 71 of 2008), as amended. The Group's independent external auditors, PKF (Gauteng) Inc, have audited the Annual Financial Statements and their unmodified report appears on page 35.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the Annual Financial Statements, and to adequately safeguard, verify and maintain accountability of assets, as well as prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

The Annual Financial Statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for the foreseeable future.

The directors' report and Annual Financial Statements set out on pages 39 to 101 were approved by the Board of Directors on 10 September 2012 and are signed on its behalf by:

Asher Bohbot
Chief Executive Officer

Rob Sporen
Lead Independent Non-executive Director

28 November 2012

Certification by the Company Secretary

In terms of Section 88 (2)e of the South African Companies Act, 2008 (Act 71 of 2008), as amended ('the Act'), I certify that to the best of my knowledge and belief, the Company and the Group has lodged with the Registrar of Companies, for the financial year ended 31 July 2012, all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Mrs A Els
Company Secretary

28 November 2012

Report of the Audit Committee

The Audit Committee, appointed by the Board in respect of the year ended 31 July 2012 comprised Rob Sporen, Tebogo Skwambane and Prof Tshilidzi Marwala (‘the committee’), who are independent non-executive directors of the Company. The Committee is satisfied that, in respect of the financial year, it has performed all the functions required to be performed by an Audit Committee as set out in the South African Companies Act, 2008 (Act 71 of 2008), as amended and the Committee’s terms of reference.

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

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

The Committee has nominated for approval at the Annual General Meeting, PKF (Gauteng) Inc as the external auditor for the 2013 financial year. Sanjay Ranchhoojee is assigned by the firm as the designated auditor of EOH Holdings Limited.

The Audit Committee is satisfied with the effectiveness of internal controls and the experience and expertise of the Group’s finance function.

The Committee has also considered and satisfied itself that the Group Financial Director, John King, has the appropriate expertise and experience to fulfil his role.

Rob Sporen
Chairman of the Committee

28 November 2012

Systems make it possible...
People make it happen

The directors have pleasure in submitting their report on the activities of the Company and the Group for the year ended 31 July 2012.

Nature of business

EOH is an IT company listed on the Information Technology sector of the 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, large and enterprise customers. Its operating model is a two dimensional approach: lines of business and industry verticals.

EOH operates the following lines of business clustered into the following broad service offerings:

- **Consulting** – EOH Consulting Services assist clients with business operations improvement, IT strategy, IT architecture, project management and change management.
- **Technology** – EOH's technology offerings are based on best-in-class software processes and methodologies and include the following: Enterprise applications; Information management: Enterprise content management; Information risk management; IT management and optimisation; Software development and integration; IT infrastructure and Intelligent Infrastructure.
- **Technology Outsourcing** – These services include: Transformational outsourcing; Managed Services; Cloud services and hosting and Networking.
- **Business Process Outsourcing** – EOH has a broad range of outsourcing services it offers to its clients which include: Finance and accounting; Corporate legal services; Customer services; Human capital solutions and Procurement.

EOH operates in all major industries with a particular industry focus on the following industries: Financial services; Telecommunications; Manufacturing and Logistics; Central and local Government; State-owned entities, Mining and Health.

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 audited consolidated results for the year ended 31 July 2012 ('year under review') have been prepared in accordance with IFRS, the South African Companies Act, 2008 (Act 71 of 2008), as amended, the Listings Requirements of the JSE and the AC 500 Standards as issued by the Accounting Practices Board. The accounting policies have been consistently applied with those in the prior year, which are supported by reasonable and prudent judgments and estimates.

These audited consolidated results have been prepared under the supervision of John King, CA(SA), the Financial Director of EOH.

Trading results

The results of operations for the year ended 31 July 2012 are detailed in the table below. Earnings attributable to ordinary shareholders amounted to R224,2 million representing earnings per share of 254,9 cents and headline earnings per share of 253,1 cents per share. The Group's operating income is attributable to its core business.

A summary of the Group's trading results and restated comparatives are set out below:

	Audited	
Figures in Rand thousand	**2012**	**2011**
Revenue	**3 642 915**	2 428 973
Profit before tax	**339 919**	234 390
Taxation	**(116 831)**	(85 986)
Profit for the period	**223 088**	148 404
Earnings per share (cents)	**254,9**	196,4
Headline earnings per share (cents)	**253,1**	196,1
Diluted earnings per share (cents)	**226,2**	172,6
Dividend per share (cents)	**70,0**	48,0

Group's financial position

The financial position of the Company and Group are set out in the statement of financial position, statement of financial performance and statement of cash flows in the Annual Financial Statements section of this report.

Dividends

A gross cash dividend of 70 cents (2011: 48 cents after deduction of secondary tax on dividends of 10%) per share ('the dividend') was declared and paid to shareholders recorded in the books at the close of business on Friday, 26 October 2012. This represents a 32,6% increase in the cost of dividends to the Company. Shareholders were advised that the last day of trade cum the dividend was Friday, 19 October 2012. The shares traded ex the dividend as from Monday, 22 October 2012. Payment was made on Monday, 29 October 2012.

Shareholders were advised that the Company would withhold the Dividend Tax and pay over the required amount to SARS on their behalf.

- The dividend would be treated as an income payment;
- The local dividend tax rate is 15%;
- There was no secondary tax on companies credits utilised against the dividend;
- The gross local dividend was 70 cents per share for shareholders exempt from paying the new dividend tax;
- The net local dividend amount was 59,5 cents per share for shareholders liable to pay the new dividend tax; and
- EOH's tax reference number is 9248321847.

Share capital

During the financial year the authorised share capital was increased to 500 000 000 ordinary shares and 5 476 729 shares were issued during the year as a result of employees exercising share options in terms of the EOH share option schemes and for the settlement of vendors for businesses acquired.

Between the year-end and the publication of this report, no ordinary shares have been issued as a result of businesses acquired. At year-end 2 786 811 EOH shares were held by a wholly-owned subsidiary of EOH. These shares will not be cancelled. At 31 July 2012, the shares of the Company were held by the following categories of shareholders:

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	2 016	41,52	1 070 958	1,06
1 001 – 10 000 shares	2 234	46,01	7 688 028	7,62
10 001 – 100 000 shares	496	10,22	13 990 399	13,87
100 001 – 1 000 000 shares	97	2,00	32 096 954	31,82
1 000 001 shares and over	12	0,25	46 019 448	45,63
	4 855	100,00	100 865 787	100,00
Distribution of shareholders				
Banks	32	0,66	4 332 818	4,30
Close corporations	82	1,69	924 922	0,92
Empowerment trusts	1	0,02	6 197 459	6,14
Endowment funds	38	0,78	507 889	0,50
Individuals	3 881	79,94	30 375 811	30,12
Insurance companies	12	0,25	1 236 795	1,23
Investment companies	2	0,04	40 306	0,04
Medical schemes	3	0,06	35 315	0,04
Mutual funds	53	1,09	22 323 758	22,13
Nominees and trusts	546	11,25	10 309 120	10,22
Other corporations	39	0,80	884 690	0,88
Own holdings	1	0,02	2 786 811	2,76
Private companies	129	2,66	15 970 583	15,83
Public companies	4	0,08	109 250	0,11
Retirement funds	31	0,64	4 061 284	4,03
Share trusts	1	0,02	768 976	0,75
	4 855	100,00	100 865 787	100,00

According to the records of the Company, the only shareholders registered as holding 3% or more of the Company's shares at 31 July 2012 were as follows:

	Shareholding		Shareholding	
Major shareholders	31 July 2012	%	31 July 2011	%
Fidelity	**8 322 000**	**8,25**	8 322 000	8,72
The Mthombo Trust	**6 197 459**	**6,14**	7 611 072	7,98
Asher Bohbot	**6 478 172**	**6,42**	6 478 172	6,79
PSG Group	**5 923 382**	**5,87**	6 923 630	7,26
Tactical Software Systems (Pty) Ltd	**5 569 238**	**5,52**	5 240 238	5,49
Government employee pension fund	**3 025 300**	**3,00**	n/a	n/a
V55 Investments (Pty) Ltd	**n/a**	**n/a**	6 100 493	6,40
Absa	**n/a**	**n/a**	3 513 446	3,68
Total	**35 515 551**	**35,2**	44 189 051	46,32
Public	**90 387 431**	**89,61**	81 510 488	85,45
Non-public	**10 478 356**	**10,39**	13 878 570	14,55
	100 865 787	**100,00**	95 389 058	100,00

Investments in subsidiaries and associate companies

Full details of all interests in subsidiaries and associates are included in Annexure A to the Annual Financial Statements.

Acquisitions and business combinations

During the year under review, EOH's primary focus was to increase its Managed Services, Intelligent Infrastructure and Business Process Outsourcing businesses and, accordingly, the Group made several acquisitions in these areas.

Further details are made available in note 40 to the Annual Financial Statements.

Directorate

The following directors served during the period:

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

Dr Mathews Phosa resigned with effect from 30 November 2012 due to his other considerable commitments.

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 2012 the directors' direct and indirect interest in the Company's issued shares were as follows:

	Beneficial		Non-beneficial		Share options	
	2012	2011	2012	2011	2012	2011
Directly						
Dr Mathews Phosa	**–**	–	**–**	–	**400 000**	250 000
Asher Bohbot	**–**	–	**–**	–	**2 150 000**	2 150 000
Pumeza Bam	**27 620**	–	**–**	–	**279 167**	362 500
Lucky Khumalo	**–**	–	**–**	–	**333 333**	500 000
John King	**62 810**	–	**–**	–	**1 125 000**	1 250 000
Prof Tshilidzi Marwala	**–**	–	**–**	–	**–**	–
Dion Ramoo	**10 000**	10 000	**–**	–	**400 000**	373 334
Tebogo Skwambane	**–**	–	**–**	–	**–**	–
Rob Sporen	**–**	–	**–**	–	**–**	–
Jane Thomson	**43 967**	–	**–**	–	**1 037 500**	1 050 000
Indirectly						
Asher Bohbot	**6 478 172**	6 478 172	**–**	18 000	**–**	–
Rob Sporen	**300 000**	497 173	**79 000**	79 000	**–**	–

Share options exercised and shares bought and sold between the end of the reporting period and date of this report are as follows:

Asher Bohbot exercised shares options to buy 252 513 shares.
John King sold 125 000 shares and exercised shares options to buy 126 256 shares.
Dion Ramoo sold 58 333 shares, purchased 45 699 shares and exercised shares options to buy 54 301 shares.
Jane Thomson exercised shares options to buy 88 380 share.
Rob Sporen sold 90 000 shares and Lucky Khumalo sold 166 667 shares.

Ordinary shares

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

- EOH Share Option Scheme – 1 924 633 ordinary shares issued to employees; and
- The Mthombo Trust – 237 268 ordinary shares issued to employees.

Between year-end and publishing of the Integrated Annual Report, the following share allotments took place:

- EOH Share Option Scheme – 485 000 ordinary shares issued to employees; and
- The Mthombo Trust – 350 000 ordinary shares issued to employees.

Share incentive scheme

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

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

	The EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Opening balance	207 156	12 851 491	6 569 902
Granted	–	1 924 633	237 268
Exercised	–	2 731 823	1 467 887
Forfeited	–	557 500	755 102
Closing balance	207 156	11 486 801	4 584 181
Exercisable	207 156	1 801 750	719 632

Liquidity and solvency

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

Contingent liabilities

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

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

Litigation statement

Save from the abovementioned, the directors, whose names are given on pages 6 and 7 of the report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Subsequent events

Other than the events noted in the Integrated Annual Report, no material event or transaction has occurred subsequent to 31 July 2012 that warrants adjustment to, or notification in, the Annual Financial Statements.

No change statement

This Integrated Annual Report for the year ended 31 July 2012 does not contain any material modifications to the reviewed results which were published on 12 September 2012.

Annual Financial Statements
2012

Statement of financial position
as at 31 July 2012

Figures in Rand thousand	Notes	Group 2012	Group 2011	Company 2012	Company 2011
Assets					
Non-current assets					
Investment property	3	**2 872**	–	**–**	–
Property, plant and equipment	4	**183 856**	80 325	**–**	–
Intangible assets and goodwill	5	**801 497**	550 355	**–**	–
Investments in subsidiaries	6	**–**	–	**95 127**	95 127
Other financial assets	7	**16 203**	23 436	**–**	–
Deferred tax	8	**90 008**	38 427	**–**	–
Finance lease receivables	9	**36 447**	–	**–**	–
		1 130 883	692 543	**95 127**	95 127
Current assets					
Inventories	10	**39 401**	30 662	**–**	–
Loans to Group companies	11	**–**	–	**285 232**	206 510
Other financial assets	7	**15 625**	5 671	**–**	–
Finance lease receivables	9	**26 360**	–	**–**	–
Current tax receivable		**37 493**	17 846	**–**	–
Trade and other receivables	12	**809 429**	569 817	**417**	427
Cash and cash equivalents	13	**451 867**	321 507	**150**	242
		1 380 175	945 503	**285 799**	207 179
Total assets		**2 511 058**	1 638 046	**380 926**	302 306
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Stated capital	15	**285 553**	277 190	**365 858**	300 450
Shares to be issued to vendors		**112 933**	24 412	**–**	–
Reserves		**111 390**	(28 797)	**3 879**	1 589
Accumulated profit/(loss)		**618 562**	437 124	**10 751**	(3 338)
		1 128 438	709 929	**380 488**	298 701
Non-controlling interest		**1 400**	1 131	**–**	–
		1 129 838	711 060	**380 488**	298 701
Liabilities					
Non-current liabilities					
Other financial liabilities	19	**271 768**	145 988	**120**	120
Finance lease obligation	20	**2 748**	3 714	**–**	–
Deferred tax	8	**50 786**	618	**116**	120
		325 302	150 320	**236**	240
Current liabilities					
Loans from Group companies	11	**–**	–	**–**	3 031
Other financial liabilities	19	**209 831**	168 822	**–**	–
Current tax payable		**41 603**	31 163	**–**	–
Finance lease obligation	20	**2 091**	12 447	**–**	–
Trade and other payables	23	**694 234**	495 925	**162**	299
Deferred income		**107 565**	68 261	**–**	–
Dividend payable		**594**	48	**40**	35
		1 055 918	776 666	**202**	3 365
Total liabilities		**1 381 220**	926 986	**438**	3 605
Total equity and liabilities		**2 511 058**	1 638 046	**380 926**	302 306

Statement of comprehensive income
for the year ended 31 July 2012

Figures in Rand thousand	Notes	Group 2012	Group 2011	Company 2012	Company 2011
Revenue	25	**3 642 915**	2 428 973	**–**	–
Cost of sales		**(2 086 082)**	(1 528 392)	**–**	–
Gross profit		**1 556 833**	900 581	**–**	–
Operating expenses		**(1 117 933)**	(600 993)	**(6 810)**	(3 263)
Depreciation		**(34 263)**	(26 577)	**–**	–
Amortisation of intangible assets		**(48 015)**	(40 000)	**–**	–
Operating profit/(loss)	26	**356 622**	233 011	**(6 810)**	(3 263)
Investment income	27	**12 676**	9 157	**66 682**	28 706
Impairment of assets		**(1 907)**	(132)	**–**	–
Share of losses of equity accounted investees		**(43)**	–	**–**	–
Finance costs	28	**(27 429)**	(7 646)	**–**	–
Profit before taxation		**339 919**	234 390	**59 872**	25 443
Taxation	30	**(116 831)**	(85 986)	**4**	(111)
Profit for the year		**223 088**	148 404	**59 876**	25 332
Other comprehensive income:					
Exchange differences on translating foreign operations	17	**1 206**	1 742	**–**	–
Total comprehensive income		**224 294**	150 146	**59 876**	25 332
Profit attributable to:					
Owners of the parent		**222 577**	147 273	**59 876**	25 332
Non-controlling interest		**511**	1 131	**–**	–
		223 088	148 404	**59 876**	25 332
Total comprehensive income attributable to:					
Owners of the parent		**223 783**	149 015	**59 876**	25 332
Non-controlling interest		**511**	1 131	**–**	–
		224 294	150 146	**59 876**	25 332
Earnings per share (cents)	38	**254,9**	196,4		
Diluted earnings per share (cents)	38	**226,2**	172,6		

