

Reviewed Condensed Consolidated Results

for the year ended 31 July 2011



Revenue
PBT
EPS
HEPS
Dividend
Cash up

▲ 43,5%
▲ 56,5%
▲ 35,4%
▲ 35,2%
▲ 33,3%
▲ 20,5%



Systems make it possible . . .
People make it happen

EOH

Condensed Consolidated Statement of Comprehensive Income

R'000	Reviewed 2011	% change	Restated 2010	Restated 2009
Revenue	2 428 973	43,5	1 692 421	1 235 568
Cost of sales	(1 528 392)		(1 085 309)	(797 421)
Gross margin	900 581		607 112	438 147
Results from operating activities	232 879		147 899	97 893
Investment income	9 157		8 213	10 602
Finance costs	(7 646)		(6 353)	(4 026)
Impairment of investment/loss on disposal of associated companies	–		–	(353)
Profit before taxation	234 390	56,5	149 759	104 116
Taxation	(85 986)		(51 980)	(36 528)
Profit for the period	148 404	51,8	97 779	67 588
Other comprehensive income:				
Foreign currency translation differences for foreign operations	1 742		(3 821)	613
Total comprehensive income for the period	150 146		93 958	68 201
Profit attributable to:				
Owners of the parent	147 273		97 511	68 891
Non-controlling interest	1 131		268	(1 303)
Profit for the period	148 404		97 779	67 588
Total comprehensive income attributable to:				
Owners of the parent	149 015		93 690	69 504
Non-controlling interest	1 131		268	(1 303)
Total comprehensive income for the period	150 146		93 958	68 201
Total number of shares in issue (000's)	95 389		79 737	75 817
Weighted average number of shares in issue (000's)	74 985		66 686	64 477
Diluted number of shares (000's)	85 342		73 486	74 221
Earnings per share (cents)	197,9	35,4	146,2	106,8
Diluted earnings per share (cents)	173,8	31,0	132,7	92,8
Headline earnings reconciliation				
Profit after taxation attributable to:				
Ordinary shareholders	147 273		97 511	68 891
Profit on disposal of assets	(254)		(81)	(32)
Net impairment of assets	–		–	424
Impairment of investment/loss on disposal of associated companies	–		–	353
Headline earnings	147 019		97 430	69 636
Headline earnings per share (cents)	197,6	35,2	146,1	108,0
Diluted headline earnings per share (cents)	173,6	30,9	132,6	93,8

Condensed Consolidated Statement of Financial Position

R'000	Reviewed 2011	Restated 2010	Restated 2009
ASSETS			
Non-current assets			
Property, plant and equipment	80 320	52 652	37 170
Goodwill and intangible assets	550 355	324 142	199 228
Other financial assets	23 436	25 061	4 217
Deferred taxation assets	38 427	28 749	26 692
Current assets			
Inventory	30 662	10 107	7 873
Trade and other receivables	575 488	394 871	343 455
Cash and cash equivalents	321 507	266 671	206 877
Total assets	1 620 195	1 102 253	825 512
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent	709 940	464 188	319 346
Non-controlling interest	1 131	(259)	(527)
Total equity	711 071	463 929	318 819
Non-current liabilities			
Finance lease obligation	3 714	174	71
Other financial liabilities	145 988	21 314	20 182
Deferred taxation liabilities	618	4 714	4 703
Current liabilities			
Trade and other liabilities	677 226	521 140	399 353
Deferred revenue	68 261	49 571	41 066
Taxation payable	13 317	41 411	41 318
Total equity and liabilities	1 620 195	1 102 253	825 512
Net asset value per share (cents)	744,3	582,2	421,2
Net tangible asset value per share (cents)	167,3	175,6	158,4

Condensed Consolidated Statement of Cash Flows

R'000	Reviewed 2011	Restated 2010	Restated 2009
Net income before tax and separately disclosed items	234 391	149 758	104 116
Non-cash items	84 496	31 838	19 531
Working capital changes	(53 612)	32 534	8 854
Cash generated by operating activities	265 275	214 130	132 501
Investment income	9 157	8 213	10 602
Finance costs	(7 646)	(6 353)	(4 026)
Taxation paid	(129 687)	(55 837)	(22 495)
Dividend paid	(25 223)	(19 109)	(15 253)
Net cash inflow from operating activities	111 876	141 044	101 329
Net cash inflow/(outflow) from investing activities	10 284	(20 567)	19 311
Net cash outflow from financing activities	(67 324)	(60 683)	(32 902)
Net movement in cash and cash equivalents	54 836	59 794	87 738
Cash and cash equivalents at beginning of period	266 671	206 877	119 139
Cash and cash equivalents at end of period	321 507	266 671	206 877

