



Systems make it possible...

People make it happen!

INTERIM REPORT FOR THE SIX MONTHS TO 31 JANUARY 2002

▲ REVENUE UP 38%

▲ HEADLINE EPS UP 22%

▲ PBIT UP 21%

Group Income Statements

	Unaudited 6 months to 31 January 2002 (R'000)	Unaudited 6 months to 31 January 2001 (R'000)	Change (%)
Revenue	55 729	40 348	38
Profit before interest	7 786	6 420	21
Net interest received	59	329	
Profit from operations before goodwill	7 845	6 749	16
Goodwill amortised	(329)	(246)	
Profit from operations	7 516	6 503	
Taxation	1 505	1 506	
Net profit for period	6 011	4 997	20
Number of shares in issue ('000)	50 667	50 278	
Weighted average number of shares in issue ('000)	50 034	50 435	
Earnings per ordinary share (cents)	12,01	9,91	21
Headline earnings per ordinary share (cents)	12,67	10,39	22
Fully diluted earnings per share (cents)	11,55	9,69	19

Group Balance Sheets

	Unaudited 31 January 2002 (R'000)	Unaudited 31 January 2001 (R'000)
ASSETS		
Non-current assets		
Tangible assets	2 793	2 012
Intangible assets	21 526	16 684
Loans receivable	1 598	–
Current assets		
Trade receivables	20 200	15 675
Other receivables	1 830	2 127
Inventory	264	151
Cash and cash equivalents	17 019	24 714
Total assets	65 230	61 363
EQUITY AND LIABILITIES		
Ordinary shareholders' interest	37 180	25 199
Non-current liabilities		
Vendors for acquisition	150	4 609
Interest bearing borrowings	432	–
Deferred taxation	1 279	(777)
Current liabilities		
Trade and other liabilities	16 473	12 408
Deferred revenue	10 433	14 539
Bank overdraft	–	150
Taxation	(717)	5 235
Total equity and liabilities	65 230	61 363

Group Cash Flow Statements

	Unaudited 6 months to 31 January 2002 (R'000)	Audited 12 months to 31 July 2001 (R'000)
Operating income before interest and taxation	7 786	12 233
Non-cash items	1 660	1 650
Cash generated from trading operations (Increase)/Decrease in working capital	9 446 (6 683)	13 883 3 531
Cash generated from operations	2 763	17 414
Taxation paid	(3 637)	(2 691)
Net interest income	59	595
Cash (outflow)/inflow from operating activities	(815)	15 318
Cash outflow to investing activities	(7 545)	(5 418)
Cash inflow/(outflow) from financing activities	505	(3 696)
Net (decrease)/increase in cash and cash equivalents	(7 855)	6 204
Cash and cash equivalents at		

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 SBUs 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 Systems and e-Commerce.

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, Mauritius 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.

Financial results

The board is satisfied with the overall performance for the period under review. Revenue increased by 38% to R55,7 million. Profit before interest amounted to R7,8 million, reflecting an improvement of 21%. Headline earnings per share rose by 22%.

The balance sheet remains strong with the growth being financed internally. The cash resources were utilised for the investments described below, to settle vendors for acquisitions and to finance the reduction in deferred revenue due to its cyclical nature. The business remains practically debt free.

During December 2001, 1 643 400 EOH shares were sold for strategic reasons by a wholly-owned subsidiary of EOH at a profit of R160 000, which has been disclosed as a "Reissue of shares held by subsidiary" forming part of distributable reserves in the Changes of Equity Statement. These shares were purchased during the previous financial year and were not cancelled.

Goodwill amortised is excluded from the calculation of headline earnings per share.

Investments

The business has invested aggressively in growth activities both in capital and expenditure. The main areas of investment were:

- the setting-up and development of our business offering in Mauritius;
- the establishment of J-Enterprise, a business unit focused on the provision of a large enterprise software solution and its associated services via an ASP model;
- the creation of Enterprise 21, an SBU housing the African distribution rights and support for a major enterprise software package;
- the development of EOH Planning Solutions, a new business unit providing generic services around Advanced Planning and Scheduling and Supply Chain Optimisation; and
- the acquisition of the rights to represent three additional software applications falling within our core business activities.

The resultant benefits of these investments will only materialise in future periods.

Branding

In order to reflect the wider range of products and services we offer, we have rebranded the holding company as "EOH" from "Enterprise Outsourcing". All business units supporting specific software applications are now branded independently.

Future plans

The consistent application of our business model and strategy are proving beneficial 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.

Dividends

No dividend has been declared as the Group policy is not to pay dividends until EOH reaches greater business maturity.

Cash inflow/(outflow) from financing activities	505	(3 696)
Net (decrease)/increase in cash and cash equivalents	(7 855)	6 204
Cash and cash equivalents at beginning of period	24 874	18 670
Cash and cash equivalents at end of period	17 019	24 874

Statements of change in ordinary shareholders' interest

	Unaudited 31 January 2002 (R'000)	Unaudited 31 January 2001 (R'000)
Share capital and premium	11 609	10 911
Balance at beginning of period	10 911	10 263
Issue of shares during period	933	648
Repurchase of shares	(235)	–
Distributable reserves	25 571	14 288
Balance at beginning of period	14 288	10 040
Attributable income	11 123	8 922
Goodwill written-off	–	(4 674)
Re-issue of shares held by subsidiary	160	–
Ordinary shareholders' interest	37 180	25 199

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10 April 2002

Enterprise Outsourcing Holdings Limited

(Company registration no: 1998/014669/06)

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