Statement of changes in equity
for the year ended 31 July 2012

Figures in Rand thousand	Stated capital	Shares to be issued to vendors
Balance at 1 August 2010	89 824	33 138
Changes in equity		
Total comprehensive income for the year	–	–
Issue of share capital	191 985	–
Movement in treasury shares	(4 619)	–
The effect of consolidating the Mthombo Trust	–	–
Share-based payment	–	–
Dividends	–	–
Non-controlling interest acquired	–	–
Shares to be issued	–	(8 726)
Balance at 1 August 2011	**277 190**	**24 412**
Changes in equity		
Total comprehensive income for the year	**–**	**–**
Issue of share capital	**65 408**	**–**
Movement in treasury shares	**(45 916)**	**–**
The effects of consolidating the Mthombo Trust	**(11 129)**	**–**
Share-based payment	**–**	**–**
Dividends	**–**	**–**
Non-controlling interest acquired	**–**	**–**
Shares to be issued	**–**	**88 521**
Balance at 31 July 2012	**285 553**	**112 933**
Notes	15	15
Company		
Balance at 1 August 2010	108 466	–
Changes in equity		
Total comprehensive income for the year	–	–
Issue of share capital	191 984	–
Movement in treasury shares	–	–
Dividends	–	–
Balance at 1 August 2011	**300 450**	**–**
Changes in equity		
Total comprehensive income for the year	**–**	**–**
Issue of share capital	**65 408**	**–**
Movement in treasury shares	**–**	**–**
Dividends	**–**	**–**
Balance at 31 July 2012	**365 858**	**–**
Notes	15	–

Foreign currency translation reserve	Other reserves	Total reserves	Accumulated profit/(loss)	Total attributable to equity holders of the group/ company	Non-controlling interest	Total equity
(3 067)	29 214	26 147	315 083	464 192	(259)	463 933
1 742	–	1 742	147 273	149 015	1 131	150 146
–	–	–	–	191 985	–	191 985
–	(57 436)	(57 436)	–	(62 055)	–	(62 055)
–	(9 383)	(9 383)	–	(9 383)	–	(9 383)
–	12 699	12 699	–	12 699	–	12 699
–	–	–	(25 232)	(25 232)	–	(25 232)
–	(2 566)	(2 566)	–	(2 566)	259	(2 307)
–	–	–	–	(8 726)	–	(8 726)
(1 325)	**(27 472)**	**(28 797)**	**437 124**	**709 929**	**1 131**	**711 060**
1 206	**–**	**1 206**	**222 577**	**223 783**	**511**	**224 294**
–	**–**	**–**	**–**	**65 408**	**–**	**65 408**
–	**86 185**	**86 185**	**–**	**40 269**	**–**	**40 269**
–	**36 017**	**36 017**	**–**	**24 888**	**–**	**24 888**
–	**15 892**	**15 892**	**–**	**15 892**	**–**	**15 892**
–	**–**	**–**	**(41 139)**	**(41 139)**	**–**	**(41 139)**
–	**887**	**887**	**–**	**887**	**(242)**	**645**
–	**–**	**–**	**–**	**88 521**	**–**	**88 521**
(119)	**111 509**	**111 390**	**618 562**	**1 128 438**	**1 400**	**1 129 838**
17	18					
–	236	236	35	108 737	–	108 737
–	–	–	25 332	25 332	–	25 332
–	–	–	–	191 984	–	191 984
–	1 353	1 353	–	1 353	–	1 353
–	–	–	(28 705)	(28 705)	–	(28 705)
–	**1 589**	**1 589**	**(3 338)**	**298 701**	**–**	**298 701**
–	**–**	**–**	**59 876**	**59 876**	**–**	**59 876**
–	**–**	**–**	**–**	**65 408**	**–**	**65 408**
–	**2 290**	**2 290**	**–**	**2 290**	**–**	**2 290**
–	**–**	**–**	**(45 787)**	**(45 787)**	**–**	**(45 787)**
–	**3 879**	**3 879**	**10 751**	**380 488**	**–**	**380 488**
17	18					

Statement of cash flows
for the year ended 31 July 2012

Figures in Rand thousand	Notes	Group 2012	Group 2011	Company 2012	Company 2011
Cash flows from operating activities					
Cash generated from (used in) operations	31	**442 538**	149 783	**(6 937)**	(3 043)
Investment income		**12 676**	9 157	**1**	1
Dividends received		**–**	–	**66 681**	28 705
Finance costs		**(27 429)**	(7 646)	**–**	–
Tax paid	32	**(141 478)**	(129 609)	**–**	–
Net cash from operating activities		**286 307**	21 685	**59 745**	25 663
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(55 039)**	(32 649)	**–**	–
Sale of property, plant and equipment	4	**2 583**	1 949	**–**	–
Purchase of intangible assets	5	**(2 558)**	–	**–**	–
Acquisition of businesses		**(89 221)**	(17 687)	**–**	–
Loans to Group companies repaid		**–**	–	**–**	2 965
Loans advanced to Group companies		**–**	–	**(87 377)**	(119 975)
Increase in financial assets		**(6 873)**	(4 049)	**–**	–
Movement in finance lease receivables		**(12 700)**	–	**–**	–
Increase in investment in subsidiaries		**–**	–	**–**	(507)
Net cash from investing activities		**(163 808)**	(52 436)	**(87 377)**	(117 517)
Cash flows from financing activities					
Proceeds on share issue	15	**–**	191 984	**65 408**	191 984
Proceeds from other financial liabilities		**129 305**	129 305	**–**	–
Repayment of other financial liabilities		**(100 800)**	(133 781)	**–**	1
Net transaction of treasury shares		**37 352**	(74 660)	**2 290**	1 353
Finance lease payments		**(16 045)**	(2 138)	**–**	–
Dividends paid	33	**(41 951)**	(25 123)	**(45 782)**	(28 609)
Proceeds from loans from Group companies		**–**	–	**5 624**	–
Repayment of loans from Group companies		**–**	–	**–**	(72 785)
Net cash from financing activities		**7 861**	85 587	**27 540**	91 944
Total cash movement for the year		**130 360**	54 836	**(92)**	90
Cash at the beginning of the year		**321 507**	266 671	**242**	152
Total cash at end of the year	13	**451 867**	321 507	**150**	242

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards, AC500 Standards and its interpretations adopted by the International Accounting Standards Board, the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended. The Annual Financial Statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is the Group's functional currency.

All information has been rounded to the nearest thousand, except when otherwise indicated.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated Annual Financial Statements incorporate the Annual Financial Statements of the Company and all entities, including special purpose entities, which are controlled by the Company.

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

The results of subsidiaries are included in the consolidated Annual Financial Statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the Annual Financial Statements of subsidiaries to bring their accounting policies in line with those of the Group.

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

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

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

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

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

Business combinations

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

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

1. Presentation of Annual Financial Statements (continued)

1.1 Consolidation (continued)

Business combinations (continued)

The Group measures goodwill at the acquisition date as:

- fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

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

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

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

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

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

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

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

Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. 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 those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-For-Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein. Losses are eliminated to the extent that they are not indicative of an underlying impairment.

1. Presentation of Annual Financial Statements (continued)

1.1 Consolidation (continued)

Investment in associates (continued)

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.2 Use of significant estimates and judgements

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

Significant judgements include:

Loans and receivables

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

Allowance for slow moving, damaged and obsolete stock

When determining the write-down of stock to the lower of cost or net realisable value, management 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 the note 16 – Share-based payments.

Fair value estimation

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

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

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

1. Presentation of Annual Financial Statements (continued)

1.2 Use of significant estimates and judgements (continued)

Impairment testing

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

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, intangible and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Taxation

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

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

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1. Presentation of Annual Financial Statements (continued)

1.3 Investment property (continued)

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

1.4 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 Group; and
– the cost of the item can be measured reliably.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

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

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. Presentation of Annual Financial Statements (continued)

1.5 Intangible assets and goodwill

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 and goodwill 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.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets and goodwill, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful 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 finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Goodwill that arises on the acquisition of business and subsidiaries is presented with intangible assets.

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

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

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

1.6 Investments in subsidiaries

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. Presentation of Annual Financial Statements (continued)

1.7 Financial instruments

Classification

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

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Initial recognition and measurement

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

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

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

For financial instruments 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.

The Group derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent measurement

After initial recognition loans and receivables are measured at amortised cost, using the effective interest method, less accumulated impairment losses. Loans to Group companies, other financial assets, finance lease receivables, cash and cash equivalents and trade and most other receivables fall into this category of financial instruments.

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

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

Fair value determination

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

1. Presentation of Annual Financial Statements (continued)

1.7 Financial instruments (continued)

Impairment of financial assets

At each reporting date the Group assesses all financial assets, 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.

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.

Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group has a current legally enforceable right to set off the recognised amount and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the group will not offset the transferred asset and the associated liability.

Derecognition of financial instruments

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial assets to another party without retaining control of substantially all risks and rewards of the asset.

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

1.8 Tax

Current tax assets and liabilities

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

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

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 or loss nor taxable profit (tax loss).

1. Presentation of Annual Financial Statements (continued)

1.8 Tax (continued)

Deferred tax assets and liabilities (continued)

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

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

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

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

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries to the extent that it is probable that:

– the temporary difference will reverse in the foreseeable future;
– the parent is able to control the timing of the reversal of the temporary difference; and
– taxable profit will be available against which the temporary difference can be utilised.

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

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

Tax expenses

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

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

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

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

1.9 Leases

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

Finance leases – lessor

The Group recognises finance lease receivables in the statement of financial position at an amount equal to the net investment in the lease.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

1. Presentation of Annual Financial Statements (continued)

1.9 Leases (continued)

Finance leases – lessee

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

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

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

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as an income and the contractual payments are recognised as an operating lease receivable.

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

Operating leases – lessee

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

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

1.10 Inventories

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

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

The cost of inventories is based on the first-in, first-out formula and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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, on a straight-line basis.

1.12 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that a non-financial 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.
- tests goodwill acquired in a business combination for impairment annually.

1. Presentation of Annual Financial Statements (continued)

1.12 Impairment of non-financial assets (continued)

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

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.

1.13 Share capital and equity

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

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

1.14 Share-based payments

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

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.

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

1. Presentation of Annual Financial Statements (continued)

1.14 Share-based payments (continued)

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

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

The fair value of equity-settled options are not remeasured subsequently.

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

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

Management reassesses the number of options expected to ultimately vest based on non-market vesting conditions. The impact of the revision to the original estimates, if any, is recognised in the statement of comprehensive income, with a corresponding adjustment to equity.

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

1.15 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

1.16 Provisions and contingencies

Provisions are recognised when:

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

1. Presentation of Annual Financial Statements (continued)

1.16 Provisions and contingencies (continued)

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The present value is calculated at a market related rate adjusted for risks associated with 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 not arising as a result of a business combination are not recognised. Contingencies are disclosed in note 35.

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 end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

– the amount of revenue can be measured reliably;
– it is probable that the economic benefits associated with the transaction will flow to the Group;
– the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
– the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

1. Presentation of Annual Financial Statements (continued)

1.17 Revenue (continued)

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

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

Contract revenue comprises:

– the 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.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 Cost of sales

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

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

1.19 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

1. Presentation of Annual Financial Statements (continued)

1.20 Translation of foreign currencies

Functional and presentation currency

Items included in the Annual Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated Annual Financial Statements are presented in Rand which is the Group functional and presentation currency.

Foreign currency transactions

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

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

Cash flows arising from transactions in a foreign currency are recorded in 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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

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

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

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

1. Presentation of Annual Financial Statements (continued)

1.21 Dividends

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

1.22 Segment reporting

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

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations. The standards and interpretations had no material impact on the accounting policies of the Group.

IFRS 3 – Business Combinations – (Amendments to transition requirements for contingent consideration and clarification on the measurement of non-controlling interests).

The effective date of the standard is for years beginning on or after 1 January 2011. The Group has adopted the standard for the first time in the 2012 financial statements. The adoption of this standard has no material impact on the results of the Group, nor on its disclosure.

IFRS 7 – Financial Instruments: Disclosures

- (Disclosure of intended interaction between qualitative and quantitative nature and extent of risks arising from financial instruments).

  The effective date of the standard is for years beginning on or after 1 January 2011. The Group has adopted the standard for the first time in the 2012 financial statements. The adoption of this standard has no material impact on the results of the Group, nor on its disclosure.

- (Disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. Additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period).

  The effective date of the standard is for years beginning on or after 1 July 2011. The Group has adopted the standard for the first time in the 2012 financial statements. The adoption of this standard has no material impact on the results of the Group, nor on its disclosure.

IAS 1 – Presentation of Financial Statements – (Clarification of statement of changes in equity and grouping together items within OCI that may be reclassified to the profit or loss section of the income statement).

The effective date of the standard is for years beginning on or after 1 January 2011. The Group has adopted the standard for the first time in the 2012 financial statements. The adoption of this standard has no material impact on the results of the Group, nor on its disclosure.

2. New standards and interpretations (continued)

2.1 Standards and interpretations effective and adopted in the current year (continued)

IAS 24 – Related Party Disclosures – (Disclosure requirements for Government-related entities and clarification of the definition of a related party).

The effective date of the standard is for years beginning on or after 1 January 2011. The Group has adopted the standard for the first time in the 2012 financial statements. The adoption of this standard has no material impact on the results of the Group, nor on its disclosure.

IAS 34 – Interim Financial Reporting – (Disclosure requirements around significant events and transactions including financial instruments).

The effective date of the standard is for years beginning on or after 1 January 2011. The Group has adopted the standard for the first time in the 2012 financial statements. The adoption of this standard has no material impact on the results of the Group, nor on its disclosure.

IFRIC 13 – Customer Loyalty Programmes – (Clarification on the intended meaning of the term 'fair value' in respect of award credits).

The effective date of the standard is for years beginning on or after 1 January 2011. The Group has adopted the standard for the first time in the 2012 financial statements. The adoption of this standard has no material impact on the results of the Group, nor on its disclosure.

2.2 Standards and interpretations not yet effective

The following standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 August 2012 or later periods which are not yet effective.

IFRS 7 – Financial Instruments: Disclosures

– Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations (effective 1 January 2013).

IFRS 9 – Financial Instruments

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

IFRS 10 – Consolidated Financial Statements

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

IFRS 11 – Joint Arrangements

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

2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 12 – Disclosure of Interests in Other Entities

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

IFRS 13 – Fair Value Measurement

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

IAS 1 – Presentation of Financial Statements

– Annual Improvements 2009 – 2011 Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required (effective 1 January 2013).

IAS 12 – Income Taxes

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

IAS 16 Property, Plant and Equipment

– Annual Improvements 2009 – 2011 Cycle: Amendments to the recognition and classification of servicing equipment (effective 1 January 2013).

IAS 27 – Consolidated and Separate Financial Statements

– Consequential amendments resulting from the issue of IFRS 10,11 and 12 (effective 1 January 2013).

IAS 28 – Investments in Associates

– Consequential amendments resulting from the issue of IFRS 10, 11 and 12 (effective 1 January 2013).

IAS 32 – Financial Instruments: Presentation

– Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations (effective 1 January 2013).

– Annual Improvements 2009 – 2011 Cycle: Amendments to clarify the tax effect of distribution to holders of equity instruments (effective 1 January 2013).

The Directors have not yet determined what the impact of these new standards and interpretations on the Group will be.

3. Investment property

Reconciliation of investment property – Group – 2012

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Opening balance	–	–	–	–
Acquisition through business combination	2 872	–	–	–
Closing balance	2 872	–	–	–

Details of property

Waterford, portion 178 of the farm Lyttelton 381 held under Title Deed No ST 129734/2011

– Purchase price: 1 April 2012

The fair value of the property is based on the directors' valuation taking into account available market evidence. A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011, is available for inspection at the registered office of the Company.