Condensed Consolidated Statement of Changes in Equity

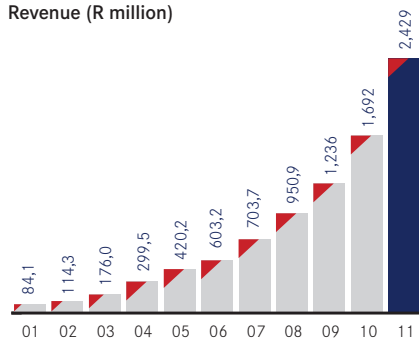
R'000	Share capital and premium	Reserves	Retained earnings	Non-controlling interests	Total equity
Restated balance at 1 August 2008	47 051	6 759	188 197	776	242 783
Total comprehensive income for the period	-	613	68 891	(1 303)	68 201
Dividends paid	-	-	(15 253)	-	(15 253)
Share based payment	-	11 790	-	-	11 790
Shares to be issued	19 220	-	-	-	19 220
Other transactions with owners	13 450	(16 216)	(5 156)	-	(7 922)
Restated balance at 31 July 2009	79 721	2 946	236 679	(527)	318 819
Total comprehensive income for the period	-	(3 821)	97 511	268	93 958
Dividends paid	-	-	(19 109)	-	(19 109)
Share based payment	-	15 573	-	-	15 573
Shares to be issued	13 916	-	-	-	13 916
Other transactions with owners	29 324	11 448	-	-	40 772
Restated balance at 31 July 2010	122 961	26 146	315 081	(259)	463 929
Total comprehensive income for the period	-	1 742	147 273	1 131	150 146
Dividends paid	-	-	(25 223)	-	(25 223)
Share based payment	-	12 699	-	-	12 699
Minorities acquired	-	(2 562)	-	259	(2 303)
Shares to be issued	(8 725)	-	-	-	(8 725)
Other transactions with owners	187 367	(66 819)	-	-	120 548
Reviewed balance at 31 July 2011	301 603	(28 794)	437 131	1 131	711 071

Restatement of comparatives

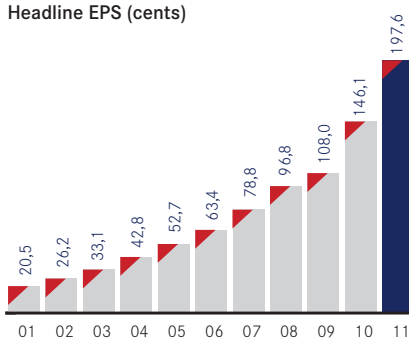
The effect of the revision of the application of IFRS has the effect of increasing net asset value by R17,3 million for the year ended 31 July 2010 (R10,6 million for F2009) and reducing profit for the period by R6,8 million and R9,2 million (F2009).

	IAS32		IFRS3		IAS39	
	2010	2009	2010	2009	2010	2009
Net profit for the period	-	-	4 174	7 588	2 711	1 356
Equity	(16 720)	(24 831)	2 803	5 611	384	(740)
Goodwill and intangible	-	-	(9 118)	(16 708)	-	-
Other financial liabilities	16 720	24 831	2 539	3 509	-	-
Loans receivable	-	-	-	-	(3 095)	(616)

Revenue (R million)



Headline EPS (cents)



Commentary

About EOH

EOH is a leader in technology and business solutions, the largest implementer of applications in South Africa and the top IT service provider in the region. It has an end-to-end solution offering with a strong black economic profile. EOH operates in South Africa, Africa and the United Kingdom.

EOH endeavours to form lifelong partnerships by developing business and IT strategies, supplying and implementing solutions and managing enterprise wide systems and processes for medium and large clients in all major industries.

EOH was listed on the JSE Limited ("JSE") in 1998 and since then has grown to over 3 200 people, more than 2 000 clients and has seen steady growth in revenue over this period of more than 40% per annum.

EOH's vision is to be the best technology and business solutions company to work for, partner with and invest in. EOH's credo is **"Systems make it possible... People make it happen"**.

