GROUP ANNUAL REPORT 2010

Systems make it possible...
People make it happen



EOH

  

www.eoh.co.za

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GROUP ANNUAL REPORT

2010

EOH AT A GLANCE

- Leader in Technology and Business Solutions
- Largest implementer of Enterprise Applications Solutions
- Widest range of applications
- Top 5 IT service provider
- End-to-end offering
- Strong black economic empowerment profile
- Operates in South Africa, Africa and the UK
- Listed on the JSE since 1998
- Over 2 000 people

OUR VISION

Our vision is to be the best technology and business solutions company to work for, partner with and in which to invest.

OUR MISSION

We endeavour to form life-long partnerships by developing business and IT strategies, supplying and implementing solutions and managing enterprise-wide systems and processes for medium to large clients.

WHAT WE DO

EOH provides business and technology solutions across all major industry verticals. Our business model embraces consulting, technology and outsourcing. These services are applied to provide high value, end-to-end solutions for our clients.

EOH differentiates itself on the quality of its people. Our people combine best practices with state-of-the-art technologies that ensure delivery of optimum client solutions. EOH not only designs and builds world-class solutions, but through its outsourcing services, it also runs these systems and solutions on behalf of its clients.

ABOUT EOH

EOH was established and listed on the JSE in 1998 and, through its strategic partnerships and innovative products and services, has transformed the way businesses view IT.

EOH has delivered good financial results in the past 12 years, realising over 40% compounded revenue growth per annum since its inception, with headline earnings per share higher than 20% in all 24 reporting periods. EOH has grown both organically and through strategic acquisitions and today is regarded as a leader in technology and business solutions.

EOH is the largest enterprise applications provider in South Africa and is one of the Top 5 IT service providers in the region. EOH operates in South Africa, Africa and in the United Kingdom.

EOH's business philosophy is driven by five focus areas, namely Best People, Partner for Life, Right 1st Time, Transformation and Profitable Growth.

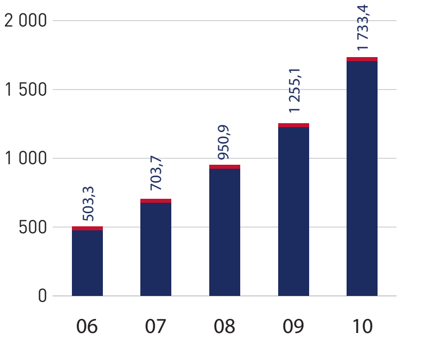
FINANCIAL HIGHLIGHTS

Revenue	**R1 733,4 million**	up	38,1%
Attributable income	**R104,4 million**	up	34,1%
EPS	**156,5 cents**	up	29,7%
HEPS	**156,4 cents**	up	28,3%
Cash	**R266,7 million**	up	28,9%
Dividend	**36 cents**	up	20,0%

		12 months to 31 July 2010	12 months to 31 July 2009	12 months to 31 July 2008	12 months to 31 July 2007	12 months to 31 July 2006
Revenue	(R'000)	**1 733 361**	1 255 067	950 934	703 672	503 292
Attributable income	(R'000)	**104 396**	77 835	60 988	49 038	37 457
Earnings per share	(cents)	**156,5**	120,7	96,2	78,6	63,4
Headline earnings per share	(cents)	**156,4**	121,9	96,8	78,8	63,4
Fully diluted earnings per share	(cents)	**142,1**	104,9	85,7	69,5	54,5
Dividend per share	(cents)	**36,0**	30,0	25,0	20,0	14,0
Cash	(R'000)	**266 671**	206 877	119 140	114 136	84 507
Net asset value per share	(cents)	**560,0**	406,7	328,6	274,1	213,3