4. Property, plant and equipment

Figures in Rand thousand	2012 Cost	2012 Accumulated depreciation	2012 Carrying value	2011 Cost	2011 Accumulated depreciation	2011 Carrying value
Group						
Buildings	65 236	(38)	65 198	3 160	–	3 160
Furniture and fixtures	29 865	(9 384)	20 481	24 248	(10 114)	14 134
Motor vehicles	12 667	(5 977)	6 690	8 581	(4 727)	3 854
Office equipment	20 510	(9 924)	10 586	16 751	(7 666)	9 085
IT equipment	113 234	(78 529)	34 705	97 982	(64 365)	33 617
Computer software	61 108	(30 996)	30 112	22 235	(18 687)	3 548
Leasehold improvements	28 301	(14 829)	13 472	20 519	(8 802)	11 717
Medical equipment	4 435	(1 823)	2 612	2 085	(875)	1 210
Total	335 356	(151 500)	183 856	195 561	(115 236)	80 325

Reconciliation of property, plant and equipment – Group – 2012

Figures in Rand thousand	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
Buildings	3 160	–	62 076	–	(38)	65 198
Furniture and fixtures	14 134	3 882	4 484	(174)	(1 845)	20 481
Motor vehicles	3 854	835	3 810	(107)	(1 702)	6 690
Office equipment	9 085	2 317	1 462	(103)	(2 175)	10 586
IT equipment	33 617	12 206	5 301	(600)	(15 819)	34 705
Computer software	3 548	28 340	10 603	–	(12 379)	30 112
Leasehold improvements	11 717	5 781	2 001	–	(6 027)	13 472
Medical equipment	1 210	1 678	671	–	(947)	2 612
	80 325	55 039	90 408	(984)	(40 932)	183 856

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – Group – 2011

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

	Group		Company	
Figures in Rand thousand	2012	2011	2012	2011
Assets subject to finance lease (net carrying amount)				
Furniture and fixtures	**436**	744	**–**	–
Motor vehicles	**2 745**	917	**–**	–
IT equipment	**1 240**	2 460	**–**	–
Medical equipment	**266**	–	**–**	–
	4 687	4 121	**–**	–
Details of buildings				
Office building 1				
Units 9 and 10, Block 1 of Northgate Island, Brooklyn, Cape Town, held under Title Deed No 3791/2009 – Purchase price: 1 March 2011	**8 692**	3 160	**–**	–
Office building 2				
4 Milner Street, Paarden Eiland, Erf 6159, Milnerton, Cape Town, held under Title Deed No T22123/1995 – Purchase price: 3 November 2011	**6 244**	–	**–**	–
Office building 3				
Section 12, The Forum, Erf 6473, Montague Gardens, Cape Town, held under Title Deed No ST5463/2008 – Purchase price: 1 April 2012	**50 300**	**–**	**–**	–

Depreciation expense included in cost of sales is R6 669 (2011: Nil) and in operating expenses is R34 263 (2011: R26 577).

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

5. Intangible assets and goodwill

Figures in Rand thousand	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	2012			**2011**		
Goodwill	**736 361**	**–**	**736 361**	480 311	–	480 311
Contracts	**65 317**	**(58 257)**	**7 060**	47 656	(27 124)	20 532
Customer relations	**77 483**	**(32 885)**	**44 598**	64 114	(19 312)	44 802
Intellectual property	**4 600**	**(1 000)**	**3 600**	2 500	(390)	2 110
Other intangible assets	**13 977**	**(4 099)**	**9 878**	4 000	(1 400)	2 600
	897 738	**(96 241)**	**801 497**	598 581	(48 226)	550 355

Reconciliation of intangible assets and goodwill – Group – 2012

Figures in Rand thousand	Opening balance	Additions through business combinations	Additions	Sale of business	Amortisation	Total
Goodwill	**480 311**	**257 929**	**–**	**(1 879)**	**–**	**736 361**
Contracts	**20 532**	**17 661**	**–**	**–**	**(31 133)**	**7 060**
Customer relations	**44 802**	**13 369**	**–**	**–**	**(13 573)**	**44 598**
Intellectual property	**2 110**	**–**	**2 100**	**–**	**(610)**	**3 600**
Other intangible assets	**2 600**	**9 519**	**458**	**–**	**(2 699)**	**9 878**
	550 355	**298 478**	**2 558**	**(1 879)**	**(48 015)**	**801 497**

Reconciliation of intangible assets and goodwill – Group – 2011

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

5. Intangible assets and goodwill (continued)

Impairment testing

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

	Goodwill	
Figures in Rand thousand	2012	2011
Unit		
EOH Mthombo	**237 706**	203 805
TSS MS and MIT	**108 763**	113 103
EOH Abantu	**100 146**	92 427
Denis	**105 113**	–
MSO	**24 808**	–
Airborne	**22 342**	–
	598 878	409 335
Multiple units without significant goodwill	**137 483**	70 976
Total goodwill	**736 361**	480 311

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

Key assumptions used in discounted cash flow projection calculations

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

A pre-tax weighted-average cost-of-capital rate ranging between 14,8% and 17,9% was used in discounting the projected cash flows. The cash flow projections were based on approved 2013 budgeted results and a reasonable growth rate applied for a further four years thereafter based on market conditions and historic trends. The perpetuity growth rate applied was 3,9% (2011: 5,0%).

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

6. Investments in subsidiaries

		Effective shareholding		Cost of shares	
Name of company	Country of incorporation	2012 %	2011 %	2012	2011
Axia Business Solutions (Pty) Ltd	SA	**100**	100	**–**	–
CA Southern Africa (Pty) Ltd	SA	**100**	100	**–**	–
Enterprise Softworks (Pty) Ltd	SA	**100**	100	**–**	–
Enterweb (Pty) Ltd	SA	**100**	100	**–**	–
EOH Abantu (Pty) Ltd	SA	**100**	100	**–**	–
EOH Consulting (Pty) Ltd	SA	**100**	100	**43 846**	43 846
EOH Consulting Services KZN (Pty) Ltd	SA	**100**	100	**–**	–
EOH Intelligent Infrastructure (Pty) Ltd	SA	**100**	100	**3 270**	3 270
EOH Mthombo (Pty) Ltd	SA	**100**	100	**2 302**	2 302
Intellient (Pty) Ltd	SA	**100**	100	**7 140**	7 140
Mthombo IT Services (Pty) Ltd	SA	**100**	100	**39 642**	39 642
V55 Investments (Pty) Ltd	SA	**100**	100	**–**	–
				96 200	96 200
Less: Impairment provision				**(1 073)**	(1 073)
				95 127	95 127

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

7. Other financial assets

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Loans and receivables				
Enterprise development loans and receivables	**9 971**	3 455	**–**	–
Shareholders' loans	**15 273**	16 428	**–**	–
CA Incorporated Limited	**1 210**	5 970	**–**	–
D Carolus	**2 502**	–	**–**	–
Other loans and receivables	**2 872**	3 254	**–**	–
	31 828	29 107	**–**	–

Other loans and receivables consist of a number of smaller loans to unrelated parties.

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

	Group 2012	Group 2011	Company 2012	Company 2011
Non-current assets				
Loans and receivables	**16 203**	23 436	**–**	–
Current assets				
Loans and receivables	**15 625**	5 671	**–**	–
	31 828	29 107	**–**	–

Fair values of loans and receivables

Loans and receivables are measured at amortised cost using the effective interest rate method.

The present value of the loans and receivables was calculated by using a discount rate of 4,0% (2011: 4,5%). In the directors' estimate, the carrying value of loans and receivables approximates their fair value.

Loans and receivables impaired

As of 31 July 2012, loans and receivables of R4 522 (2011: R2 467) were provided for.

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

Reconciliation of provision for impairment of loans and receivables	Group 2012	Group 2011	Company 2012	Company 2011
Opening balance	**2 467**	2 335	**–**	–
Provision for impairment	**654**	132	**–**	–
	3 121	2 467	**–**	–

The creation and release of provision for impairment has been included in operating expenses in the statement of comprehensive income. The credit quality of loans receivables is considered to be fair. The Group does not hold any collateral as security.

8. Deferred tax

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Deferred tax assets and liabilities are attributable to the following:				
Liabilities				
Deferred cost	**(25 759)**	(16 609)	**–**	–
Prepaid expenses	**(10 341)**	(3 120)	**(116)**	(120)
Leases	**(10 422)**	(1)	**–**	–
Intangibles	**(2 014)**	–	**–**	–
Acquisitions	**–**	(23)	**–**	–
Allowances	**–**	(333)	**–**	–
Property, plant and equipment	**(2 250)**	(172)	**–**	–
Set off of tax	**–**	19 640	**–**	–
Total liabilities	**(50 786)**	(618)	**(116)**	(120)
Assets				
Provisions	**38 938**	26 589	**–**	–
Deferred revenue	**48 216**	31 478	**–**	–
Assessed losses	**2 854**	–	**–**	–
Set off of tax	**–**	(19 640)	**–**	–
Total assets	**90 008**	38 427	**–**	–
Deferred tax movement				
Opening	**37 809**	24 035	**(120)**	(9)
Current year	**6 808**	723	**4**	(111)
Acquisitions	**(5 395)**	13 051	**–**	–
Closing balance	**39 222**	37 809	**(116)**	(120)

9. Finance lease receivables

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Gross investment in the lease due				
– within one year	**34 968**	–	**–**	–
– in two to five years	**43 531**	–	**–**	–
– later than five years	**5**	–	**–**	–
	78 504			
Less: unearned finance income	**(15 697)**	–	**–**	–
	62 807	–	**–**	–
Present value of minimum lease payments due				
– within one year	**26 360**	–	**–**	–
– in two to five years	**36 444**	–	**–**	–
– later than five years	**3**	–	**–**	–
	62 807	–	**–**	–
Non-current assets	**36 447**	–	**–**	–
Current assets	**26 360**	–	**–**	–
	62 807	–	**–**	–

The Group entered into finance leasing arrangements for certain of its equipment.

The lease terms range from 3 to 5 years and the effective lending rate was 2% above prime lending rates.

10. Inventories

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Work in progress	**9 188**	20 282	**–**	–
Finished goods	**10 783**	1 148	**–**	–
Merchandise and consumables	**21 545**	11 105	**–**	–
	41 516	32 535	**–**	–
Inventories (write-downs)	**(2 115)**	(1 873)	**–**	–
	39 401	30 662	**–**	–
Carrying value of inventories carried at net realisable value	**10 281**	7 342	**–**	–

The write-down of inventories are included in cost of sales.

11. Loans to/(from) Group companies

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Current assets	**–**	–	**285 232**	206 510
Current liabilities	**–**	–	**–**	(3 031)
	–	–	**285 232**	203 479

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.

12. Trade and other receivables

	Group		Company	
Figures in Rand thousand	2012	2011	2012	2011
Trade receivables	**783 468**	545 629	**–**	–
Prepayments	**20 098**	11 241	**415**	427
Deposits	**1 138**	748	**–**	–
VAT	**3 706**	5 747	**1**	–
Other receivables	**1 019**	6 452	**1**	–
	809 429	569 817	**417**	427

Trade and other receivables pledged as security

Trade receivables amounting to R343 723 (2011: R286 724) have been pledged to the Group's bankers for facilities.

Trade and other receivables past due but not impaired

At 31 July 2012, R55 981 (2011: R47 071) were past due but not impaired, as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Trade and other receivables impaired

As of 31 July 2012, trade and other receivables of R43 331 (2011: R20 903) were impaired and provided for.

The ageing of these receivables is as follows:	Group 2012	Group 2011	Company 2012	Company 2011
– 30 days	**135**	–	**–**	–
– 60 days	**517**	–	**–**	–
– 90 days	**528**	275	**–**	–
– 120 days and over	**42 151**	20 628	**–**	–

Reconciliation of provision for impairment of trade and other receivables	Group 2012	Group 2011	Company 2012	Company 2011
Opening balance	**20 903**	15 516	**–**	–
Amounts written off	**(853)**	(321)	**–**	–
Impairment loss	**23 281**	5 708	**–**	–
	43 331	20 903	**–**	–

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

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

13. Cash and cash equivalents

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Cash and cash equivalents consist of:				
Cash on hand	**214**	92	**–**	–
Bank balances	**419 014**	308 921	**150**	242
Short-term deposits	**32 639**	12 494	**–**	–
	451 867	321 507	**150**	242
The total amount of undrawn facilities available for future operating activities and commitments	**317 050**	310 875	**95 000**	310 875

Trade receivables have been pledged to the Group's bankers for facilities.

14. Financial assets by category

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

	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 – 2012						
Other financial assets	**31 828**	**–**	**–**	**–**	**–**	**31 828**
Finance lease receivables	**62 807**	**–**	**–**	**–**	**–**	**62 807**
Trade and other receivables	**784 487**	**–**	**–**	**–**	**–**	**784 487**
Cash and cash equivalents	**451 867**	**–**	**–**	**–**	**–**	**451 867**
	1 330 989	**–**	**–**	**–**	**–**	**1 330 989**
Group – 2011						
Other financial assets	29 107	–	–	–	–	29 107
Trade and other receivables	552 081	–	–	–	–	552 081
Cash and cash equivalents	321 507	–	–	–	–	321 507
	902 695	–	–	–	–	902 695
Company – 2012						
Loans to Group companies	**285 232**	**–**	**–**	**–**	**–**	**285 232**
Trade and other receivables	**1**	**–**	**–**	**–**	**–**	**1**
Cash and cash equivalents	**150**	**–**	**–**	**–**	**–**	**150**
	285 383	**–**	**–**	**–**	**–**	**285 383**
Company – 2011						
Loans to Group companies	206 510	–	–	–	–	206 510
Cash and cash equivalents	242	–	–	–	–	242
	206 752	–	–	–	–	206 752

15. Share capital

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Authorised				
500 000 000 ordinary shares of 1 cent each	**5 000**	1 000	**5 000**	1 000
Reconciliation of number of shares issued:				
Opening balance	**95 389**	79 737	**95 389**	79 737
Specific shares issue to share scheme	**2 732**	2 227	**2 732**	2 227
Specific shares issue for acquisitions	**2 745**	13 425	**2 745**	13 425
	100 866	95 389	**100 866**	95 389

399 134 213 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last Annual General Meeting subject to the provisions of Section 38 of the Companies Act and the requirements of the JSE. This authority remains in force until the next Annual General Meeting. The directors are only authorised to issue up to an aggregate maximum of 10% of the issued share capital for cash in a financial year.

At year-end 2 786 811 EOH shares were held by a wholly-owned subsidiary of EOH and will not be cancelled.

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Issued				
Ordinary shares of 1 cent each	**–**	807	**–**	954
Share premium	**–**	276 383	**–**	299 496
Stated capital	**285 553**	–	**365 858**	–
	285 553	277 190	**365 858**	300 450

16. Share-based payments

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

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

The Share Option Scheme

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

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

The share options will lapse after 10 years after issue date.

16. Share-based payments (continued)

The Mthombo Trust

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

- 33,33% after 3 years
- 33,33% after 4 years
- 33,34% after 5 years

The share options will lapse 8 years after issue date.

Total expense recognised arising from share-based payment: R15 891 893 (2011: R12 689 972).