EOH is all about its people and its business philosophy is driven through five focus areas –

- | | |
|-------------------------------------|---|
| ▲ Best people | To attract, develop and retain the best people in all our chosen skill sets. |
| ▲ Partner for life | To develop lifelong mutually beneficial partnerships with both our customers and technology partners. |
| ▲ Right first time | To ensure excellent, professional planning in all we do. |
| ▲ Sustainable transformation | To transform and manage diversity. |
| ▲ Profitable growth | To grow in a sensible way in the best interest of our shareholders. |

Operating model

The EOH operating model is based on providing professional advice and services through the full technology lifecycle of its clients. The focus is on designing, building and operating high-end solutions which will drive and support EOH's customers' business strategy. This model is underpinned by the three core skill sets of Consulting, Technology and Outsourcing and supports business strategy through to operations.

Consulting

EOH Consulting Services helps clients to understand and excel in a rapidly changing business environment. EOH helps clients create value and architect change through its range of consulting offerings. EOH draws from both global best practice and hands-on experience to craft solutions and drive their practical implementation. EOH Consulting Services defines IT strategies, operations and governance. It optimises its clients' use of their existing assets, reduces costs and leverages new revenue generating opportunities. EOH aligns IT with business needs to ensure more effectiveness and agility through cost reduction, standardisation and effective control. EOH sees consulting as a driver for business change and ensures that at all times its clients maximise business value through IT.

Technology

Technology has moved from being a back office activity to a source of competitive advantage and a driver of Business Strategy. The choice of technologies and the manner in which they are implemented can determine how organisations perform in their given markets. EOH provides technology services at a strategic, operational and tactical level. The EOH group is recognized as leaders in both Business Intelligence ("BI") and Enterprise Resource Planning ("ERP") and is the biggest implementer of ERP systems in South Africa. EOH is technology agnostic and applies a best of breed approach to all its technology engagements.

EOH's technology offerings include –

- ▲ Enterprise Systems;
- ▲ Information Management;
- ▲ Security Management;
- ▲ IT Management/Optimisation;
- ▲ Vendor representation.

Outsourcing

Outsourcing (Managed Services) has moved up the executive agenda. Now it is looked on as a service that should be adopted to achieve competitive advantage. Outsourcing in today's world refers to a set of services which range from the most basic to total transformational activities. It is one of the fastest growing services in the IT sector globally. EOH has a broad outsourcing service offering. EOH provides outsourcing services for a significant breadth of needs and it packages its services to suit its clients' requirements. EOH's outsourcing services include –

- ▲ Managed Services;
 - Infrastructure;
 - Applications and technical;
 - Office.
- ▲ Cloud Services;
- ▲ Managed applications and off shoring facilities;
- ▲ Business Process Outsourcing (“BPO”).

Basis of preparation

The reviewed condensed consolidated results for the year ended 31 July 2011 (“year under review”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), IAS 1 – Presentation of Financial Statements, IAS 34 – Interim Financial Reporting, the South African Companies Act 2008 (Act 71 of 2008) and the JSE Listings Requirements. The accounting policies have been consistently applied with those in the prior year.

Accounting policies

The accounting policies and methods of computation applied in the preparation of the results for the year under review are consistent with those applied in the preparation of the group's annual financial statements for the year ended 31 July 2010.

Review opinion

The condensed consolidated results for the year ended 31 July 2011 have been reviewed by the group auditors, PKF (Pta) Inc. 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 year under review. The statement of financial position is strong with substantial cash resources to support future growth and sustainability. The board thanks its people, clients and technology partners for their contribution during the year under review. Revenue increased by 43,5% to R2 428,9 million and profit before tax is up by 56,5% to R234,4 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 significantly by 35,4% and 35,2% respectively with cash increasing to R321,5 million.

Business combinations

During the year, EOH's primary focus was to increase its Managed Services, Microsoft and BPO Health businesses and accordingly the group made several acquisitions in these areas.

EOH's Managed Services offering was enhanced with the acquisition of TSS Managed Services (Proprietary) Limited ("TSSMS") which focuses on delivering services to the Public Sector. TSSMS was acquired for R130,5 million and their results incorporated from 14 June 2011.

The group further expanded its services in the Microsoft infrastructure, applications and development space with the acquisition of the business of Belay Solutions (Proprietary) Limited and its subsidiaries for R55,9 million. Belay's results have been included from 3 February 2011.