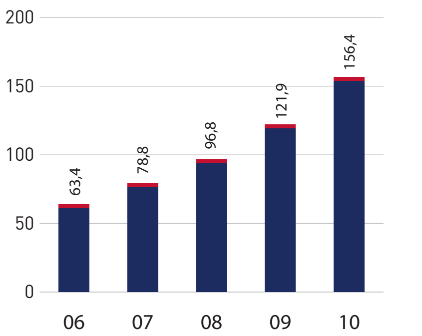
Revenue

(R millions)



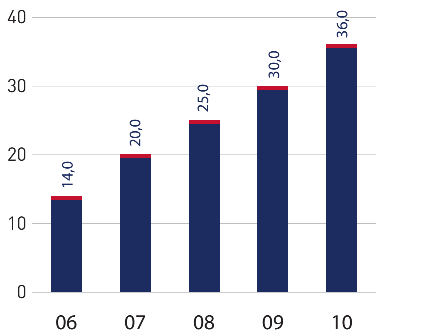
Headline earnings per share

(cents)



Dividend per share

(cents)



BOARD OF DIRECTORS

Dr Nakedi Mathews Phosa
Independent Non-executive Chairman
BProc, LLB, Honorary PhD in Law
(University of Boston)
Re-appointed 27 February 2008

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

Pumeza Bam
Executive Director
BSc (Biochemistry) PMD
Appointed 15 July 2009

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

John King
Executive Director
BCom, BAcc, CA(SA)
Appointed 1 March 2008

Prof Tshilidzi Marwala
Independent Non-executive Director
BSc (Mechanical Engineering),
MSc (Engineering), PhD
Appointed 22 November 2006
Nominated for re-election

Dion Ramoo
Executive Director
BSc (Info Proc), CA(SA)
Re-appointed 22 February 2007
Nominated for re-election

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

Robert Sporen
Independent Non-executive Director
CPIM
Appointed 1 November 2007
Nominated for re-election

Jane Thomson
Executive Director
Re-appointed 15 February 2006
Nominated for re-election

CEO'S OPERATIONAL REPORT

EOH's business philosophy is driven by five key objectives, namely:

Best people

- To attract, develop and retain the best people

Partner for life

- To develop lifelong mutually beneficial partnerships with both our clients and technology partners

Right first time

- Excellent, professional planning and execution in all that we do

Profitable growth

- Grow the business while ensuring growth in the bottom line

Transformation

- Transform and manage diversity

Asher Bohbot
Chief Executive Officer

Overview

EOH has successfully completed its 12th year with another set of excellent results. All of us at EOH are proud of our achievements, especially during these challenging times. We would like to thank all our people for their contribution to the growth of our business and to thank the families of our employees who we know have indirectly sacrificed for the creation of our organisation. We also wish to thank our customers, partners and the investor community for supporting us all these years.

In 2010, EOH surpassed the R1,7 billion revenue mark growing revenue by 38% compared with the previous year. The growth in revenue is attributable to a combination of both organic growth and recent acquisitions. It was a year of successful growth in the infrastructure managed services space and the further expansion of EOH's resourcing business and systems integration businesses.

During the year, the business saw a consolidation of its software testing services culminating in the launch of Global Testing Services, further enhancing EOH's off-shoring capability in this area. The strategic account management initiative, started in the previous year, is bearing fruit and composite solutions are now being sold regularly to EOH's larger clients.

Financial performance

The board is satisfied with the overall performance for the year under review. Revenue improved by 38,1% over the previous year, whilst profit before tax increased by 36,6% and headline earnings per share by 28,3%.

The statement of financial position remains strong with the growth being financed internally. Cash resources were substantially up from R206,9 million to R266,7 million.

The board has declared a dividend of 36 cents per share.

Vision and key objectives

The EOH vision is to be the best technology and business solutions company to work for, partner with and in which to invest.

We believe we have the resources, products and service offerings, as well as the people to achieve this vision and consider our organisation extremely relevant in the growth and development of the African continent. We believe that systems make it possible and people make it happen.