	The EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Share option			
Outstanding at the beginning of the year	207 156	12 851 491	6 569 962
Granted during the year	–	1 924 633	237 268
Forfeited during the year	–	(557 500)	(755 102)
Exercised during the year	(78 469)	(2 731 823)	(1 467 887)
Outstanding at the end of the year	128 687	11 486 801	4 584 241
Weighted average share option price of outstanding shares at the beginning of the period (cents)	–	557,06	446,86
Weighted average share option price of shares granted (cents)	–	1 430,37	1 581,72
Weighted average share option price of shares exercised (cents)	–	397,00	405,89
Weighted average share option price of shares forfeited (cents)	–	662,41	765,32
Weighted average share option price of shares outstanding at the end of the period (cents)	–	717,37	515,52
Weighted average share option price of exercisable share (cents)	–	401,39	420,12
Exercisable at the end of the year	128 687	1 801 750	719 632

	Exercise date within one year	Exercise date from two to five years	Exercise date after five years	Total
Outstanding options				
EOH Share Option Scheme	3 231 860	6 453 190	–	9 685 050
The Mthombo Trust	1 820 999	1 993 610	50 000	3 864 609

16. Share-based payments (continued)

	The EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Information on options granted during the year			
Weighted fair value of options issued (cents)	–	1 012	1 467
Fair value was determined by using the binomial model. The following inputs were used.			
Grant date	1 Aug 2011 to 31 Jul 2012	1 Aug 2011 to 31 Jul 2012	1 Aug 2011 to 31 Jul 2012
Weighted average share price (cents)	–	2 340	3 510
Options price (cents)	–	1 430	2 106
Expected volatility (%)	–	25,11	25,21
Expected dividend yield (%)	–	3	3
Weighted average expected life (years)	–	4,28	4,10
Expiry date		31 Jul 2021 to 30 Jul 2022	31 Jul 2021 to 30 Jul 2022
The average of exercise price (cents)		1 430	1 581

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

17. Foreign currency translation reserve

	Group		Company	
Figures in Rand thousand	2012	2011	2012	2011
Exchange difference relating to the translation of the net assets of the Group's foreign entities from their functional currencies to the Group's presentation currency are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences accumulated in this reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign entity.				
Opening balance	**(1 325)**	(3 067)	**–**	–
Translation of foreign entities	**1 206**	1 742	**–**	–
	(119)	(1 325)	**–**	–

18. Other reserves

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

	Group 2012	Group 2011	Company 2012	Company 2011
Opening balance	**(27 472)**	29 214	**1 589**	236
Movement in treasury shares	**86 185**	(57 436)	**2 290**	1 353
Effect of consolidating the Mthombo Trust	**36 017**	(9 383)	**–**	–
Non-controlling interest acquired	**887**	(2 566)	**–**	–
Share-based payment	**15 892**	12 699	**–**	–
	111 509	(27 472)	**3 879**	1 589

19. Other financial liabilities

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Held at amortised cost				
Nedbank Limited The loan is repayable monthly over ten years with fixed interest rate of 12,38% and 7,5%. Secured by building under note 4.	**20 777**	–	**–**	–
ABSA Bank Limited* The loan is repayable monthly over five years with an interest rate equal to the prime rate.	**1 118**	37 850	**–**	–
Standard Bank Limited* The loan is repayable quarterly over four years with an 8,2% interest rate.	**167 528**	100 170	**–**	–
Standard Bank Limited* The loan is repayable quarterly over four years with an 7,9% interest rate	**100 000**	–	**–**	–
CA Incorporated Limited The loan is unsecured, interest free and has no fixed terms of repayment.	**508**	2 421	**–**	–
Tactical Software Systems Proprietary Limited The loan is unsecured, interest free and has no fixed terms of repayment.	**–**	17 128	**–**	–
Vendors for acquisition The amounts due to vendors represent the expected purchase consideration owing in respect of acquisitions and will be settled through the issue of a variable number of shares and/or cash resources when the relevant profit warranties have been fulfilled.	**187 814**	155 859	**120**	120
Other financial liabilities The loans are unsecured, interest free and have no fixed terms of repayment.	**3 854**	1 382	**–**	–
	481 599	314 810	**120**	120
Non-current liabilities				
At amortised cost	**271 768**	145 988	**120**	120
Current liabilities				
At amortised cost	**209 831**	168 822	**–**	–
	481 599	314 810	**120**	120

The carrying amounts of financial liabilities at amortised cost are denominated in rands.

* *Secured by debtors as disclosed in note 12.*

20. Finance lease obligation

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Minimum lease payments due				
– within one year	**2 454**	13 210	**–**	–
– in two to five years	**3 077**	3 714	**–**	–
	5 531	16 924	**–**	–
Less: future finance charges	**(692)**	(763)	**–**	–
Present value of minimum lease payments	**4 839**	16 161	**–**	–
Present value of minimum lease payments due				
– within one year	**2 091**	12 447	**–**	–
– in two to five years	**2 748**	3 714	**–**	–
	4 839	16 161	**–**	–
Non-current liabilities	**2 748**	3 714	**–**	–
Current liabilities	**2 091**	12 447	**–**	–
	4 839	16 161	**–**	–

It is Group policy to lease certain motor vehicles, furniture and fittings and equipment under finance leases.

The year of maturity ranges from 2012 – 2016 and a nominal interest rate of 7,5% to 12% is applicable.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4.

21. 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.

22. Defined benefit plan

There are no defined benefit plans in the Group.

23. Trade and other payables

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Trade payables	**336 449**	258 380	**23**	192
Amounts received in advance	**1 020**	–	**–**	–
VAT	**32 394**	22 995	**–**	–
Payroll accruals	**168 778**	110 907	**–**	–
Other accrued expenses	**115 182**	83 154	**139**	107
Other payables	**40 411**	20 489	**–**	–
	694 234	495 925	**162**	299

24. Financial liabilities by category

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

Figures in Rand thousand	Financial liabilities at amortised cost	Total
Group – 2012		
Finance lease obligations	**4 839**	**4 839**
Other financial liabilities	**481 599**	**481 599**
Trade and other payables	**492 042**	**492 042**
Dividends payable	**594**	**594**
	979 074	**979 074**
Group – 2011		
Finance lease obligations	16 161	16 161
Other financial liabilities	314 810	314 810
Trade and other payables	362 023	362 023
Dividends payable	48	48
	693 042	693 042

	Financial liabilities at amortised cost	Total
Company – 2012		
Loans from Group companies	**–**	**–**
Other financial liabilities	**120**	**120**
Trade and other payables	**23**	**23**
Dividends payable	**40**	**40**
	183	**183**
Company – 2011		
Loans from Group companies	3 031	3 031
Other financial liabilities	120	120
Trade and other payables	192	192
Dividends payable	35	35
	3 378	3 378

25. Revenue

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Sale of goods	**1 206 105**	851 645	**–**	–
Rendering of services	**2 435 235**	1 577 328	**–**	–
Rental Income	**1 575**	–	**–**	–
	3 642 915	2 428 973	**–**	–

26. Operating profit/(loss)

Operating profit/(loss) for the year is stated after accounting for the following:

	Group 2012	Group 2011	Company 2012	Company 2011
Operating lease contractual amounts				
– Premises	**57 542**	33 764	**–**	–
– Equipment	**4 739**	1 926	**–**	–
– Furniture	**49**	–	**–**	–
	62 330	35 690	**–**	**–**
Profit on sale of property, plant and equipment	**4 414**	252	**–**	–
Profit/(loss) on exchange differences	**5 070**	(347)	**–**	–
Employee costs	**809 269**	401 861	**–**	–
Provision raised/(reversed)	**–**	(2 196)	**–**	–

27. Investment income

	Group 2012	Group 2011	Company 2012	Company 2011
Dividend revenue				
Subsidiaries – local	**–**	–	**66 681**	28 705
Interest revenue				
Bank	**11 314**	6 504	**1**	1
Other interest	**1 362**	2 653	**–**	–
	12 676	9 157	**1**	1
	12 676	9 157	**66 682**	28 706

28. Finance costs

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Non-current borrowings	**–**	83	**–**	–
Trade and other payables	**1 010**	1 300	**–**	–
Finance leases	**18 726**	2 119	**–**	–
Bank	**7 296**	2 914	**–**	–
Other interest paid	**397**	1 230	**–**	–
	27 429	7 646	**–**	–

29. Auditors' remuneration

	Group 2012	Group 2011	Company 2012	Company 2011
Fees paid	**2 164**	2 969	**2 713**	28
Adjustment for previous period	**12**	–	**–**	–
Fees for other services paid	**80**	25	**–**	–
Expenses paid	**161**	100	**–**	–
	2 417	3 094	**2 713**	28

30. Taxation

	Group 2012	Group 2011	Company 2012	Company 2011
Major components of the tax expense/(income)				
Current				
Local income tax – current period	**120 157**	84 393	**–**	–
Local income tax – recognised in current tax for prior periods	**(1 097)**	(554)		
STC	**4 579**	2 870	**–**	–
	123 639	86 709	**–**	–
Deferred				
Originating and reversing temporary differences	**(6 720)**	(523)	**(4)**	111
Prior period adjustments	**(88)**	(200)	**–**	–
	(6 808)	(723)	**(4)**	111
Total taxation	**116 831**	85 986	**(4)**	111
Reconciliation of the tax expense				
Reconciliation between applicable tax rate	**%**	%	**%**	%
Applicable tax rate	**28,00**	28,00	**28,00**	28,00
Exempt income		–	**(27,33)**	(31,59)
Prior year adjustments	**(0,29)**	(0,39)	**–**	(0,03)
Disallowable charges	**5,85**	3,48	**–**	–
Secondary tax on companies	**0,38**	1,22	**–**	–
Security transfer tax	**0,04**	–	**–**	–
Deferred tax asset raised	**(0,68)**	–	**–**	–
Deferred tax not raised on estimated losses	**0,99**	4,37	**–**	3,63
Tax rate differences to 28% for foreign entities	**0,08**	–	**–**	–
	34,37	36,68	**0,67**	0,01

30. Taxation (continued)

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following item:				
Tax losses	**41 201**	27 431	**21 733**	15 439

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

In 2012, R8 230 874 of previously unrecognised tax losses were recognised as management considered it probable that future taxable profits would be available against which they can be utilised.

31. Cash generated from/(used in) operations

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Profit (loss) before taxation	**339 919**	234 390	**59 872**	25 443
Adjustments for:				
Depreciation and amortisation	**88 947**	66 577	**–**	–
Profit on sale of assets	**(4 414)**	(252)	**–**	–
(Loss)/profit on foreign exchange	**(5 071)**	347	**–**	–
Share of losses of equity accounted investees	**43**	–	**–**	–
Dividends received	**–**	–	**(66 681)**	(28 705)
Investment income	**(12 676)**	(9 157)	**(1)**	(1)
Finance costs	**27 429**	7 646	**–**	–
Present value adjustments and gains on financial liabilities	**5 425**	1 662	**–**	–
Impairment loss	**1 907**	416	**–**	–
Movements in provisions	**–**	(2 196)	**–**	–
Share-based payment expense	**15 892**	12 699	**–**	–
Profit on shares purchased	**–**	3 223	**–**	–
Changes in working capital:				
Inventories	**(8 739)**	(20 556)	**–**	–
Trade and other receivables	**(236 493)**	(174 948)	**10**	(44)
Trade and other payables	**198 309**	74 579	**(137)**	264
Deferred income	**39 304**	18 694	**–**	–
Business combination – working capital acquired	**(7 244)**	(63 341)	**–**	–
	442 538	149 783	**(6 937)**	(3 043)

32. Tax paid

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Balance at beginning of the year	**(13 317)**	(41 410)	**–**	–
Current tax for the year recognised in profit or loss	**(123 639)**	(86 709)	**–**	–
Adjustment in respect of businesses acquired during the year including exchange rate movements	**(8 632)**	(14 807)	**–**	–
Balance at end of the year	**4 110**	13 317	**–**	–
	(141 478)	(129 609)	**–**	–

33. Dividends paid

	Group 2012	Group 2011	Company 2012	Company 2011
Balance at beginning of the year	**(48)**	61	**(35)**	61
Dividends	**(41 139)**	(25 232)	**(45 787)**	(28 705)
Adjustment in respect of businesses acquired	**(1 358)**	–	**–**	–
Balance at end of the year	**594**	48	**40**	35
	(41 951)	(25 123)	**(45 782)**	(28 609)

34. Commitments

	Group 2012	Group 2011	Company 2012	Company 2011
Authorised capital expenditure				
Already contracted for but not provided for				
– Property, plant and equipment	**724**	551	**–**	–
This committed expenditure relates to property and will be financed internally				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	**20 313**	22 860	**–**	–
– in second to fifth year inclusive	**18 318**	20 283	**–**	–
	38 631	43 143	**–**	–

Operating lease payments represent rentals payable by the Group for certain of its office properties. No contingent rent is payable. The Group has bank guarantees relating to leased properties amounting to R24,8 million.

35. Contingencies

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

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

36. Related parties

Relationships

Refer to Annexure A on pages 102 and 103.

Figures in Rand thousand	Group 2012	Group 2011	Company 2012	Company 2011
Related party balances				
Loan accounts – Owing (to)/by related parties				
CA Southern Africa (Pty) Ltd	–	–	24 837	13 050
Compensation Technologies Consulting (Pty) Ltd	–	–	2 000	–
Enterprise Softworks (Pty) Ltd	–	–	19 739	16 239
EOH Abantu (Pty) Ltd	–	–	88 661	54 339
EOH Consulting (Pty) Ltd	–	–	12 577	12 577
EOH Mthombo (Pty) Ltd	–	–	59 892	51 018
E-Secure (Pty) Ltd	–	–	750	750
Intellient (Pty) Ltd	–	–	18 605	15 105
Mthombo IT Services (Pty) Ltd	–	–	8 000	5 500
The EOH Share Trust	–	–	361	361
The Mthombo Trust	–	–	15 671	19 983
TSS Managed Services (Pty) Ltd	–	–	20 894	–
V55 Investments (Pty) Ltd	–	–	13 245	14 557
Related party transactions				
Dividends received from related parties				
CA Southern Africa (Pty) Ltd	–	–	(11 787)	(5 500)
Compensation Technologies Consulting (Pty) Ltd	–	–	(2 000)	–
Enterprise Softworks (Pty) Ltd	–	–	(3 500)	(3 500)
EOH Abantu (Pty) Ltd	–	–	(2 500)	(5 000)
EOH Consulting (Pty) Ltd	–	–	–	(2 205)
EOH Consulting Services (Western Cape) (Pty) Ltd	–	–	–	(500)
EOH Mthombo (Pty) Ltd	–	–	(20 000)	(5 500)
E-Secure (Pty) Ltd	–	–	–	(500)
Intellient (Pty) Ltd	–	–	(3 500)	(3 500)
Mthombo IT Services (Pty) Ltd	–	–	(2 500)	(2 500)
TSS Managed Services (Pty) Ltd	–	–	(20 894)	–

Key management personnel

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

37. Risk management

Capital risk management

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

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

There are no externally imposed capital requirements.

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

The debt: equity ratio at 2012 and 2011 respectively were as follows:

	Group	
	2012	**2011**
Interest-bearing liabilities		
Other financial liabilities	**481 599**	314 810
Finance lease obligation	**4 839**	16 161
	486 438	330 971
Equity attributable to equity holders of the parent	**1 129 838**	711 060
Debt equity ratio	**0,43:1**	0,47:1

Financial risk management

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

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

37. Risk management (continued)

Liquidity risk

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

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

Figures in Rand thousand	Less than 1 year	Between 1 and 5 years
Group		
At 31 July 2012		
Other financial liabilities	**209 831**	**276 762**
Finance lease obligation	**2 454**	**3 077**
Trade and other payables	**661 840**	**–**
At 31 July 2011		
Other financial liabilities	168 822	149 734
Finance lease obligation	13 210	3 714
Trade and other payables	472 930	–
Company		
At 31 July 2012		
Other financial liabilities	**–**	**120**
Trade and other payables	**162**	**–**
At 31 July 2011		
Loans from Group companies	3 031	–
Other financial liabilities	–	120
Trade and other payables	299	–

Interest rate risk

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

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group policy is to maintain most of its borrowings in variable rate instruments. During 2012 and 2011, the Group's borrowings at variable rate were denominated in the Rands.

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

At 31 July 2012, if the interest rate on Rand-denominated borrowings had been 1% higher with all other variables held constant, post-tax profit for the year would have been R2,2 million (2011: R2,4 million) lower, mainly as a result of higher interest expense on floating rate borrowings.

