

Enterprise Outsourcing Holdings Limited
(Company registration no: 1998/014669/06)
Share code: EOH ISIN: ZAE000022026
("EOH" or "the company")

Systems make it possible...
People make it happen!

AUDITED FINANCIAL REPORT FOR THE YEAR TO
31 JULY 2003

▲ REVENUE UP 54% ▲ EPS UP 22% ▲ HEADLINE EPS UP 20% ▲ CASH UP 37%

Group Income Statements

	Audited 12 months to 31 July 2003 (R'000)	Audited 12 months to 31 July 2002 (R'000)	Change (%)
Revenue	175 969	114 328	54
Profit before interest	16 398	14 116	16
Net interest received	1 652	480	
Profit from operations before goodwill	18 050	14 596	24
Goodwill amortised	(1 123)	(1 081)	
Profit from operations	16 927	13 515	
Taxation	2 320	1 557	
Outside shareholders' interest	(212)	–	
Net profit for period	14 395	11 958	20
Number of shares in issue ('000)	50 667	50 667	
Weighted average number of shares in issue ('000)	49 238	49 787	
Earnings per ordinary share (cents)	29,24	24,02	22
Headline earnings per ordinary share (cents)	31,52	26,19	20
Diluted earnings per share (cents)	28,10	21,89	28
Dividends per share (cents)	6,00	–	
Reconciliation between earnings and headline earnings:			
Net profit for period	14 395	11 958	
Goodwill amortised	1 123	1 081	
Headline earnings	15 518	13 039	
Headline earnings per ordinary share (cents)	31,52	26,19	

Group Balance Sheets

	Audited 31 July 2003 (R'000)	Audited 31 July 2002 (R'000)
ASSETS		
Non-current assets		
Tangible assets	3 850	3 482
Intangible assets	27 333	30 414
Loans receivable	132	1 689
Current assets		
Trade receivables	26 675	30 646
Other receivables	2 500	1 932
Inventory	78	50
Cash and cash equivalents	40 396	29 588
Total assets	100 964	97 801
EQUITY AND LIABILITIES		
Ordinary shareholders' interest	52 733	42 692
Non-current liabilities		
Vendors for acquisition	6 040	6 040
Interest bearing borrowings	522	637
Deferred taxation	360	1 108
Current liabilities		
Trade and other liabilities	21 059	27 189
Deferred revenue	18 594	20 694
Taxation	1 656	(559)
Total equity and liabilities	100 964	97 801

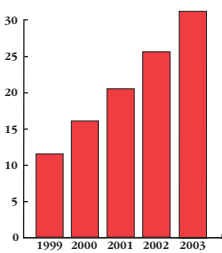
Group Cash Flow Statements

	Audited 12 months to 31 July 2003 (R'000)	Audited 12 months to 31 July 2002 (R'000)
Operating income before interest and taxation	16 398	14 116
Non-cash items	4 332	2 516
Cash generated from trading operations	20 730	16 632
(Increase)/decrease in working capital	(4 855)	1 034
Cash generated from operations	15 875	17 666
Taxation paid	(853)	(3 703)
Dividends paid	(3 040)	–
Net interest income	1 652	480
Cash inflow from operating activities	13 634	14 443
Cash outflow to investing activities	(2 743)	(15 265)
Cash (outflow)/inflow from financing activities	(83)	5 536
Net increase in cash and cash equivalents	10 808	4 714
Cash and cash equivalents at beginning of period	29 588	24 874
Cash and cash equivalents at end of period	40 396	29 588

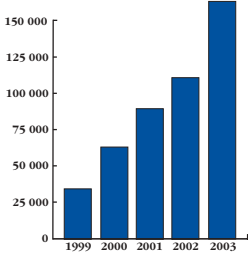
Statement of Change in Ordinary Shareholders' Interest

	Audited 31 July 2003 (R'000)	Audited 31 July 2002 (R'000)
Share capital and premium	9 556	11 174
Balance at beginning of period	11 174	10 066
(Repurchase)/reissue of shares held by subsidiary	(1 618)	1 108
Distributable reserves	43 177	31 518
Balance at beginning of period	31 518	19 400
Attributable income	14 395	11 958
Dividends	(3 040)	–
Reissue of shares held by subsidiary	92	160
Outside shareholders' interest	212	–
Ordinary shareholders' interest	52 733	42 692

Headline EPS (cents)



Revenue (R'000)



Comments

Group profile

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

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

EOH Strategic Solutions – is the initial point of contact with EOH clients through IT strategy development, management consulting, IT-enabled business process re-engineering, software selection and Supply Chain Logistics education to support world-class enterprise systems.

