

# REVIEWED CONDENSED CONSOLIDATED RESULTS

FOR THE SIX MONTHS  
ENDED 31 JANUARY

## 2014



Revenue	▲	38,4% to R3 308 million
PAT	▲	49,4% to R244 million
EPS	▲	30,3% to 229,8 cents
HEPS	▲	33,9% to 229,6 cents
Cash	▲	47,5% to R785 million

# EOH

Systems make it possible...  
People make it happen



# Contents

Condensed Consolidated Statements of Comprehensive Income	1
Condensed Consolidated Statements of Financial Position	2
Condensed Consolidated Statements of Cash Flows	3
Condensed Consolidated Statements of Changes in Equity	4
About EOH	5

# Condensed Consolidated Statements of Comprehensive Income for the six months ended 31 January 2014

	Reviewed six months to 31 January 2014 R'000	% change	Reviewed six months to 31 January 2013 R'000	Audited 12 months to 31 July 2013 R'000
<b>Revenue</b>	<b>3 307 548</b>	38,4	2 389 185	5 085 979
<b>Cost of sales</b>	<b>(2 035 606)</b>		(1 392 060)	(3 075 359)
<b>Gross profit</b>	<b>1 271 942</b>		997 125	2 010 620
Operating profit before interest and impairments	<b>353 565</b>		247 733	495 723
Investment income	<b>13 952</b>		9 479	18 483
Finance costs	<b>(31 946)</b>		(20 209)	(47 502)
Impairment of assets	<b>-</b>		-	(6)
<b>Profit before taxation</b>	<b>335 571</b>	41,6	237 003	466 698
Taxation	<b>(88 581)</b>		(73 476)	(135 339)
<b>Profit for the period</b>	<b>246 990</b>	51,0	163 527	331 359
<b>Other comprehensive income:</b>				
Foreign currency translation differences for foreign operations	<b>4 805</b>		1 150	1 500
<b>Total comprehensive income for the period</b>	<b>251 795</b>	52,9	164 677	332 859
<b>Profit attributable to:</b>				
Owners of the parent	<b>244 324</b>	49,4	163 496	331 509
Non-controlling interest	<b>2 666</b>		31	(150)
<b>Profit for the period</b>	<b>246 990</b>		163 527	331 359
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	<b>249 129</b>		164 646	333 009
Non-controlling interest	<b>2 666</b>		31	(150)
<b>Total comprehensive income for the period</b>	<b>251 795</b>		164 677	332 859
Earnings per share (cents)	<b>229,8</b>	30,3	176,4	343,7
Diluted earnings per share (cents)	<b>210,0</b>	31,4	159,8	309,8
Total number of shares in issue (000's)	<b>114 811</b>		106 045	110 848
Weighted average number of shares in issue (000's)	<b>106 322</b>		92 684	96 453
Diluted number of shares (000's)	<b>116 333</b>		102 338	107 007
<b>Headline earnings reconciliation</b>				
<b>Profit after taxation attributable to:</b>				
Ordinary shareholders	<b>244 324</b>		163 496	331 509
Profit on disposal of assets	<b>(259)</b>		(194)	(129)
Gain on bargain purchase	<b>-</b>		(4 394)	(4 387)
Impairment of assets	<b>-</b>		-	6
Total tax effect of adjustments	<b>73</b>		54	36
<b>Headline earnings</b>	<b>244 138</b>		158 962	327 035
Headline earnings per share (cents)	<b>229,6</b>	33,9	171,5	339,1
Diluted headline earnings per share (cents)	<b>209,9</b>	35,2	155,3	305,6