37. Risk management (continued)

Credit risk

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

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

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

	Group		Company	
Figures in Rand thousand	2012	2011	2012	2011
Financial instrument				
Other financial assets	**31 828**	29 107	**–**	–
Finance lease receivables	**62 807**	–	**–**	–
Trade and other receivables	**809 429**	569 817	**417**	427
Cash and cash equivalents	**451 867**	321 507	**150**	242

At the reporting date, the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

Currency risk

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

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

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

	Group		Company	
Figures in Rand thousand	2012	2011	2012	2011
Foreign currency exposure at the end of the reporting period				
Current assets				
Trade and other receivables – BWP 1,281 (2011: 1,281)	**1 332**	1 231	**–**	–
Trade and other receivables – EUR 0 (2011: 0,09)	**–**	1	**–**	–
Trade and other receivables – GBP 1,004 (2011: 1,905)	**12 578**	21 003	**–**	–
Trade and other receivables – USD 1,430 (2011: 640)	**11 528**	4 291	**–**	–
Liabilities				
Trade and other payables – EUR 12 (2011: 0,8)	**(118)**	(8)	**–**	–
Trade and other payables – GBP 59 (2011: 49)	**(738)**	(544)	**–**	–
Trade and other payables – USD 88 (2011: 2,165)	**(704)**	(14 823)	**–**	–
Exchange rates used for conversion of foreign items were:				
BWP	**1,04**	0,96	**–**	–
EUR	**9,84**	9,66	**–**	–
GBP	**12,53**	11,03	**–**	–
USD	**8,01**	6,75	**–**	–

38. Earnings per share

Figures in Rand thousand	Group 2012	Group 2011
Profit for the period	**223 088**	148 404
Non-controlling interest	**(511)**	(1 131)
Profit for the purpose of basic earnings per share and diluted earnings per share	**222 577**	147 273
Earnings per share (cents)	**254,9**	196,4
Diluted earnings per share (cents)	**226,2**	172,6
Headline earnings per share		
Earnings for the purpose of basic earnings per share	**222 577**	147 273
Profit on disposal of assets	**(4 414)**	(252)
Net impairments of assets	**1 907**	–
Total tax effect of adjustments	**940**	–
	221 010	147 021
Headline earnings per share (cents)	**253,1**	196,1
Diluted headline earnings per share (cents)	**224,6**	172,3
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share	**87 312**	74 985
Shares deemed to be issued in respect of share-based payments	**11 104**	10 357
Weighted average number of ordinary shares for the purposes of diluted basic and headline earnings per share	**98 416**	85 342
Net asset value per share (cents)	**1 118,7**	744,2
Net tangible asset value per share (cents)	**324,1**	167,3

A gross cash dividend of 70 cents (2011: 48 cents after deduction of secondary tax on dividends of 10%) per share has been declared and is payable to shareholders recorded in the books at the close of business on Friday, 26 October 2012.

39. Directors' emoluments

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

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

The non-executive directors resign every three years by rotation and are re-selected by shareholders at the Annual General Meeting to facilitate Board continuity.

Directors restraint period is a minimum of twelve months after they leave the employ of EOH in respect of services offered by EOH.

Full remuneration presents all fees paid through the Group.

Figures in Rand thousand	Remuneration	Bonuses	Fees for other services	Directors' fees	Gain on exercise of options	Total
Executive						
2012						
A Bohbot	**2 000**	**1 594**	**–**	**–**	**–**	**3 594**
P Bam	**1 310**	**443**	**–**	**–**	**2 597**	**4 350**
JW King	**1 600**	**1 110**	**–**	**–**	**2 319**	**5 029**
DD Ramoo	**1 420**	**447**	**–**	**–**	**2 391**	**4 258**
JS Thomson	**1 530**	**1 050**	**–**	**–**	**3 425**	**6 005**
	7 860	**4 644**	**–**	**–**	**10 732**	**23 236**
2011						
A Bohbot	1 829	1 291	–	–	13 815	16 935
P Bam	1 207	404	–	–	–	1 611
JW King	1 459	887	–	–	4 064	6 410
DD Ramoo	1 273	255	–	–	1 013	2 541
JS Thomson	1 447	563	–	–	–	2 010
	7 215	3 400	–	–	18 892	29 507
Non-executive						
2012						
Dr NM Phosa	**–**	**500**	**–**	**968**	**–**	**1 468**
L Khumalo	**–**	**–**	**4 084**	**109**	**2 952**	**7 145**
T Marwala	**–**	**–**	**–**	**109**	**–**	**109**
T Skwambane	**–**	**–**	**–**	**109**	**–**	**109**
RMM Sporen	**–**	**–**	**–**	**109**	**–**	**109**
	–	**500**	**4 084**	**1 404**	**2 952**	**8 940**
2011						
Dr NM Phosa	–	–	833	873	5 447	7 153
L Khumalo	–	–	1 500	103	–	1 603
T Marwala	–	–	–	103	–	103
T Skwambane	–	–	–	103	–	103
RMM Sporen	–	–	–	103	–	103
	–	–	2 333	1 285	5 447	9 065

40. Acquisition of businesses

Figures in Rand thousand	Stanley	Airborne	Enable-med	DENIS	MSO	Auto-mation Specifi-cation	Other	2012	2011
2012									
Consideration									
Cash paid	(83 195)	(7 000)	(3 289)	(21 667)	(12 788)	(8 280)	(22 948)	**(159 167)**	(66 644)
Shares issued	–	(3 756)	(4 664)	(27 114)	(2 622)	(2 484)	(7 922)	**(48 562)**	(134 377)
Cash to be paid (discounted)	(6 300)	(8 581)	(12 322)	(28 134)	(16 166)	(8 182)	(26 975)	**(106 660)**	(82 883)
Shares to be issued	–	(11 859)	(16 806)	(61 175)	(4 549)	(10 930)	(27 911)	**(133 230)**	(70 032)
	(89 495)	(31 196)	(37 081)	(138 090)	(36 125)	(29 876)	(85 756)	**(447 619)**	(353 936)
Fair value of assets and liabilities acquired									
Investment property	–	–	–	2 872	–	–	–	**2 872**	–
Property, plant and equipment	10 101	999	406	53 121	11 157	3 638	10 986	**90 408**	23 298
Identifiable intangible assets	9 759	3 803	484	11 666	5 383	1 175	8 279	**40 549**	94 918
Other financial assets	–	705	–	–	–	–	1 060	**1 765**	–
Finance lease receivable – Long-term	28 990	–	–	–	–	–	–	**28 990**	–
Deferred taxation	(7 616)	278	480	183	1 002	127	257	**(5 289)**	8 594
Inventories	11 390	–	–	–	68	7 348	672	**19 478**	12 213
Finance lease receivable – Short-term	21 118	–	–	–	–	–	–	**21 118**	–
Trade and other receivables	30 833	3 924	2 176	296	7 869	16 775	22 034	**83 907**	142 222
Cash and cash equivalents	2 836	2 132	17 390	23 202	3 035	1 283	20 068	**69 946**	48 957
Other financial liabilities	–	–	–	(23 686)	(2 989)	–	–	**(26 675)**	(20 638)
Non-controlling interest	(536)	–	–	–	(353)	–	–	**(889)**	(259)
Finance lease obligation	–	–	–	–	–	(4 105)	(620)	**(4 725)**	(17 886)
Trade and other payables	(22 494)	(2 148)	(7 472)	(40 077)	(13 852)	(6 034)	(29 948)	**(122 025)**	(93 971)
Dividends payable	–	–	–	–	–	–	(1 358)	**(1 358)**	–
Tax assets/liabilities	(384)	(839)	–	(4 889)	(9)	(979)	(1 282)	**(8 382)**	(14 807)
Goodwill acquired	5 498	22 342	23 617	115 402	24 814	10 648	55 608	**257 929**	171 295
	89 495	31 196	37 081	138 090	36 125	29 876	85 756	**447 619**	353 936
Net cash inflow/(outflow) on acquisition									
Cash consideration paid	(83 195)	(7 000)	(3 289)	(21 667)	(12 788)	(8 280)	(22 948)	**(159 167)**	(66 644)
Cash acquired	2 836	2 132	17 390	23 202	3 035	1 283	20 068	**69 946**	48 957
	(80 359)	(4 868)	14 101	1 535	(9 753)	(6 997)	(2 880)	**(89 221)**	(17 687)
Acquisition-related costs									
(Included in operating expenses in the statement of comprehensive income for the year)	377	–	50	50	–	–	–	477	200

40. Acquisition of businesses (continued)

The acquisition of the above subsidiaries and businesses are based on provisional fair values as the Group has not yet determined the fair values of the identifiable assets, liabilities and/or contingent liabilities. The fair values will be accurately determined within 12 months of the acquisition date. If the acquisitions had occurred on 1 August 2011, management estimates that consolidated revenue would have been R4,256 million and consolidated profit after taxation for the year would have been R248 million.

For all acquisitions made during the year under review, the following is applicable:

The results of operations have been accounted for from the effective date of business combination. In determining the purchase consideration paid, we considered the profit history of the relevant business as well as its growth prospects in the EOH stable. The fair value of shares issued as part of the purchase price was determined based on the weighted average price of the share in the 30 day period leading up to the assumption of control of the business. Where contingent consideration is applicable, the fair value of the contingent arrangement was estimated by applying the income approach assuming that 100% of the contingent consideration will be paid. As of 31 July 2012, the amounts recognised for the contingent consideration and the range of outcomes and assumptions used to develop the estimates have not changed.

Where warranties are applicable, the warranties allow for a defined adjusted value in the event that the full profit after tax ('PAT') warranted is not achieved and a sharing of the surplus should the profit warranted be exceeded. As part of the due diligence undertaken prior to the acquisitions, a review of the receivables acquired was undertaken. As such, unless otherwise indicated, the fair value of the receivables is equal to the gross contractual amounts receivable and all amounts receivable are expected to be collected in full.

There have been no material changes to provisional amounts as determined in the prior year.

No contingent liabilities were acquired as part of any of the transactions.

Stanley Security Solutions Proprietary Limited

During the year under review, the Group acquired 100% of the share capital of Stanley Security Solutions Proprietary Limited hereinafter referred to as 'Stanley' with effect from 3 November 2011 for an amount of R83,2 million, settled in cash. A related property-owning company was also acquired during this transaction for R6,3 million in cash.

Stanley specialises in security equipment, and was acquired to enhance EOH's intelligent infrastructure capability.

Goodwill is associated with the anticipated increase in the revenue and profitability generated by Stanley's business resulting from EOH introducing the additional services offered by Stanley to existing EOH clients. In addition, the consideration paid included amounts in relation to the benefit of other expected synergies, future market development and the assembled workforce of Stanley and EOH.

The gross contractual amount of Stanley's trade and other receivables and finance lease receivables in total amounted to R98,1 million at acquisition, the fair value amounted to R80,9 million.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R178 million and profit after taxation of R7,9 million was generated over the same period.

Airborne Consulting Proprietary Limited

During the year under review, the Group acquired 100% of the share capital of Airborne Consulting Proprietary Limited hereinafter referred to as 'Airborne' with effect from 1 December 2011 for an amount of R31,2 million.

Airborne specialises in IT development and consulting using the Microsoft services framework. The Company was acquired to increase EOH's Microsoft service delivery capacity.

Goodwill is associated with the anticipated increase in the revenue and profitability generated by Airborne's business resulting from EOH introducing the additional services offered by Airborne to existing EOH clients. In addition, the consideration paid included amounts in relation to the benefit of other expected synergies, future market development and the assembled workforce of Airborne and EOH.

40. Acquisition of businesses (continued)

In terms of the agreement, the purchase price will be settled by way of cash of R16,5 million, the issue of 155 642 EOH Holdings Limited ('EOH') shares, and the issue of EOH shares to the value of R12,5 million.

In accordance with the agreement, the payment to the vendors is contingent on the achievement of certain profit after tax warranties and additional payments will be made if these profit warranties are achieved.

The conditions set out in the contract are as follows:

- R6,5 million PAT is warranted for the period from 1 December 2011 to 30 November 2012 following which R4,5 million in cash will be paid and EOH shares, to the value of R6,5 million will be issued.
- R7,5 million PAT is warranted for the period from 1 December 2012 to 30 November 2013 following which R5 million in cash will be paid and EOH shares, to the value of R6 million will be issued.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R46,3 million and profit after taxation of R5,3 million was generated over the same period.

Enablemed Investment Holdings Proprietary Limited

During the year under review, the Group acquired 100% of the share capital of Enablemed Investment Holdings Proprietary Limited hereinafter referred to as 'Enablemed' for an amount of R37,1 million, with effect from 25 April 2012.

Enablemed trades as a managed care organization in the medical aid environment, managing risk and claims for certain medical aids. EOH acquired the Company to enhance EOH's BPO offering to its clients in the healthcare sector.

Goodwill is associated with the anticipated increase in the revenue and profitability generated by Enablemed's business resulting from EOH introducing the additional services offered by Enablemed to existing EOH clients. In addition, the consideration paid included amounts in relation to the benefit of other expected synergies, future market development and the assembled workforce of Enablemed and EOH.

In terms of the agreement, the purchase price will be settled by way of cash of R16,8 million and the issue of 659 876 EOH shares.

In accordance with the agreement, the payment to the vendors is contingent on the achievement of certain profit after tax warranties and additional payments will be made if these profit warranties are achieved.

The conditions set out in the contract are as follows:

- R8 million PAT is warranted for the period from 1 December 2011 to 30 November 2012 following which R5 million in cash will be paid and 202 922 EOH shares will be issued.
- R11 million PAT is warranted for the period from 1 December 2012 to 30 November 2013 following which R8,5 million in cash will be paid and 313 606 EOH shares will be issued.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R12,7 million and loss after taxation of R1,5 million was generated over the same period.

40. Acquisition of businesses (continued)

Dental Information System Holdings Proprietary Limited

During the year under review, the Group acquired 100% of the share capital of Dental Information System Holdings Proprietary Limited hereinafter referred to as 'Denis' for an amount of R138,1 million, with effect from 25 April 2012.

Denis trades as a medical claims administrator for dental claims, and was acquired to increase EOH's BPO services in the healthcare industry.

Goodwill is associated with the anticipated increase in the revenue and profitability generated by Denis's business resulting from EOH introducing the additional services offered by Denis to existing EOH clients. In addition, the consideration paid included amounts in relation to the benefit of other expected synergies, future market development and the assembled workforce of Denis and EOH.

In terms of the agreement, the purchase price will be settled by way of cash of R52 million and the issue of 2 713 498 EOH shares.

In accordance with the agreement, the payment to the vendors is contingent on the achievement of certain profit after tax warranties and additional payments will be made if these profit warranties are achieved.

The conditions set out in the contract are as follows:

- R28,5 million PAT is warranted for the period from 1 January 2012 to 31 December 2012 following which R15,2 million in cash will be paid and 984 848 EOH shares will be issued.
- R35 million PAT is warranted for the period from 1 January 2013 to 31 December 2013 following which R15,2 million in cash will be paid and 895 317 EOH shares will be issued.

The purchase price payable amounts to R130 million and is subject to the profit warranties noted above.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R181,5 million and profit after taxation of R6,6 million was generated over the same period.

Medical Services Organisation SA Proprietary Limited

During the year under review, the Group acquired 100% of the share capital of Medical Services Organisation SA Proprietary Limited hereinafter referred to as 'MSO' with effect from 1 February 2012 for an amount of R36,1 million.

MSO provides managed care services in hospital benefit risk management and disease management to medical schemes or medical scheme administrators. The Company was acquired to increase EOH's BPO offering to its clients in the healthcare sector.

Goodwill is associated with the anticipated increase in the revenue and profitability generated by MSO's business resulting from EOH introducing the additional services offered by MSO to existing EOH clients. In addition, the consideration paid included amounts in relation to the benefit of other expected synergies, future market development and the assembled workforce of MSO and EOH.

In terms of the agreement, the purchase price will be settled by way of cash of R29,6 million and the issue of 248 061 EOH shares.

In accordance with the agreement, the payment to the vendors is contingent on the achievement of certain profit after tax warranties and additional payments will be made if these profit warranties are achieved.

The conditions set out in the contract are as follows:

- R7,9 million PAT is warranted for the period from 1 February 2012 to 31 January 2013 following which R12,8 million in cash will be paid and 82 438 of EOH shares will be issued.
- R10,6 million PAT is warranted for the period from 1 February 2013 to 31 January 2014 following which R4,0 million in cash will be paid and 74 940 of EOH shares will be issued.

40. Acquisition of businesses (continued)

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R48,2 million and profit after taxation of R2,6 million was generated over the same period.

Protocor Twenty Two CC t/a Automation Specification

During the year under review, the Group acquired the businesses of Protocor Twenty Two CC t/a Automation Specification hereinafter referred to as 'Automation Specification' with effect from 1 March 2012 for an amount of R29,9 million.

Automation Specification is an electrical engineering and consulting company, which was acquired by EOH to enhance its intelligent infrastructure capability.

Goodwill is associated with the anticipated increase in the revenue and profitability generated by Automation Specification's business resulting from EOH introducing the additional services offered by Automation Specification to existing EOH clients. In addition, the consideration paid included amounts in relation to the benefit of other expected synergies and future market development.

In terms of the agreement, the purchase price will be settled by way of cash of R17,3 million and the issue of 450 000 EOH shares.

In accordance with the agreement, the payment to the vendors is contingent on the achievement of certain profit after tax warranties and additional payments will be made if these profit warranties are achieved.