Strategy

EOH lives by its business philosophy, driven by its focus areas of Best People, Partner for Life, Right First Time, Transformation and Profitable Growth. It is this combination that makes EOH successful and its constant drive to ensure that it understands its clients' needs and meets their expectations. EOH operates in all major industries and provides end-to-end solutions from its broad range of service offerings.

> *Thank you to all our people for their contribution to the growth of our business.*

Group structure

EOH operating model

EOH operates as a fully integrated business in the following three broad areas of business:

Consulting

EOH Consulting Services help clients to understand and excel in a rapidly changing business environment. We help clients create value and architect change through our range of consulting offerings. EOH draws from both global best practice and hands-on experience to craft solutions and drive their practical implementation. We define IT strategies, operations and governance. We optimise our clients' use of their existing assets, reduce cost and leverage new generating opportunities. We align IT with business needs and ensure more effectiveness and agility through cost reduction, standardisation and effective control. We see IT as a driver for business change and ensure that at all times our clients maximise business value through IT.

Our core consulting services include –

- Diagnostics and Analysis;
- IT Strategy and Architecture;
- Business Operations Optimisation;
- Technology Selection;
- Project Management; and
- Change Management.

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 against their given markets.

EOH provides technology services at a strategic, operational and tactical level. We are recognised leaders in both Business Intelligence (BI) and Enterprise Resource Planning (ERP) and are the biggest implementers of ERP systems in South Africa. We are technology agnostic and apply a best of breed approach to all our technology engagements.

Our technology offerings include –

- Enterprise Resource Planning (ERP);
- Business Intelligence (BI);
- Enterprise Security Management;
- Service Management;
- Project and Portfolio Management;
- Software Testing and Quality Management;
- Business Technology Optimisation; and
- Network Solutions and Optimisation.

Outsourcing

Outsourcing (Managed Services) has moved up the executive agenda. It is now 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 range of outsourcing services offerings to suit its client's needs.

Our outsourcing services in this area include –

- Infrastructure Managed Services;
- Desktop Managed Services;
- Technical and Application Managed Services;
- Business Process Managed Services;
- Resourcing;
- Software as a Service (SaaS);
- Cloud Computing;
- Infrastructure; and
- Virtualisation.

EOH'S approach to client engagements

Our approach is to fully understand our clients' business systems requirements, be that for a point solution or an integrated one. We work closely with our clients to define the need, understand the benefits, develop the solution and implement it. We pride ourselves on our ability to collaborate internally and where appropriate with third party vendors.

Our typical engagement model is tailored to each client situation and includes the following broad steps –

- Business Consulting;
- Solution Crafting;
- Solution Delivery; and
- Solution Management.

Business Consulting – Diagnose problems against industry and process best practice templates.

Solution Crafting – Develop a conceptual blue-print of the proposed changes inclusive of process, structure, technology and operations.

> *"We are technology agnostic and apply a best of breed approach to all our technology engagements."*

Solution Delivery – Develop best practice model detailing process, structure, technology and operations. Put the solution in place through an impact analysis, acceptance testing, change management plan and effective project planning.

Solution Management – Support and manage technology on behalf of the client through our managed services.

Our services and solutions are supported throughout by our change and project management methodology that ensures successful and enduring change every time. This is EOH's Right 1st Time methodology which is integral to all our product and service engagements.

Operational review

Consulting Services

All EOH's business units include an element of consulting services, some directly associated with the product and other consulting services which are product agnostic. EOH continues to help its clients craft solutions that will enhance their IT capability from which they will derive both efficiency and effectiveness. EOH's consulting capability remains a differentiator from its competitors and continues to be an essential part of EOH's revenue stream.

Technology Services

EOH is recognised as the leader in the applications space and offers solutions across all the significant business applications that businesses require. Through the application of EOH's Right 1st Time methodology, we have implemented world-class solutions using a combination of world-class processes, best in class methodologies and effective project management and change management.