# Condensed Consolidated Statements of Financial Position as at 31 January 2014

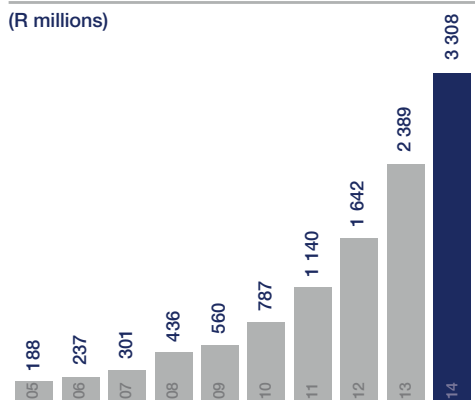
	Reviewed six months to 31 January 2014 R'000	Reviewed six months to 31 January 2013 R'000	Audited 12 months to 31 July 2013 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	3 490	2 872	2 872
Property, plant and equipment	277 825	209 258	226 324
Goodwill and intangible assets	1 684 948	950 695	1 031 945
Finance lease receivables	101 310	49 336	74 894
Other financial assets	5 847	14 550	26 551
Deferred taxation assets	146 677	92 008	103 544
	<b>2 220 097</b>	1 318 719	1 466 130
<b>Current assets</b>			
Inventory	87 215	55 315	66 479
Finance lease receivables	59 230	36 971	46 595
Other financial assets	41 093	24 260	12 401
Current tax receivable	24 617	68 473	27 265
Trade and other receivables	1 475 484	1 003 557	1 185 075
Cash and cash equivalents	785 351	532 513	653 007
	<b>2 472 990</b>	1 721 089	1 990 822
<b>Total assets</b>	<b>4 693 087</b>	3 039 808	3 456 952
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to owners of the parent	2 216 879	1 301 806	1 620 324
Non-controlling interest	8 758	1 431	403
	<b>2 225 637</b>	1 303 237	1 620 727
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease obligations	4 047	2 361	1 793
Other financial liabilities	603 639	311 835	351 416
Deferred taxation liabilities	118 968	53 698	53 398
	<b>726 654</b>	367 894	406 607
<b>Current liabilities</b>			
Trade and other liabilities	1 407 996	1 130 728	1 239 570
Deferred revenue	245 440	172 473	159 868
Current tax payable	87 360	65 476	30 180
	<b>1 740 796</b>	1 368 677	1 429 618
<b>Total equity and liabilities</b>	<b>4 693 087</b>	3 039 808	3 456 952
Net asset value per share (cents)	<b>1 930,9</b>	1 227,6	1 461,8
Net tangible asset value per share (cents)	<b>463,3</b>	331,1	530,8

## Condensed Consolidated Statements of Cash Flows for the six months ended 31 January 2014

	Reviewed six months to 31 January 2014 R'000	Reviewed six months to 31 January 2013 R'000	Audited 12 months to 31 July 2013 R'000
Cash generated by operating activities	166 281	285 076	532 912
Investment income	13 952	9 479	18 483
Finance costs	(31 946)	(20 209)	(47 502)
Taxation paid	(98 863)	(77 803)	(154 688)
Net cash inflow from operating activities	49 424	196 543	349 205
Net cash outflow from investing activities	(221 190)	(22 375)	(113 057)
Net cash inflow/(outflow) from financing activities	304 226	(93 522)	(35 640)
Net movement in cash and cash equivalents	132 460	80 646	200 508
Cash and cash equivalents at beginning of period	653 007	451 867	451 867
Effects of exchange rate fluctuations	(116)	-	632
Cash and cash equivalents at end of period	785 351	532 513	653 007

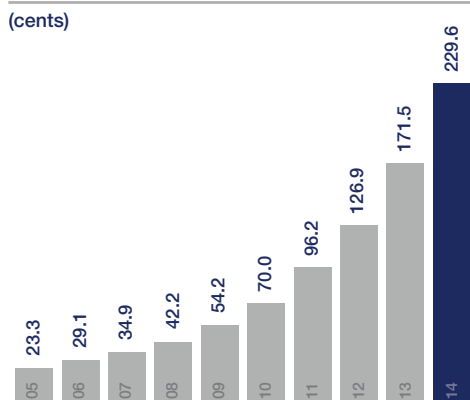
### Revenue

(R millions)



### Headline earnings per share

(cents)