Business Systems – Through a number of subsidiary companies, EOH is able to sell, implement and support a range of world-class business applications including ERP, CRM, Business Intelligence, Advanced Planning and Scheduling, e-Commerce and Manufacturing Execution Systems (MES).

EOH Outsourcing – involves comprehensive maintenance and support of the clients' IT infrastructure and applications through the offering of full IT outsourcing and Application Hosting.

EOH has a presence in all major centres in South Africa and operates in Africa and Australia.

Basis of preparation

The financial statements of the Group have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice, which policies are consistent with those of the prior year.

The Group's auditors, IAPA Johannesburg Chartered Accountants (SA), have audited the financial information for the year to 31 July 2003. Their report is available for inspection at the registered office of the company.

Financial results

The board is satisfied with the overall performance for the period under review. Revenue increased by 54% to R176,0 million. Headline earnings per share rose by 20%. Profit for the period amounted to R14,4 million reflecting an improvement of 20%. No acquisitions were made during the period under review.

The balance sheet remains strong with the growth being financed internally. Cash resources have increased by 37% to R40,4 million from the comparative period. Debtors days have improved to 50 days. The Group is essentially debt free.

During this period, 1 284 228 shares were repurchased by a wholly owned subsidiary of EOH and will not be cancelled.

Future plans

The consistent application of our business model and strategy are proving successful and we intend to continue therewith. The major investment made in new services and product offerings combined with our existing business as well as our large customer base make us a leader in the enterprise software arena. A major objective for the future will be to focus on our human capital development, which we see as our main differentiator.

EOH is committed to Black Economic Empowerment which is an integral part of our business strategy. Our BEE strategy is based on four levels: equity, strategic, managerial and operational levels. Specific action plans and goals have been set.

Cautionary

The company is still under cautionary in terms of the announcement made on 9 September 2003. In terms of the announcement shareholders are advised that EOH has reached an agreement to acquire the entire issued share capital of Atos KPMG Consulting (Pty) Ltd.

Both companies are similar in size, have complementary business models and a similar outlook for the future. Some of the benefits of the two businesses joining forces are:

- The combined business will become a leading business and technology solution provider, with a staff complement of over 600 professionals, substantial turnover, offices in five locations in SA and operations in several African countries and Australia.
- Both companies will gain hundreds of already established clients to whom a new range of services can be offered.
- Both businesses will benefit from having access to each others markets, Commerce and Industry on the one hand and Financial Services and the Public Sector on the other.
- The international brand 'Atos KPMG Consulting' will give the business global reach, international connectivity and the reference-ability necessary to play at the top end of the market.

Implementation of the acquisition would be conditional upon the fulfilment, *inter alia*, of the following conditions precedent:

- obtaining the necessary regulatory approvals, which would include those of the Securities Regulation Panel, the JSE Securities Exchange South Africa and the Competitions Commission South Africa; and
- EOH shareholder approval, if required.

Dividends

Notice is hereby given that a cash dividend of 7 cents per share ("the dividend") has been declared, payable to shareholders recorded in the books of the Company at the close of business on Friday, November 7 2003. Shareholders are advised that the last day to trade "cum" the dividend will be Friday, 31 October 2003. The shares will trade "ex" dividend as from Monday, 3 November 2003, and the record date will be Friday, 7 November 2003. Payment will be made on Monday, 10 November 2003. Share certificates may not be dematerialised or rematerialised during the period Monday, 3 November 2003 to Friday, 7 November 2003, both days inclusive.

15 September 2003

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DIRECTORS

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Ken Cullinan

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S P Matheson

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