This area continues to be the most dominant area of EOH's revenue stream emanating from the sale and implementation of new applications, upgrades, enhancements and re-implementations and the sale of the infrastructure products to support these and existing applications of the client.

Outsourcing

Outsourcing, coupled with Business Process Outsourcing (BPO), has grown significantly over the past year and will continue to be one of the growth areas over the next few years. EOH provides both infrastructure and application managed services to its broad client base and is well-positioned to offer its clients a virtualised IT environment. EOH will continue to grow its BPO service offerings, taking advantage of EOH's IT capability which is the backbone of most business processes.

Transformation

EOH is committed to the empowerment of those who have been economically marginalised and previously disadvantaged. EOH aims to create a work environment that promotes equal opportunities for all and to ensure that the future environment, within which we work, reflects the demographics of South African society.

EOH is certified as a Large Enterprise Level 3 Contributor (AA Rating) with BEE Procurement Recognition of 138% due to it being a recognised Value Adding Vendor.

EOH's BEE strategy is aligned with the ICT BEE Charter, according to the seven components of transformation.

- **Equity Ownership**
  EOH has a 34,81% broad-based effective black ownership with the establishment of the Mthombo Trust in 2006 as the main catalyst. We will continue to strive to improve this percentage.

- **Management and Control**
  Black people currently hold six of the ten directors positions on the EOH Board, two of which are in executive directorship positions, four in non-executive positions with Dr Nakedi Mathews Phosa holding the non-executive chair.

- **Employment Equity**
  EOH complies with the requirements of the Employment Equity Act and has a process of continuous improvement for all its employees. EOH has an EE staff complement of 48%.

- **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. EOH Academy, the group's in-house training division, 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 their personal skills.

  We have learnership agreements as part of our commitment towards the development of skills and experience of PDIs' within the ICT sector and where possible we offer permanent employment to successful learners.

- **Preferential Procurement**
  We have developed and implemented policies and procedures which has enabled us to achieve over 85,25% procurement from black-owned and black-controlled enterprises.

- **Enterprise Development**
  Through joint ventures with black SME's, we encourage and support black entrepreneurs to participate in business opportunities and more specifically provide business loans to black-owned development companies in our sector. We are committed to share our knowledge and expertise to enable black entrepreneurs to develop sustainable business models.

- **Access to ICT and Corporate Social Investment**
  Our CSI Strategy is to educate, train, coach and provide support to community-based organisations (CBO's).

The group's involvement with CBO's is done on a regional basis. The support provided is Strategy Development, Project Planning and Co-ordination, Project Management Training, Administration Training, General Business Education and Coaching. EOH has made a significant investment in the Maths Centre for Teachers to ensure that many more learners matriculate with maths and science – key skills required in our industry.

Future plans

EOH will continue to grow both organically and as a result of strategic acquisitions across all areas of its business, namely services (consulting, systems implementation and integration and managed services), software sales and the sale of infrastructure products.

EOH will be focusing on increasing its managed services business – in both infrastructure and applications, such services being provided onsite at the client and remotely through its hosting and network offerings. EOH will also be expanding its Business Process Automation, Storage and Virtualisation, Application Testing and Monitoring and IT Security Solutions offerings.

EOH has a solid existing client base in all major industry verticals and will continue to grow with these clients providing their IT needs. EOH has the ability, management, track record and resources to grow aggressively.

Corporate governance

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.

The board of directors

Full details of the directorate are set out on page 18.

The board is making good progress with regards to complying with the recommendations of King III. The board has, however, acknowledged the need to take further steps towards compliance with these recommendations. Currently there are five non-executive directors of which four are independent.

The appointment of directors is approved by the board after an extensive search and interview process, and appointments are made in a formal and transparent manner. The directors bring to the board a wide range of expertise and experience and in the case of the non-executive Chairman, a perspective and judgement on issues of policy, strategy and performance. Mathews Phosa, although unable to preside over the board meetings during the year, met with the Lead Independent Director, Rob Sporen, and the Chief Executive Office, Asher Bohbot, on a regular basis, prior to and post-board meetings to provide input. The board believes that an appropriate policy is in place to ensure that a balance of power and authority amongst directors exist so that no one director has unfettered powers of decision-making.