## Condensed Consolidated Statements of Changes in Equity for the six months ended 31 January 2014

	Stated capital R'000	Shares to be issued to vendors R'000	Reserves R'000	Retained earnings R'000	Non- controlling interest R'000	Total equity R'000
<b>Audited balance at 1 August 2012</b>	285 553	112 933	111 390	618 562	1 400	1 129 838
Total comprehensive income for the period	–	–	1 150	163 496	31	164 677
Dividends paid	–	–	–	(66 002)	–	(66 002)
Share-based payments	–	–	9 000	–	–	9 000
Shares to be issued	–	88 090	–	–	–	88 090
Issue of shares	76 561	–	–	–	–	76 561
Movement in treasury shares	(82 528)	–	1 274	–	–	(81 254)
The effect of consolidating the Mthombo Trust	(17 673)	–	–	–	–	(17 673)
<b>Reviewed balance at 31 January 2013</b>	261 913	201 023	122 814	716 056	1 431	1 303 237
Total comprehensive income for the period	–	–	350	168 013	(181)	168 182
Dividends paid	–	–	–	(899)	–	(899)
Share-based payments	–	–	7 134	–	–	7 134
Minorities acquired	–	–	47	–	(847)	(800)
Shares to be issued	–	(33 496)	–	–	–	(33 496)
Issue of shares	117 894	–	–	–	–	117 894
Movement in treasury shares	16 088	–	40 373	–	–	56 461
The effect of consolidating the Mthombo Trust	3 014	–	–	–	–	3 014
<b>Audited balance at 31 July 2013</b>	<b>398 909</b>	<b>167 527</b>	<b>170 718</b>	<b>883 170</b>	<b>403</b>	<b>1 620 727</b>
Total comprehensive income for the period	–	–	4 805	244 324	2 666	251 795
Dividends paid	–	–	–	(101 971)	–	(101 971)
Share based payments	–	–	11 731	–	–	11 731
Minorities acquired	–	–	–	–	5 689	5 689
Shares to be issued	–	154 043	–	–	–	154 043
Issue of shares	112 541	–	–	–	–	112 541
Net sale of treasury shares	171 082	–	–	–	–	171 082
<b>Reviewed balance at 31 January 2014</b>	<b>682 532</b>	<b>321 570</b>	<b>187 254</b>	<b>1 025 523</b>	<b>8 758</b>	<b>2 225 637</b>

# About EOH

The future  
is looking  
bright...



**EOH is a leader in consulting, technology and outsourcing solutions. Listed on the JSE in 1998, EOH operates in South Africa, Africa and the UK. EOH employs over 7 000 people which confirms that technology is only as good as the people behind it.**

## EOH purpose

**To provide the technology, knowledge, skills and organisational ability, critical to Africa's development and growth.**

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

## Our value proposition

EOH is a client-centric organisation and our approach to business relationships and technology partners is firmly embedded in our philosophy of 'Partner for Life'.

Our solutions draw from a comprehensive portfolio of Applications, IT Management, Managed Services, Industrial Technologies and Business Process Outsourcing ('BPO'). Driven by our design, build and operate approach, we are able to provide end-to-end solutions across all industry verticals.

Our reputation for consistently delivering value to our clients is due to our deep industry expertise, an understanding of clients' businesses and a 'Right 1st Time' approach to service delivery.

# About EOH (continued)



## EOH Philosophy

### *Best People*

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

### *Partner for Life*

To nurture lifelong partnerships with our customers and business partners.

### *Right 1st Time*

To ensure professional planning and execution and have pride in all we do.

### *Sustainable Transformation*

To transform and celebrate diversity.

### *Lead and Grow*

Strive to be #1 in every domain in which we operate whilst remaining entrepreneurial.



Compounded  
year-on-year  
growth of 44%  
over 15 years.

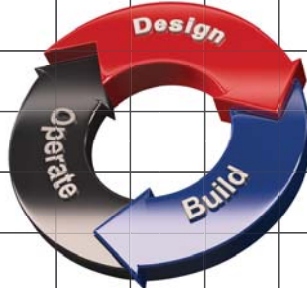


## Business model

Technology is changing at a rapid pace and few organisations can keep up with what is needed and what is available. Our specialists stay abreast of the latest developments, technologies and vendor solutions across all disciplines and industries.

EOH's operating model is a two dimensional approach concentrated around key business areas and industry verticals.