The conditions set out in the contract are as follows :

- R6,5 million PAT is warranted for the period from 1 March 2012 to 28 February 2013 following which R4 million in cash will be paid and 200 000 EOH shares will be issued.
- R7,5 million PAT is warranted for the period from 1 March 2013 to 28 February 2014 following which R5 million in cash will be paid and 166 666 EOH shares will be issued.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by the business unit was R31,4 million and profit after taxation of R1,8 million was generated over the same period.

Other

During the year under review EOH acquired 100% of the following businesses to enhance the Group's BPO and human capital solutions service offerings: Benguela Health Proprietary Limited (effective 1 August 2011), LMM Occupational Health Incorporated (effective 1 October 2011), Faculty Training Institute Proprietary Limited (effective 1 January 2012) and Ndawo Wellness Proprietary Limited (effective 1 February 2012).

The Group augmented its consulting and technology applications service offering through the acquisition of 100% of the following businesses: Systems Consulting and Training Services Proprietary Limited, Blue Platinum Consulting Proprietary Limited and Coros Consulting Services Proprietary Limited (all three effective 1 September 2011), Shocked Makooda Consulting Enterprise Proprietary Limited (effective 1 January 2012), Rapidwave Consulting Proprietary Limited (effective 1 May 2012) and CK Net Internet Services Proprietary Limited (effective 1 June 2012).

The total purchase consideration for these acquisitions is R85,8 million, consisting of R49,9 million in cash and 1 439 053 EOH shares, with total profit warranted in relation to these acquisitions of R43,5 million.

The revenue included in the consolidated statement of comprehensive income, since the date of acquisition, that was contributed by these businesses was R127,6 million and profit after taxation of R6,8 million was generated over the same period.

41. Subsequent events

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

Business combinations

Siemens IT Solutions and Services South Africa Proprietary Limited

The Group took transfer of 100% of the share capital of Siemens IT Solutions and Services South Africa Proprietary Limited hereinafter referred to as 'SIS SA' with effect from 1 October 2012 for an amount of R1, settled in cash.

41. Subsequent events (continued)

Business combinations (continued)

Siemens IT Solutions and Services South Africa Proprietary Limited (continued)

SIS SA provides its customers with a unique range of comprehensive, fully integrated and sector specific IT solutions covering a broad spectrum of IT services or the complete IT service chain. EOH acquired the shares in SIS SA to increase its presence in the public sector, and to expand its capacity in IT managed services.

The gross contractual amount of SIS SA's trade and other receivables was R144,4 million at acquisition, the fair value amounted to R71,4 million.

Individually immaterial acquisitions made subsequent to year-end

EOH acquired 100% of the following businesses: Consology Proprietary Limited and Synergy Business Intelligence Proprietary Limited (both effective 1 August 2012) to enhance its technology applications and consulting service offerings, specifically in relation to the financial services and telecommunications markets.

In order to bolster the Group's human capital solutions service offerings, EOH acquired 100% of the following businesses: Intoweb Training Proprietary Limited and Tricruit 2000 Recruitment Consultants CC (both effective 1 August 2012).

The total purchase consideration for these acquisitions is R65,5 million, consisting of R37,1 million in cash and 815 033 EOH shares. In determining the purchase consideration, we considered the profit history of the relevant business as well as its growth prospects within the EOH stable.

Total profit warranted in relation to these acquisitions is R32,3 million. The warranties allow for a defined adjusted value in the event that the full profit warranted is not achieved, and a sharing of the surplus should the profit warranted be exceeded. Of the total purchase price for these acquisitions, the portion subject to achieving profit warrants is R38,6 million. As at authorisation date, management expects the full purchase prices to be paid.

Goodwill arising on these acquisitions is associated with the anticipated increase in the revenue and profitability generated by the acquired businesses resulting from EOH introducing the services offered by the acquired businesses to existing EOH clients.

The fair value of receivables for these acquisitions is equal to the gross contractual amounts receivable and all amounts are expected to be collected in full.

Details of net assets acquired and goodwill are as follows:

Figures in Rand thousand	Siemens IT	Other
Direct costs relating to the acquisition – charged to the statement of comprehensive income	100	–
Cash to be paid (discounted)	–	37 141
Shares to be issued	–	28 336
Total purchase consideration	–	65 477
Less: Fair value of assets acquired (see below)	(90 809)	(2 159)
Goodwill/(bargain purchase)	(90 809)	63 318
The fair value of assets and liabilities arising from the acquisition, provisionally determined, are as follows:		
Property, plant and equipment	3 633	1 918
Identifiable intangible assets	–	1 115
Long- and short-term loans receivable	–	344
Unlisted investment	–	142
Deferred taxation	303	2 008
Inventories	27	–
Trade and other receivables	71 361	15 204
Cash and cash equivalents	247 024	(565)
Trade and other payables	(122 262)	(17 388)
Deferred revenue	(109 277)	–
Tax assets/liabilities	–	(619)
Net assets acquired	90 809	2 159

42. Segment reporting

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

The Group's CEO reviews internal management reports for each of the strategic business units on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

- Infrastructure – the sale of infrastructure products;
- Software – includes new software sales and maintenance revenue; and
- 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
2012				
Segment revenue from external customers	**683 303**	**614 971**	**2 344 641**	**3 642 915**
Inter-segment revenue	**37 454**	**15 780**	**117 396**	**170 630**
Segment profit before taxation	**41 484**	**64 555**	**235 830**	**341 869**
Included in profit before taxation:				
– Investment income	**836**	**1 069**	**10 505**	**12 410**
– Finance costs	**(828)**	**(5 878)**	**(20 723)**	**(27 429)**
– Depreciation and amortisation	**(3 622)**	**(20 739)**	**(57 917)**	**(82 278)**
– Loss from equity accounted investments	**–**	**–**	**(43)**	**(43)**
Other material non-cash items:				
– Net impairment of assets	**(44)**	**(603)**	**(1 260)**	**(1 907)**
Taxation expense	**(6 149)**	**(22 406)**	**(86 294)**	**(114 849)**
Reportable segment assets	**384 027**	**344 720**	**1 395 587**	**2 124 334**
Capital expenditure	**2 563**	**8 112**	**43 541**	**54 216**
Reportable segment liabilities	**(214 194)**	**(213 508)**	**(949 507)**	**(1 377 209)**
2011				
Segment revenue from external customers	492 848	479 172	1 456 953	2 428 973
Inter-segment revenue	3 192	22 263	103 901	129 356
Segment profit before taxation	21 464	57 753	155 173	234 390
Included in profit before taxation:				
– Investment income	1 021	343	7 029	8 393
– Finance costs	(346)	(1 337)	(5 030)	(6 713)
– Depreciation and amortisation	(3 197)	(9 305)	(54 075)	(66 577)
Other material non-cash items:				
– Net impairment of assets	–	–	(132)	(132)
Taxation expense	(9 836)	(20 286)	(55 741)	(85 863)
Reportable segment assets	178 301	214 233	976 511	1 369 045
Investment in associate companies	–	–	–	–
Capital expenditure	3 301	10 125	27 914	41 340
Reportable segment liabilities	(120 724)	(78 496)	(665 800)	(865 020)

42. 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	Not specifically allocated amounts	Con-solidated totals
2012			
Revenue	**3 642 915**	**–**	**3 642 915**
Profit before taxation	**341 869**	**(1 950)**	**339 919**
Investment income	**10 446**	**2 230**	**12 676**
Finance cost	**(27 429)**	**–**	**(27 429)**
Depreciation and amortisation	**(82 278)**	**–**	**(82 278)**
Loss from equity accounted investments	**(43)**	**–**	**(43)**
Net impairment of assets	**(1 907)**	**–**	**(1 907)**
Taxation expense	**(114 849)**	**(1 982)**	**(116 831)**
Reportable segment assets	**2 124 334**	**386 724**	**2 511 058**
Capital expenditure	**54 216**	**823**	**55 039**
Reportable segment liabilities	**(1 377 209)**	**(4 011)**	**(1 381 220)**
2011			
Revenue	2 428 973	–	2 428 973
Profit before taxation	234 390	–	234 390
Investment income	8 393	764	9 157
Finance cost	(6 713)	(933)	(7 646)
Depreciation and amortisation	(66 577)	–	(66 577)
Net impairment of assets	(132)	–	(132)
Taxation expense	(85 863)	(123)	(85 986)
Reportable segment assets	1 369 045	269 001	1 638 046
Capital expenditure	41 340	2	41 342
Reportable segment liabilities	(865 020)	(61 969)	(926 989)

Annexure A – Subsidiary companies

Name of company	Country of incorporated	Issued shares 2012	Issued shares 2011	Effective shareholding (%) 2012	Effective shareholding (%) 2011	Cost of shares 2012	Cost of shares 2011	Book value of company interest and indebtedness 2012	Book value of company interest and indebtedness 2011
Direct subsidiaries									
Axia Business Solutions (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**–**	–
C A Southern Africa (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**24 837**	13 050
Enterprise Softworks (Pty) Ltd	RSA	**9 000 000**	9 000 000	**100**	100	**–**	–	**19 739**	16 239
Enterweb (Pty) Ltd	RSA	**1 000**	1 000	**100**	100	**–**	–	**–**	–
EOH Abantu (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**88 661**	54 339
EOH Consulting (Pty) Ltd	RSA	**100**	100	**100**	100	**43 846**	43 846	**12 577**	12 577
EOH Consulting Services KZN (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**–**	–
EOH Intelligent Infrastructure (Pty) Ltd (previously EOH Consulting Services Western Cape (Pty) Ltd)	RSA	**100**	100	**100**	100	**3 270**	3 270	**–**	–
EOH Mthombo (Pty) Ltd	RSA	**100**	100	**100**	100	**2 302**	2 302	**59 892**	51 018
Intellient (Pty) Ltd	RSA	**100**	100 000	**100**	100	**7 140**	7 140	**18 605**	15 105
Mthombo IT Services (Pty) Ltd	RSA	**537**	537	**100**	100	**39 642**	39 642	**8 000**	5 500
V55 Investments (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**13 245**	14 557
Indirect subsidiaries									
Airborne Consulting (Pty) Ltd	RSA	**1 000**	–	**100**	–	**–**	–	**–**	–
Amber Moon Trading 5 (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**–**	–
Blick Properties SA (Pty) Ltd	RSA	**200**	–	**100**	–	**–**	–	**–**	–
C L S Consulting Services (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**–**	–
Compensation Technologies Consulting (Pty) Ltd	RSA	**74**	74	**100**	100	**–**	–	**2 000**	–
Compensation Technologies Holdings (Pty) Ltd	RSA	**120**	120	**100**	100	**–**	–	**–**	–
Compensation Technologies Share Based Incentives (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**–**	–
Denis UK Limited	UK	**101**	–	**100**	–	**–**	–	**–**	–
Dental Information Systems (Pty) Ltd	RSA	**100 000**	–	**100**	–	**–**	–	**–**	–
Dental Information Systems Holdings (Pty) Ltd	RSA	**100**	–	**100**	–	**–**	–	**–**	–
Denis Insurance Administrators (Pty) Ltd	RSA	**120**	–	**100**	–	**–**	–	**–**	–
Denis Underwriting Managers (Pty) Ltd	RSA	**700**	–	**100**	–	**–**	–	**–**	–
Enablemed Investment Holdings (Pty) Ltd	RSA	**100**	–	**100**	–	**–**	–	**–**	–
Enablemed (Pty) Ltd	RSA	**100**	–	**100**	–	**–**	–	**–**	–
Enablemed Services (Pty) Ltd	RSA	**100**	–	**100**	–	**–**	–	**–**	–
EOH (Pty) Ltd	AUS								
EOH Consulting Services Eastern Cape (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**–**	–
EOH Europe (Pty) Ltd	UK								
EOH Impact Consulting Services (Pty) Ltd	RSA	**600**	600	**100**	100	**–**	–	**–**	–
ESecure Distribution (Pty) Ltd	RSA	**100**	80	**100**	80	**–**	–	**750**	750
Faculty Training Institute (Pty) Ltd	RSA	**80**	–	**100**	–	**–**	–	**–**	–
Highveld Wealth Management (Pty) Ltd	RSA	**1 000**	1 000	**100**	100	**–**	–	**–**	–
Hlanganani Blick (Pty) Ltd	RSA	**100**	–	**70**	–	**–**	–	**–**	–
Ivy-Moon 112 (Pty) Ltd	RSA	**120**	120	**100**	100	**–**	–	**–**	–
Lan Metrix (Pty) Ltd	RSA	**1 000**	1 000	**100**	100	**–**	–	**–**	–

Name of company	Country of incorporated	Issued shares 2012	Issued shares 2011	Effective shareholding (%) 2012	Effective shareholding (%) 2011	Cost of shares 2012	Cost of shares 2011	Book value of company interest and indebtedness 2012	Book value of company interest and indebtedness 2011
Indirect subsidiaries (continued)									
Managed Print Solutions (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**–**	–
Medical Services Organisation South Africa (Pty) Ltd	RSA	**1 000**	–	**100**	–	**–**	–	**–**	–
Medical Services Organisation International (Pty) Ltd (NHRM)	RSA	**–**	–	**70**	–	**–**	–	**–**	–
Ndawo Wellness (Pty) Ltd	RSA	**1 000**	–	**100**	–	**–**	–	**–**	–
Pinnacle Health Solutions (Pty) Ltd	RSA	**200**	200	**100**	100	**–**	–	**–**	–
REO Consulting (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**–**	–
Riverbend Trade and Invest 38 (Pty) Ltd	RSA	**111**	–	**100**	–	**–**	–	**–**	–
Rosstone Consulting (Pty) Ltd	RSA	**100**	100	**100**	100	**–**	–	**–**	–
Stanley Security Solutions (Pty) Ltd	RSA	**200**	–	**100**	–	**–**	–	**–**	–
TSS Managed Services (Pty) Ltd	RSA	**81**	81	**100**	100	**–**	–	**20 894**	–
Trusts									
The Mthombo Trust						**–**	–	**15 671**	19 983
The EOH Share Trust						**–**	–	**361**	361
						96 200	96 200	**285 232**	203 479
Less: Impairment provision						**(1 073)**	(1 073)	**–**	–
						95 127	95 127	**285 232**	203 479

Notice of Annual General Meeting

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

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

Notice is hereby given that the 14th Annual General Meeting ('Annual General Meeting') of shareholders of EOH will be held at 11:00 on Tuesday, 5 February 2013 in the boardroom of the Company, Ground Floor, Block D, Gillooly's View, 1 Osborne Lane, Bedfordview, 2007, for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The Board of Directors of the Company ('the Board') has determined, in terms of Section 62(3)(a), as read with Section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 1 February 2013. Accordingly, the last day to trade EOH shares in order to be recorded in the register to be entitled to vote will be Friday, 25 January 2013. The minimum percentage of voting rights required for each of the resolutions set out in items 1 to 6 below to be adopted, is more than 50% of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the Annual General Meeting.

1. To receive, consider and adopt the Annual Financial Statements of the Company and the Group for the financial year ended 31 July 2012, including the reports of the auditors, directors and the Audit Committee.

2. To re-elect Robert Michael Maria Sporen who retires by rotation at this Annual General Meeting in accordance with the Company's Memorandum of Incorporation but, being eligible to do so, offers himself/herself for re-election.

3. To appoint, Robert Michael Maria Sporen as a member and Chairman of the EOH Holdings Limited Audit Committee. Refer to CV – Annexure A.

4. To appoint, Tebogo Mapula Skwambane as a member of the EOH Holdings Limited Audit Committee. Refer to CV – Annexure A.

5. To appoint, Tshilidzi Marwala as a member of the EOH Holdings Limited Audit Committee. Refer to CV – Annexure A.

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

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

7. Special resolution number 1

Substitution of the existing Memorandum of Incorporation of the Company

"**Resolved** as a special resolution that the existing Memorandum of Incorporation of the Company be and is hereby substituted with a new Memorandum of Incorporation, the salient features of which are set out in Annexure B to this annual report, in accordance with the provisions of Section 16(1)(c) of the Companies Act, 2008 (Act 71 of 2008), as amended, ('the Companies Act') and in compliance with Schedule 10 of the JSE Listings Requirements, with effect from the date of approval of this special resolution number 1."