In accordance with the company's policy, all directors are subject to retirement by rotation and re-election by shareholders on a regular basis – generally every three to five 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 board meets at least quarterly to consider results and performance and to monitor issues of strategic direction and to consider any other issues having a material effect on the group. Where a non-executive director is unable to attend a meeting, independent discussions and input is obtained and imparted at the board meeting.

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

Directors	8 June 2010	15 March 2010	1 December 2009	14 September 2009
Mathews Phosa	No	No	No	Yes
Asher Bohbot	Yes	Yes	Yes	Yes
Pumeza Bam	Yes	Yes	Yes	Yes
Lucky Khumalo	No	Yes	Yes	No
John King	Yes	Yes	Yes	Yes
Tshilidzi Marwala	Yes	Yes	Yes	Yes
Dion Ramoo	Yes	Yes	Yes	Yes
Tebogo Skwambane	Yes	Yes	Yes	No
Rob Sporen	Yes	Yes	Yes	Yes
Jane Thomson	Yes	Yes	Yes	Yes
Adri Els (Secretary)	Yes	Yes	Yes	Yes

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 board appoints the company secretary and all directors have access to the advice and services of the company secretary.

Details of the directors' emoluments are set out on page 56 and 57 of the annual report.

Board committees

Committees are established to assist the board in performing its duties, and the board is free to form or disband committees as is deemed appropriate. The board has appointed an Audit Committee, Remuneration Committee and more recently a Risk Committee. The objectives of these committees are presented below.

Audit Committee

The group's Audit Committee is no longer chaired by the Chairman of the board to comply with the guidelines of King III. It is chaired by Rob Sporen, an independent non-executive director. This committee formally meets at least twice a year prior to the publication of the group's interim and final results.

The Audit Committee's responsibilities are varied and include –

- Assisting the board of directors to fulfil their responsibilities of ensuring that the systems of internal control, accounting practices, management information systems, financial reporting systems and auditing processes are functioning effectively.
- Facilitating the effective communication between the board of directors, management and the external auditors.
- Facilitating the credibility, objectivity and reliability of published financial reports and ensuring that the financial statements comply with IFRS, thereby providing an objective, independent forum for the resolution of significant accounting and reporting-related matters.
- Promoting overall effectiveness of corporate governance.
- Evaluating the independence and effectiveness of the external auditors and evaluating and considering their involvement in non-audit services.
- Monitoring the ethical conduct of the company, its executives and senior officials.

The external auditors have unfettered access to the chairman of the Audit Committee and all of its members throughout the year.

During the year under review the Audit Committee meetings were attended as follows –

Directors	15 March 2010	1 December 2009	14 September 2009
Rob Sporen	Yes	Yes	Yes
Asher Bohbot	Yes	Yes	Yes
John King	Yes	Yes	Yes
Tebogo Skwambane	Yes	Yes	No

Risk Committee

The Risk Committee is constituted as a committee of the board and chaired by a non-executive director. The committee consists of two non-executive directors and the Executive Committee of EOH.

The role of the committee is to assist the board and company to implement effective policies and an effective plan for risk management.

The primary responsibilities of the Risk Committee include –

- Overseeing the development and annual review of a policy and plan for risk management.
- Monitoring the implementation of the policy and plan for risk management.
- Making recommendations to the board concerning the level of risk tolerance.
- Overseeing that the risk management plan is widely disseminated throughout the company.
- Ensuring that the risk management assessments are performed on a continuous basis.
- Ensuring that the frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Ensuring that management considers and implements appropriate risk responses.
- Ensuring that continuous risk monitoring by management takes place.
- Liaising closely with the Audit Committee.
- Expressing the committee's formal opinion to the board on the effectiveness of the system and process of risk management.