<div style="text-align: center;">INDUSTRY</div> <div style="text-align: center;">AREA</div>	INDUSTRY								
	Financial Services	Mining	Public Sector	Telecommunications	Energy	Retail	Manufacturing and Logistics	Utilities	Health
Applications									
IT Management									
Managed Services									
Industrial Technologies									
Business Process Outsourcing									



# About EOH (continued)

## EOH footprint

EOH has a presence in over 120 locations in South Africa, 14 African countries and in the UK. Most of EOH's revenue is derived from South Africa. In the short to medium term, EOH intends to increase its revenue from other African countries outside of South Africa.

### South Africa

120 points of presence throughout South Africa



# Commentary

## Basis of preparation

The reviewed condensed consolidated results for the six months ended 31 January 2014 ('period under review') have been prepared by the Group Financial Director, John King, CA (SA), in accordance with IAS 34 – Interim Financial Reporting, the Financial Reporting Guides as issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants, the South African Companies Act and the JSE Limited Listings Requirements.

## Accounting policies

The accounting policies and methods of computation applied in the preparation of these reviewed condensed consolidated results for the six months under review, which are based on reasonable judgements and estimates, are in accordance with IFRS and are consistent with those applied in the preparation of the Group's Annual Financial Statements for the year ended 31 July 2013. New standards and interpretations as disclosed in the most recent annual financial statements, which became effective in the current financial year, have been adopted and there has not been any material impact on the group's financial results.

## Review opinion

The condensed consolidated results for the six months ended 31 January 2014 have been reviewed by the Group auditors, Mazars (Gauteng) Inc., Registered Auditors and Chartered Accountants (SA), and their unmodified review report is available for inspection at the registered office of EOH.

## Financial results

The board of directors of EOH ('the board') is satisfied with the performance for the six months under review. The statement of financial position is strong with substantial cash resources which ensures sustainability future growth. Revenue increased by 38,4% to R3 308 million and profit after tax is up by 49,4% to R244 million. 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 30,3% and 33,9%, respectively, with cash increasing to R785 million.

# Commentary (continued)

## Business combinations

During the six months under review, EOH's acquisitive strategy was to consolidate and complement its existing service offerings in its consulting, managed services, human capital and industrial technology businesses, and to grow in the public sector. EOH focused on strengthening its business in the financial services sector and positioning itself to further grow in Africa. Accordingly, the Group made several acquisitions (including Sybrin), totalling R756 million of which R468 million is payable in cash and the balance through the issue of equity instruments. The goodwill associated therewith is R499 million.

The cumulative assets acquired were R502 million of which the gross contractual amount of trade and other receivables was R101 million which approximated its fair value. The cumulative liabilities acquired were R246 million. The aggregated revenue of these businesses included in these results was R310 million, netting a profit before tax of R33 million.

### *Sybrin group*

The Group acquired the share capital of the Sybrin group of companies, herein after referred to as 'Sybrin', with effect from 1 August 2013 for an amount of R296 million. Sybrin is a specialised developer of software for the financial services and other industry sectors. Sybrin's products include workflow software, payment, imaging and document management solutions.

The assets acquired were R200 million of which the gross contractual amount of trade and other receivables was R17 million which approximated its fair value. The liabilities acquired were R94 million. The revenue and profit before tax contributed by Sybrin for the current period was R99 million and R14 million respectively. The goodwill associated herewith is R177 million, relating mainly to anticipated synergies derived from EOH's acquisition strategy mentioned above.

## Segmental reporting

EOH's revenue for the six months ended 31 January 2014 was derived from the provision of services (consulting systems implementation and integration and managed services), software (software sales and maintenance revenue) and infrastructure products.

R'000	Services		Software		Infrastructure		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	<b>2 357 123</b>	1 660 241	<b>423 571</b>	350 603	<b>526 854</b>	378 341	<b>3 307 548</b>	2 389 185
Profit before tax	<b>249 674</b>	166 923	<b>53 786</b>	43 635	<b>32 111</b>	26 445	<b>335 571</b>	237 003
Assets	<b>3 344 527</b>	2 112 358	<b>601 006</b>	446 079	<b>747 554</b>	481 371	<b>4 693 087</b>	3 039 808
Liabilities	<b>(1 758 428)</b>	(1 206 740)	<b>(315 986)</b>	(254 835)	<b>(393 036)</b>	(274 996)	<b>(2 467 450)</b>	(1 736 571)

All areas of EOH's business operations have seen growth during the period under review with the revenue from services being the most significant revenue generator. Services revenue has increased to R2 357 million, a 42.0% increase over the previous comparative period. Software sales have increased to R423 million (increase of 20.8%). Infrastructure sales have also increased by 39.3% to R527 million. The overall operating margin is 10.1%.