The Board of Directors of EOH has passed a resolution proposing that this special resolution number 1 is adopted for the purpose of ensuring that the Company's Memorandum of Incorporation is in line with the Companies Act and in compliance with Schedule 10 of the JSE Listings Requirements.

The Company's Memorandum of Incorporation, or a copy thereof, will be available for inspection at the Company's registered office which address is set out IBC of the annual report, during normal business hours from the date of issue of this notice of Annual General Meeting up to and including the date of the Annual General Meeting or any adjournment thereof.

Explanatory note

The purpose of this special resolution number 1 is for the Company to comply with the Companies Act and the JSE Listings Requirements, which require a listed company to amend its entire Memorandum of Incorporation to bring it in harmony with the provisions of the Companies Act and Schedule 10 of the JSE Listings Requirements within two years from 1 May 2011.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

8. Special resolution number 2

Non-executive directors' remuneration

"**Resolved that**, in terms of the provisions of Sections 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of EOH Holdings Limited ('the Company') for their services as directors of the Company for the financial year ending 31 July 2014 be and is hereby approved as follows:

Type of fee	Approved fee in ZAR for the year ending 31 July 2013	Proposed fee in ZAR for the year ending 31 July 2014
Board		
Chairperson	1 035 000	TBD
Member	115 500	121 900
Audit Committee		
Chairperson	16 000	17 000
Member	10 500	11 150
Remuneration Committee		
Chairperson	16 000	17 000
Member	10 500	11 150
Risk Committee		
Chairperson	16 000	17 000
Member	10 000	11 150
Social and Ethics Committee		
Chairperson	10 500	11 150
Member	8 000	8 500

TBD – To be determined when new chairman is appointed

Explanatory note

In terms of Section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

It should be noted that pre-approval of remuneration to non-executive directors for their services as directors for the year ending 31 July 2013 was obtained at the Annual General Meeting held on 6 March 2012 and consequently pre-approval of remuneration to non-executive directors for their services as directors for the year ending 31 July 2014 is being sought at this Annual General Meeting.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

9. Special resolution number 3

General approval to acquire shares

"**Resolved,** by way of a general approval that EOH Holdings Limited ('the Company') and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of Sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ('the JSE'), as amended from time to time.

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

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- this general authority shall only be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 months from the date of passing of this special resolution;
- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the Board of Directors of the Company ('the Board') confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ('test') and that since the test was done there have been no material changes to the financial position of the Group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- an announcement will be published once the Company has cumulatively repurchased 3% of the number of the ordinary shares in issue at the time this general authority is granted ('initial number'), and for each 3% in aggregate of the initial number acquired thereafter."

Explanatory note

The purpose of this special resolution number 3 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

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

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

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

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

- directors and management – pages 6 and 7;
- major shareholders of the Company – page 41;
- directors' interests in securities – page 42;
- share capital of the Company – page 78;
- litigation statement – page 43.

9.2 Material change

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

9.3 Directors' responsibility statement

The directors, whose names are given on pages 6 and 7 of the Integrated Annual Report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 3 that have been omitted which would make any statement in relation to special resolution number 3 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 3 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 3.

9.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of 12 months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

The Company may not enter the market to proceed with the repurchase until its sponsor, Merchantec Proprietary Limited, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

10. Ordinary resolution number 1

Approval of remuneration policy

"**Resolved that** the remuneration policy of the directors of EOH Holdings Limited ('the Company'), as set out on page 20 of the Integrated Annual Report to which this notice is attached, be and is hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

11. Ordinary resolution number 2

Control of authorised but unissued ordinary shares

"**Resolved that** the authorised but unissued ordinary shares in the capital of EOH Holdings Limited ('the Company') be and are hereby placed under the control and authority of the directors of the Company ('directors') and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of Sections 38 and 41 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and the Listings Requirements of JSE Limited, as amended from time to time."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

12. Ordinary resolution number 3

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

"**Resolved that** the directors of EOH Holdings Limited ('the Company') and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company, for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ('the JSE Listings Requirements') from time to time.

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

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

Explanatory note

Under the JSE Listings Requirements, ordinary resolution number 3 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.

13. Ordinary resolution number 4

Signature of documents

"**Resolved that** each director of EOH Holdings Limited ('the Company') be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

14. Other business

To transact such other business as may be transacted at the Annual General Meeting of the Company.

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 and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in ‘own name’ dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without ‘own name’ registration and who wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

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

Kindly note that meeting participants, which includes proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders’ meeting. Forms of identification include valid identity documents, driver’s licences and passports.

By order of the Board

AEls

Adri Els
Company Secretary

28 November 2012
Johannesburg

Annexure A – Curriculum Vitae of non-executive directors nominated for reappointments

Robert Michael Maria Sporen

Rob is a Dutch National who came to South Africa in the early 1970s to assist with the introduction of television manufacturing. After a career of 14 years with Philips SA spanning, amongst others, materials management, industrial engineering, cost accounting and systems analysis, he gathered valuable experience in the software industry as the Technical Director for a small software agency.

In 1987 he formed a partnership to present education courses in the field of computerised manufacturing and distribution systems. In addition, he maintained a highly successful practice as a consultant to companies seeking to implement business systems or upgrade their business processes.

Rob's consulting and education practice formed the nucleus of the consulting offering of EOH at its inception. As executive director, Rob was charged with Business Development, which included the Merger and Acquisition portfolio. During the early years, Rob spearheaded much of EOH's non-organic growth, ensuring the proportional growth in the key focus areas of consulting, technology and outsourcing. Rob retired as executive director in 2007 and is currently non-executive director and contributes to a number of board sub-committees.

Tebogo Mapula Skwambane

Tebogo Skwambane is a Monitor Group Global Partner and Managing Partner of Monitor South Africa.

In 2005 Tebogo co-founded North Road Consulting, a strategy and operational consulting firm in South Africa. North Road Consulting has worked with clients listed and private, for-profit and not-for-profit industries ranging from mining, manufacturing, logistics, and financial services to advertising. Tebogo has worked with clients on growth strategies, operational turnaround, performance improvement and management, organisational restructuring and organisational effectiveness. In addition Tebogo has managed strategy and organisational design projects in the public sector. In early 2011 North Road Consulting merged with The Monitor Group.

Before founding North Road Consulting Tebogo worked for Bain and Company, in the US, UK and South Africa.

Tebogo has held managerial positions at Eskom Enterprises where she was Strategy Manager in the CEO's office, and in financial services at the International Finance Corporation, World Bank, in Washington DC and at Brown Brothers Harriman a company in Boston.

Tshilidzi Marwala

Professor Tshilidzi Marwala is a Dean of Engineering at the University of Johannesburg. He was previously a full Professor of Electrical Engineering and at the Carl and Emily Fuchs Chair of Systems and Control Engineering at the University of the Witwatersrand and executive assistant at the South African Brewery. He was previously chair of the Local Loop Unbundling Committee as well a non-executive director of SITA Proprietary Limited, a Deputy Chair of Limpopo Business Support Agency and a Board member of City Power Johannesburg. He is currently on the boards of EOH Limited, Denel and is a Chair of Pikitup. He is the youngest recipient of the Order of Mapungubwe and was awarded the President Award by the National Research Foundation of South Africa.

He holds a Bachelor of Science in Mechanical Engineering *(Magna cum laude)* from Case Western Reserve University (USA), a Master of Engineering from the University of Pretoria, a PhD in Engineering from Cambridge University, was a post doctorate at the Imperial College (London) and successfully completed a Program for Leadership Development at Harvard Business School.

His research interests include the application of computational Intelligence to engineering, computer science, finance, social science and medicine. He has supervised 45 Masters and PhD students to completion and has published four books, 200 papers in journals, proceedings and book chapters and holds three international patents. He is a Fellow of TWAS, The Academy of Sciences for the Developing World, and a distinguished member of the Association for Computing Machinery.

Annexure B – Salient features of the Memorandum of Incorporation

For the purpose of this Annexure B, "Act" refers to the Companies Act, 2008 (Act 71 of 2008), as amended, consolidated, re-enacted or renumbered from time to time, and includes all schedules and the Regulations to such Act.

The salient features of the MOI, are set out below. These are not a substitute for and must be read in conjunction with the full draft of the MOI, which is available for inspection at the Company's office situated at EOH Business Park, Gillooly's View, Osborne Lane, Bedfordview, Johannesburg.

A reference to a section by number refers to the corresponding section of the Act, notwithstanding the renumbering of such section after the date on which the Company is incorporated.

A reference to a clause by number refers to a corresponding provision of the Memorandum of Incorporation.

In any instance where there is a conflict between a provision (be it expressed, implied or tacit) of the Memorandum of Incorporation and –

- a provision of any Shareholders Agreement, the provision of the Memorandum of Incorporation shall prevail to the extent of the conflict;
- an alterable or elective provision of the Act, the provision of the Memorandum of Incorporation shall prevail to the extent of the conflict; and
- an unalterable or non-elective provision of the Act, the unalterable or non-elective provision of the Act shall prevail to the extent of the conflict unless the Memorandum of Incorporation imposes on the Company a higher standard, greater restriction, longer period of time or similarly more onerous requirement, in which event the relevant provision of the Memorandum of Incorporation shall prevail to the extent of the conflict.

Relevant extracts of the MOI are reproduced below for ease of reference.

6 ISSUE OF SHARES AND VARIATION OF RIGHTS

6.1 The Company is authorised to issue:

6.1.1 500 000 000 (five hundred million) ordinary Shares, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to –

6.1.1.1 vote, whether in person or by proxy, on any matter to be decided by Shareholders of the Company;

6.1.1.2 participate proportionally in any distribution made by the Company; and

6.1.1.3 receive proportionally the net assets of the Company upon its liquidation.

6.2 The Board shall not have the power to –

6.2.1 increase or decrease the number of authorised Shares of any class of the Company's Shares; or

6.2.2 consolidate and reduce the number of the Company's issued and authorised Shares of any class; or

6.2.3 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital; or

6.2.4 reclassify any classified Shares that have been authorised but not issued; or

6.2.5 convert one class of shares into one or more other classes of shares; or

6.2.6 determine or vary the preferences, rights, limitations or other terms of any Shares; or

6.2.7 create any class of shares; or

6.2.8 issue Shares or Securities convertible into Shares, or grant options as set out in Section 41(1) subject to Section 41(2) of the Act;

and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.

6.3 Each share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share as contemplated in clause 20.2.

6.4 The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, and such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting.

6.5 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in Sections 37(6) and 37(7) of the Act.

6.6 No further Securities ranking in priority to, or pari passu with, existing class of Shares, shall be created without a special resolution being passed at a separate general meeting of such preference Shareholders.

6.7 Notwithstanding the provisions of Section 40(5) of the Act, the Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.

6.8 All issues of Shares for cash, as defined in the JSE Listings Requirements, and including the grant of options and/or issue of convertible Securities, must, to the extent applicable, be effected in compliance with the JSE Listings Requirements.

6.9 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must be freely transferable and must, notwithstanding the provisions of Section 40(5) of the Act, unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.

6.10 Unissued authorised Securities of any class are always under the power of the Directors and may be issued by the Directors at their discretion at any time subject to any necessary compliance requirements required by such security class terms and rights and compliance with the Act, the JSE Listings Requirements and/or this Memorandum of Incorporation, and the Directors may only issue unissued authorised Securities if such Securities have first been offered to existing ordinary Shareholders in proportion to their shareholding, unless such Securities are issued for the acquisition of assets by the Company or in terms of a share option/incentive scheme.

6.11 Notwithstanding the provisions of clauses 6.2 and 6.10 above, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of Section 41(3) of the Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

9 TRANSFER OF SECURITIES

9.5 All authorities to sign instruments of transfer granted by holders of Securities for the purpose of transferring Certificated Securities which may be lodged, produced or exhibited with or to the Company at its registered office shall, as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Company's registered office. Even after the giving and lodging of such notice, the Company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the Company as being in order before the giving and lodging of such notice.

10 NO LIEN

The Company shall not be entitled to claim a lien or any other right of retention on Securities issued by the Company.

11 TRANSMISSION OF SECURITIES

11.1 Subject to the provisions of clauses 8.9 and 8.10 regarding joint holders, the following shall be the only persons recognised by the Company as having any title to any Security registered in the name of such Shareholder:

11.1.1 the parent or guardian of a Shareholder who is a minor;

11.1.2 the executor or administrator of a Shareholder who is deceased;

11.1.3 the trustee of a Shareholder who is insolvent;

11.1.4 the curator bonis of any Shareholder who is mentally incapacitated or prodigal; or

11.1.5 any person duly appointed by a competent authority to represent or act for any Shareholders.

12 DEBT INSTRUMENTS

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in Section 43(2) of the Act, but no special privileges such as attending and voting at general meetings and the appointment of directors may be granted, and the authority of the Board in such regard is limited by this Memorandum of Incorporation.

13 CAPITALISATION SHARES AND SCRIP DIVIDENDS

13.1 The Board shall have the power and authority, in terms of Section 47 of the Act, and subject to necessary compliance with the JSE Listings Requirements, to –

13.1.1 approve the issuing of any authorised Shares as capitalisation Shares on a pro rata basis to the Shareholders of one or more classes of Shares; or

13.1.2 issue Shares of one class as capitalisation Shares in respect of Shares of another class; or

13.1.3 resolve to permit Shareholders to elect to receive a cash payment, as determined by the Board, in lieu of a capitalisation Share ("Scrip Dividend").

13.2 The Board may not resolve to offer a Scrip Dividend, as contemplated in clause 13.1.3 above, unless the Board –

13.2.1 has considered the Solvency and Liquidity Test as required by Section 46 of the Act, on the assumption that every such Shareholder would elect to receive cash;

13.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution; and

13.2.3 grants the right of election to Shareholders to receive either cash or Shares, or both, in accordance with the JSE Listings Requirements.

15 FINANCIAL ASSISTANCE

The Board may, as contemplated in and subject to the requirements of Section 44 of the Act, authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

16 ACQUISITION BY THE COMPANY OF ITS OWN SHARES

16.1 Subject to the JSE Listings Requirements, the provisions of Section 48 of the Act and the further provisions of this clause 16 –

16.1.1 the Board may determine that the Company acquire a number of its own Shares; and

16.1.2 the Board of any subsidiary of the Company may determine that such subsidiary acquire Shares of the Company, but –

16.1.2.1 not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the Company, taken together; and

16.1.2.2 no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the Company.

16.2 Any decision by the Company to acquire its own Shares must satisfy the JSE Listings Requirements and the requirements of Section 48 of the Act and, accordingly, the Company may not acquire its own Shares unless –

16.2.1 for as long as it is required in terms of the JSE Listings Requirements, the acquisition has been approved by a special resolution of the Shareholders, whether in respect of a particular repurchase or generally approved by Shareholders in Annual General Meeting and unless such acquisition otherwise complies with the relevant paragraphs of Sections 5 of the JSE Listings Requirements (or such other section(s) as may be applicable from time to time);

16.2.2 the acquisition –

16.2.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or

16.2.2.2 the Board, by resolution, has authorised the acquisition;

16.2.3 it reasonably appears that the Company, and its subsidiaries where applicable, will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition; and

16.2.4 the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company and subsidiaries, where applicable, will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition.

17 RECORD DATE FOR EXERCISE OF SHAREHOLDER RIGHTS

17.1 The record date for the purpose of determining which Shareholders are entitled to –

17.1.1 receive notice of a Shareholders' meeting;

17.1.2 participate in and vote at a Shareholders' meeting;

17.1.3 decide any matter by written consent or by Electronic Communication;

17.1.4 receive a distribution; or

17.1.5 be allotted or exercise other rights,

shall be determined by the Board, provided that, for as long as the JSE Listings Requirements apply to the Company, such record date shall be the record date as required by the JSE Listings Requirements.

18 SHAREHOLDERS' MEETINGS

18.1 The Board is entitled to call a Shareholders' meeting at any time.

18.2 Notwithstanding the provisions of Section 60 of the Act dealing with the passing of resolutions of Shareholders otherwise than at a meeting of Shareholders, the Company shall hold a Shareholders' meeting –

18.2.1 at any time that the Board is required by the Act, the JSE Listings Requirements or this Memorandum of Incorporation to refer a matter to Shareholders for decision; or

18.2.2 whenever required in terms of the Act to fill a vacancy on the Board; or

18.2.3 when required in terms of clause 18.3 below or by any other provision of this Memorandum of Incorporation.