EOH launched its Health BPO service offerings by acquiring the businesses of Elixir Group (Proprietary) Limited and Pinnacle Health Solutions (Proprietary) Limited from the same shareholders for an aggregate purchase consideration of R72,0 million. The results of these operations have been incorporated with effect from 1 October 2010.

EOH broadened its resourcing business through the acquisition of Compensation Technologies Holdings (Proprietary) Limited with effect from 1 August 2010 and its Legal BPO service offerings by acquiring CLS Consulting Services (Proprietary) Limited with effect from 1 March 2011. The results of these two operations have been incorporated from the effective dates.

EOH also acquired several small businesses in line with its cloud strategy, none of which are regarded as material. No operations were closed off or disposed of during the year under review.

Segmental reporting

EOH's revenue is derived from the provision of services (consulting, systems implementation and integration and managed services), software (software sales and maintenance revenue) and infrastructure products.

R000's	Services		Software		Infrastructure		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	1 456 952	876 688	479 171	405 641	492 850	410 092	2 428 973	1 692 421
Net profit before tax	155 174	92 632	57 752	41 183	21 464	15 944	234 390	149 759

All areas of EOH's businesses have seen growth during the year under review with a significant shift to services in line with EOH's strategic intent. Services revenue has increased by R580,3 million, more than a 66% increase over the corresponding period last year, with the margins remaining constant at 10,7%. Software sales have increased by R73,5 million (increase of 18,1%) with an increase in margins from 10,2% to 12,1%. Infrastructure sales have also increased by 20,2% with the margins increasing from 3,9% to 4,4%.

Subsequent events and capital commitments

There have been no significant events since the end of the year under review and the date of this report. There was no significant capital expenditure authorised as at 31 July 2011.

Transformation

EOH is certified as a Large Enterprise Level 3 Contributor (AA) Rating with BEE Procurement Recognition of 138% as a Value Adding Vendor. EOH has made significant contributions to the Maths and Science Centre as part of its CSI initiatives focused on education projects. This initiative is aimed at providing technical support for maths and science teachers at a number of schools. EOH has also been supporting several businesses as part of its Enterprise Development programme.

EOH's black shareholding is in excess of 30% of which 5% are black women. 60% of the board members are black and 53% of EOH's staff is black.

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, Business Process Outsourcing ("BPO"), security and facilities management. Major investments will be made in developing EOH's offerings in Africa.

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. 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 believes that it 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.

Job creation initiative

EOH has embarked on a major job creation initiative to address the issue of the 8 million unemployed people in South Africa and it believes that government alone cannot shoulder this responsibility. Unemployment is a major business risk and business needs to provide leadership and do much more. EOH is creating a team who will work with its top 300 clients and business partners to devise ways and means of creating more jobs and to develop and train young people. A new skill is equivalent to a new job.

EOH will work jointly with existing government departments to mobilise existing and new job creation initiatives.

Directorate

There have been no changes to the board during the period under review, up to and including the date of this report.

Dividends

Notice is hereby given that a cash dividend of 48 cents (2010: 36 cents) per share (the dividend) has been declared and is payable to shareholders recorded in the books at the close of business on Friday, 28 October 2011. Shareholders are advised that the last day of trade *cum* the dividend will be Friday, 21 October 2011. The shares will trade *ex* the dividend as from Monday, 24 October 2011. Payment will be made on Monday, 31 October 2011. Share certificates may not be dematerialised or rematerialised during the period Monday, 24 October 2011 to Friday, 28 October 2011, both days inclusive.

Asher Bohbot

Chief Executive Officer

12 September 2011

Notes

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Registered office

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Executive directors

Asher Bohbot (Chief Executive Officer)

Pumeza Bam, John King, Dion Ramoo, Jane Thomson

Non-executive directors

Dr Mathews Phosa (Chairman), Lucky Khumalo, Prof Tshilidzi Marwala,

Tebogo Skwambane, Rob Sporen (Dutch)

Company secretary

Adri Els

EOH Holdings Limited

Incorporated in the Republic of South Africa

(Company registration no: 1998/014669/06)

Share code: EOH ISIN: ZAE000071072

("EOH" or "the group")

Sponsor

Merchantec Capital

Auditors

PKF (Pta) Inc.

www.eoh.co.za

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People make it happen