## Subsequent events and capital commitments

There have been no significant events since the end of the period under review. There was no significant capital expenditure authorised as at 31 January 2014.

## Social responsibility and transformation

EOH understands that the inter-dependence of people, business and the community is inseparable and that a company is fundamentally a social structure. We are committed to the principle of action speaks louder than words and have therefore concentrated our efforts on ensuring that our social initiatives are both sustainable and useful to society.

Our Corporate Social Investment initiatives are therefore focused around education, particularly in the fields of maths and science and we have intensified our efforts around our job creating initiative.

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

EOH's current black shareholding is 36.2%. 53% of EOH's staff and 66.7% of its board members are black.

# Commentary (continued)

## Job creation initiative

EOH has continued and intensified its 'EOH Youth Job Creation Initiative'. We have invested in media campaigns and interacted with customers and business partners with the aim of encouraging them to recruit significant numbers of people on internship and learnership programmes. We have seen many organisations participating in these programmes, making a difference in the lives of many young people.

## Learnership and intern programme

Another 600 young people are participating in EOH's 2014 learnership and internship programme. Most of the 620 trainees that completed EOH's 2013 programme were directly employed by EOH.

## Future plans

EOH will expand its solutions and service offerings, strengthen its knowledge-based industry services and grow all areas of its business. Major growth areas are expected to be in Managed Services (including cloud, network solutions and mobility solutions), IT Management, Applications (including enterprise applications, information analytics and digitalisation), Industrial Technologies and Business Process Outsourcing. This will be achieved through organic growth, spearheaded by our strategic account initiatives, and strategic acquisitions.

EOH will increase its revenue from all areas of the Public Sector – National, Provincial, Local Authorities and State Owned Entities. EOH has the solutions, knowledge, skills and organisational ability to improve service delivery in this sector.

EOH will continue its foray into Africa and plans to derive more revenue from countries outside of South Africa by increasing its in-country presence and service offerings and through partnerships, joint ventures and acquisitions.

EOH is recognised for the quality of its people and its delivery capability. EOH has the people, the scale, the financial resources, the agility and the knowledge to continue to grow aggressively.

## Directorate

During the period under review, Sandile Zungu was appointed as Independent Non-executive Chairman on 1 October 2013. Danny Mackay was appointed as a non-executive director on 1 November 2013. There have been no other changes to the board. At the AGM held on 11 February 2014, the directors who were eligible for re-election, being Prof Tshilidza Marwala, Lucky Khumalo and Tebogo Skwambane, were re-elected.

### Asher Bohbot

*Chief Executive Officer*

12 March 2014

## **EOH Holdings Limited**

Incorporated in the Republic of South Africa

Registration number: 1998/014669/06

Share code: EOH

ISIN: ZAE000071072

## **Registered office**

Block D, EOH Business Park, Osborne Lane, Bedfordview, 2007

Website: [www.eoh.co.za](http://www.eoh.co.za)

Email: [info@eoh.co.za](mailto:info@eoh.co.za)

Tel: (011) 607 8100

## **Executive directors**

Asher Bohbot (Chief Executive Officer)

John King (Group Financial Director)

Pumeza Bam

Dion Ramoo

Jane Thomson

## **Non-executive directors**

Sandile Zungu – Chairman (appointed 1 October 2013)

Rob Sporen (Dutch)

Lucky Khumalo

Tshilidzi Marwala

Danny Mackay (appointed 1 November 2013)

Thoko Mnyango

Tebogo Skwambane

## **Company secretary**

Adri Els

## **Sponsor**

Merchantec Capital

## **Auditors**

Mazars (Gauteng) Inc.



Systems make it possible...  
People make it happen