18.3 The Board shall call a meeting of Shareholders in compliance with the Act and/or the JSE Listings Requirements.

18.4 In addition to other meetings of the Company that may be convened from time to time, the Company shall convene an Annual General Meeting of its Shareholders once in each calendar year, but no more than 15 (fifteen) months after the date of the previous Annual General Meeting.

18.9 All meetings (whether called for the passing of special or ordinary resolutions) shall be called on not less than 15 (fifteen) business days' notice.

18.10 The quorum for a Shareholders' meeting to begin or for a matter to be considered, shall be at least 3 (three) Shareholders entitled to attend and vote and present in person. In addition –

18.10.1 a Shareholders' meeting may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and

18.10.2 a matter to be decided at a Shareholders' meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

18.16 After a quorum has been established for a meeting, or for a matter to be considered at a meeting, all the Shareholders forming part of the quorum must be present at the meeting for the matter to be considered at the meeting.

19 SHAREHOLDERS' MEETINGS BY ELECTRONIC COMMUNICATION

19.1 Subject to the provisions of the JSE Listings Requirements, the Company may conduct a Shareholders' meeting by Electronic Communication, as set out in Section 63 of the Act, and the power of the Company to do so is not limited or restricted by this Memorandum of Incorporation.

19.2 Any notice of any meeting of Shareholders at which it will be possible for Shareholders to participate by way of Electronic Communication shall inform Shareholders of the ability to so participate and shall provide any necessary information to enable Shareholders or their proxies to access the available medium or means of Electronic Communication, provided that such access shall be at the expense of the Shareholder or proxy concerned.

20 VOTES OF SHAREHOLDERS

20.1 Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with this Memorandum of Incorporation, at a meeting of the Company –

20.1.1 every person present or represented by proxy and entitled to exercise voting rights shall be entitled to 1 (one) vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise;

20.1.2 on a poll any person who is present at the meeting, whether as a Shareholder or as proxy for a Shareholder, has 1 (one) vote for each Share held by that Shareholder; and

20.1.3 the holders of Securities other than ordinary Shares shall not be entitled to vote on any resolution at a meeting of Shareholders, except as provided in clause 20.2.

20.2 If any resolution is proposed as contemplated in clause 6.3 above, the holders of such Shares ("Affected Shareholders") shall be entitled to vote at the meeting of ordinary Shareholders as contemplated in clause 20.1 above, provided that –

20.2.1 the votes of the Shares of that class held by the Affected Shareholders ("Affected Shares") shall not carry any special rights or privileges and the Affected Shareholder shall be entitled to 1 (one) vote for every Affected Share held; and

20.2.2 the total voting rights of the Affected Shareholders in respect of the Affected Shares shall not be more than 24,99% (twenty four point nine nine percent) of the total votes (including the votes of the ordinary Shareholders) exercisable at that meeting (with any cumulative fraction of a vote in respect of any Affected Shares held by an Affected Shareholder rounded down to the nearest whole number).

22 SHAREHOLDERS' RESOLUTIONS

22.1 For an ordinary resolution to be approved it must be supported by more than 50% (fifty percent) of the voting rights of Shareholders present at the meeting in person or by proxy, as provided in Section 65(7) of the Act.

22.2 For a special resolution to be approved it must be supported by the holders of at least 75% (seventy five percent) of the voting rights of Shareholders present at the meeting in person or by proxy, as provided in Section 65(9) of the Act.

22.3 A special resolution is required for –

22.3.1 those matters set out in Section 65(11) of the Act; or

22.3.2 the proposed change of the name of the Company; or

22.3.3 any other matter required by the Act to be resolved by means of a special resolution; or

22.3.4 for so long as the Company's securities are listed on the JSE, any other matter required by the JSE Listings Requirements to be resolved by means of a special resolution.

22.4 In the event that any Shareholder abstains from voting in respect of any resolution, such Shareholder will, for the purposes of determining the number of votes exercised in respect of that resolution, be deemed not to have exercised a vote in respect thereof.

24 COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

24.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.

24.3 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or Annual General Meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of Section 60 of the Act shall be competent.

24.5 Apart from satisfying the qualification and eligibility requirements set out in Section 69 of the Act, a person need not satisfy any additional eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

24.6 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following –

24.6.1 at each Annual General Meeting referred to in clause 5 above, 1/3 (one third) of the Non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office;

24.6.2 the Non-executive Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Non-executive Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

24.6.3 a retiring Director shall be eligible for re-election provided that such meeting is held in person and not by means of a written resolution as contemplated in Section 60;

24.6.4 the Company, at the Annual General Meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 23 above;

24.6.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 18.12 to 18.15 (inclusive) will apply mutatis mutandis to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

24.7 The Board shall provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution.

24.8 The Board has the power to –

24.8.1 fill any vacancy on the Board or to appoint a new Director on a temporary basis, as set out in Section 68(3) of the Act, provided that such appointment must be confirmed by Shareholders, in accordance with this clause 24, at the next Annual General Meeting of the Company, as required in terms of Section 70(3)(b)(i) of the Act; and

24.8.2 exercise all of the powers and perform or delegate any of the functions of the Company, as set out in Section 66(1) of the Act, and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 24.

24.10 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 24.8.1 above or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the Board or invalidate anything done by the Board while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

24.13 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, provided that the appointment and remuneration (in addition to the remuneration to which he may be entitled as a Director) in respect of such other office must be determined by a disinterested quorum of the Directors.

24.14 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration (in addition to the remuneration to which he may be entitled as a Director) in respect of such other office must be determined by a disinterested quorum of Directors.

24.15 A special resolution to Shareholders to ratify an act of the Directors in accordance and compliance with Section 20 of the Act, and not contrary to any clause in this Memorandum of Incorporation, may be proposed to Shareholders provided that it is not contrary to the JSE Listings Requirements or is agreed to by the JSE.

25 DIRECTORS' MEETINGS

25.2 The Directors may elect a chairperson and a deputy chairperson and determine the period for which each is to hold office. The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all meetings of Directors. If no chairperson or deputy chairperson is elected, or if at any meeting neither is present or willing to act as chairperson thereof within 15 (fifteen) minutes of the time appointed for holding the meeting, the Directors present shall choose 1 (one) of their number to be chairperson of such meeting.

25.3 The right of the Company's Directors to call a meeting of the Board may be exercised by at least 50% of the Directors in the case of the Board having more than 12 members or 4 Directors in any other case as provided in Section 73(1) of the Act.

25.4 The Board has the power to –

25.4.1 consider any matter and/or adopt any resolution other than at a meeting contemplated in Section 74 of the Act, and accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of a majority of the Directors, given in person or by Electronic Communication, provided that each Director has received notice of the matter to be decided and such a resolution inserted in the minute book shall be as valid and effective as if it had been passed at a meeting of the Board. Such a resolution may consist of several documents and shall be deemed to have been passed on the date on which it was signed by the last Director who signed it (unless a statement to the contrary is made in the resolution);

25.4.2 conduct a meeting entirely by Electronic Communication, or to provide for participation in a meeting by Electronic Communication, as set out in Section 73(3) of the Act, provided that, as required by such section, the Electronic Communication facility employed ordinarily enables all persons participating in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting; and

25.4.3 proceed with a meeting despite a failure or defect in giving notice of the meeting, as provided in Section 73(5) of the Act, and the powers of the Board in respect of the above matters are not limited or restricted by this Memorandum of Incorporation.

25.5 The quorum requirement for a Directors' meeting (including an adjourned meeting), the voting rights at such a meeting, and the requirements for approval of a resolution at such a meeting are as set out in Section 73(5) of the Act and accordingly –

25.5.1 a majority of the Directors must be present at a meeting before a vote may be called at any meeting of the Directors;

25.5.2 each Director has 1 (one) vote on a matter before the Board;

25.5.3 a majority of the votes cast in favour of a resolution is sufficient to approve that resolution;

25.5.4 in the case of a tied vote –

25.5.4.1 the chairperson may cast a deciding vote if the chairperson did not initially have or cast a vote, provided that more than 2 (two) Directors are present;

25.5.4.2 the matter being voted on fails, in any other case.

26 DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

26.1 The Company may pay fees to the Non-executive Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in Sections 66(8) and (9) of the Act, and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

26.2 Any Director who –

26.2.1 serves on any Board committee; or

26.2.2 devotes special attention to the business of the Company; or

26.2.3 moves or resides outside the Republic for the purpose of the Company; or

26.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may, subject to clause 26.1 if applicable, be paid such extra remuneration or fees or allowances in addition to or in substitution of the remuneration or fees to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

26.3 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with –

26.3.1 the business of the Company; and

26.3.2 attending meetings of the Directors or of committees of the Directors of the Company.

26.4 The Board may, as contemplated in and subject to the requirements of Section 45 of the Act, authorise the Company to provide direct or indirect financial assistance to a Director, prescribed officer or other person referred to in Section 45(2) of the Act, and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

28 BORROWING POWERS

28.4 The Board may from time to time exercise all of the powers of the Company to

28.4.1 borrow for the purposes of the Company such sums as they think fit; and

28.4.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities (subject to the provisions of clause 6 above), mortgage or charge upon all or any of the property or assets of the Company.

30 ANNUAL FINANCIAL STATEMENTS

30.5 A copy of the Annual Financial Statements must be sent to Shareholders at least 15 (fifteen) business days before the date of the Annual General Meeting of the Company at which such Annual Financial Statements will be considered.

32 DISTRIBUTIONS

32.1 Subject to the provisions of the Act, and particularly Section 46 thereof, the Company may make a proposed distribution, notably, *inter alia*, dividends or capital payments, if such distribution –

32.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or

32.1.2 is authorised by resolution of the Board, in accordance with the JSE Listings Requirements and the Act, provided that such resolution does not provide for capital to be repaid upon the basis that it may be called up again.

32.2 All unclaimed distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, provided that distributions unclaimed cannot be invested or otherwise made use of by the Directors for the benefit of the Company for a period of 3 (three) years from the date on which they were declared, whereafter such unclaimed distributions may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit. All unclaimed monies, other than distributions, that are due to any Shareholder/s shall be held by the Company in trust for an indefinite period until lawfully claimed by such Shareholder/s.

32.3 Any distribution, interest or other sum payable in cash or otherwise to the holder of a Share may be paid by electronic transfer of funds, cheque, warrant sent by post or by such other means as the Directors may approve from time to time, and be addressed to –

32.3.1 the holder at his registered address; or

32.3.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or

32.3.3 such person and at such address as the holder or joint holders may in writing direct.

32.13 Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date in compliance with the JSE Listings Requirements.

34 PAYMENT OF COMMISSION

34.1 The Company may pay a commission at a rate not exceeding 10% (ten percent) of the issue price of a Share to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Shares of the Company or for procuring or agreeing to procure, whether absolutely or conditionally, subscriptions for any Shares of the Company.

35 NOTICES

35.1 All necessary notices and documents required to be delivered to Shareholders by the Act or the JSE Listings Requirements, shall be delivered by the Company, at least, to all Certificated Shareholders and to those Uncertificated Shareholders who have elected to receive such documents (as defined in the JSE Listings Requirements) in accordance with any delivery mechanism detailed in the Act, and in accordance with any method of delivery detailed in the Act, including Section 6(9)(b) of the Act. All notices shall, in addition to the above, be delivered to the JSE and where required by the JSE Listings Requirements, be released through SENS provided that, in the event that the Shares or other Securities of the Company are not listed on the JSE, all the provisions of this Memorandum of Incorporation relating to the publication of notices via SENS shall no longer apply and such notices shall thereafter only be published in accordance with the provisions of the Act.

37 AMENDMENT OF MEMORANDUM OF INCORPORATION

37.1 Subject to the provisions of clause 6.4 above, this Memorandum of Incorporation may only be altered or amended by way of a special resolution of the ordinary Shareholders if proposed by:

37.1.1 the Board of the Company; or

37.1.2 shareholders entitled to exercise at least 10% of the voting rights that may be exercised on such a resolution;

37.1.3 except if such amendment is:

37.1.4 in compliance with a court order as contemplated in Section 16(1)(a) of the Act; or

37.1.5 required to correct a patent error in spelling, punctuation, reference, grammar or similar defect on the face of the document, as contemplated in Section 17(1) of the Act; or

37.1.6 in terms of a business rescue plan as contemplated in Section 152(6)(b) of the Act.

38 COMPANY RULES

The Board is prohibited from making, amending or repealing any rules as contemplated in Section 15(3) of the Act and the Board's capacity to make such rules is hereby excluded.

Form of proxy

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

Systems make it possible...
People make it happen

For use only by ordinary shareholders who:
- hold ordinary shares in certificated form ('certificated ordinary shareholders'); or
- have dematerialised their ordinary shares ('dematerialised ordinary shareholders') and are registered with 'own-name' registration,

at the 14th 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, 2007, at 11:00 on Tuesday, 5 February 2013 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with 'own-name' registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ('CSDP') or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy.**

Name of beneficial shareholder

Name of registered shareholder

Address

Telephone work ( ) Telephone home ( ) Cell:

being the holder/custodian of ordinary shares in the Company, hereby appoint (see note):

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ('resolutions') and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

		Number of ordinary shares		
		For	**Against**	**Abstain**
1.	To receive, consider and adopt the Annual Financial Statements of the Company and Group for the financial year ended 31 July 2012			
2.	To approve the re-election as director of Robert Michael Maria Sporen who retires by rotation			
3.	To approve the appointment of Robert Michael Maria Sporen as member and Chairperson of the Audit Committee			
4.	To approve the appointment of Tebogo Mapula Skwambane as member of the Audit Committee			
5.	To approve the appointment of Tshilidzi Marwala as member of the Audit Committee			
6.	To confirm the appointment of PKF (Gauteng) Inc as auditors of the Company together with Sanjay Ranchhoojee, for the ensuing financial year			
7.	**Special resolution number 1** Substitution of the existing Memorandum of Incorporation of the Company			
8.	**Special resolution number 2** Approval of the non-executive directors' remuneration			
9.	**Special resolution number 3** General approval to acquire shares			
10.	**Ordinary resolution number 1** Approval of the remuneration policy			
11.	**Ordinary resolution number 2** Control of authorised but unissued ordinary shares			
12.	**Ordinary resolution number 3** Approval to issue ordinary shares, and to sell treasury shares, for cash			
13.	**Ordinary resolution number 4** Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at on 2013

Signature

Assisted by (if applicable)

Notes to proxy

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in 'own name'.
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the Annual General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the Company) of the shareholder's choice in the space provided, with or without deleting 'the Chairperson of the meeting'. The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an 'X' has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty eight hours before the commencement of the Annual General Meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
12. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy; and
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

Hand deliveries to:	**Postal deliveries to:**
Computershare Investor Services Proprietary Limited Ground Floor, 70 Marshall Street, Johannesburg, 2001	Computershare Investor Services Proprietary Limited PO Box 61051, Marshalltown, 2107

to be received by no later than 11:00 on Friday, 1 February 2013 (or 48 hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).

14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
15. Summary of the rights of a shareholder to be represented by proxy, as set out in Section 58 of the Companies Act:

    A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.

    A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

    The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

    The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

    If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the 'Notes to proxy'.

The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.

Corporate information

EOH Holdings Limited

Registration number 1998/014669/06

Share code: EOH

ISIN: ZAE000071072

Directorate

Non-executive

Dr Mathews Phosa (Chairman)

Lucky Khumalo

Prof Tshilidzi Marwala

Tebogo Skwambane

Rob Sporen (Dutch)

Executive

Asher Bohbot (Chief Executive Officer)

Pumeza Bam

John King

Dion Ramoo

Jane Thomson

Company Secretary

Adri Els

Registered address

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

Telephone number

+27 (0) 11 607 8100

Postal address

PO Box 59, Bruma, 2026

Website

www.eoh.co.za

Auditors

PKF (Gauteng) Inc

Transfer secretaries

Computershare Investor Services Proprietary Limited

Sponsor

Merchantec Capital

ince

Branches

Johannesburg: +27 11 607 8100 • Cape Town: +21 21 525 7200 • Durban: +27 86 183 5364
Port Elizabeth: +27 41 393 0700 • East London: +27 43 705 5500 • UK: +44 01249 700551
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