During the year under review the Risk Committee met once and the attendees were as follows –

Directors	31 August 2010
Rob Sporen	Yes
Tebogo Skwambane	Yes
Executive Committee	Yes

Remuneration Committee

The Remuneration Committee is chaired by a non-executive director and includes the Chief Executive Officer, Group Financial Director and the Human Resources Director.

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 executives, the Remuneration Committee aims to provide appropriate packages required to attract, retain and motivate the executives whilst giving due consideration to remuneration levels, both within and outside the group. To meet these objectives, the committee takes advice from external remuneration specialists from time to time.

During the year under review the Remuneration Committee meeting was attended as follows –

Directors	8 June 2010	20 October 2009
Asher Bohbot	Yes	Yes
Pumeza Bam	Yes	Yes
Lucky Khumalo	No	Yes
John King	Yes	Yes
Tebogo Skwambane	Yes	No

Company secretary

The board appoints the company secretary whose responsibilities include assisting the chairman in co-ordinating and administering the operation of the board, providing guidance on the discharge of director responsibilities, implementing governance procedures and ensuring that the group complies with all statutory requirements.

All directors have access to the advice and services of the company secretary and, in appropriate circumstances, are entitled and authorised, at the company's expense, to seek independent professional advice concerning the affairs of the company.
The company secretary is responsible for ensuring that board procedures and applicable rules and regulations are fully observed.

The company secretary is Adri Els, CA(SA).

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 sign a 'work life constitution' document. 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.

Accountability and accounting

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

Risk management

Accountability

The board is responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks.

Internal control

Operational and financial risks are managed through the implementation and maintenance of 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 come to the attention of the board that would indicate any material breakdown in these internal controls during the year.

The group's assets are insured against loss, cover being taken out above pre-determined self-insurance levels.

Critical business processes

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

Going concern

The going concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the directors have no reason to believe that the group will not continue as a going concern for the foreseeable future.

Relationships

Employment equity

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

The company has an employment equity plan which was compiled in consultation with employee representatives and which is lodged with the Department of Labour in line with the required reporting dates each year. The major objectives adopted in this plan are –

- The promotion of equal opportunities and fair treatment in employment through the elimination of unfair discrimination.
- The promotion of affirmative action measures to redress any disadvantages in employment experienced by designated groups, and to ensure equitable representation in all occupational categories and levels in the workplace.

An Employment Equity Committee, amongst other responsibilities, monitors the implementation of the plan. Training and development of employees from the designated groups forms an important component of the plan and attention will be focused on accelerated development of the previously disadvantaged groups.

Black Economic Empowerment strategy

34,81% of EOH is effectively black owned and in time this effective holding will increase. EOH has a Black Economic Empowerment ("BEE") Plan which is based on a 10-point strategy, as follows –

- Equity participation;
- Collaborative partnerships;
- Board structure;
- Customer involvement;
- Management development programme;
- Supplier participation;
- Employment and mentorship programme;
- Corporate social investment;
- Joint ownership; and
- Legal requirements.

The current profile is as follows –

- 34,81% broad-based effective black ownership in EOH.
- 48% black employee profile.
- Staff in excess of 2 000.
- Six black directors, including two executives and four non-executive of which one is the non-executive chairman.

EOH believes that the most effective way to achieve broad-based empowerment is to involve its BEE employees. This has been accomplished through the Mthombo Trust.

Worker participation

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, consultation and the identification and resolution of conflict. The purpose is to ensure that all employees are afforded equal opportunity for reward and progress based on ability and merit.

Health and safety

The company is committed to ensuring a safe working environment for all its employees. In this regard a manager within the group is responsible for ensuring compliance with all relevant health, safety and environmental legislation.

Employee health and safety representatives and first-aiders have been appointed for designated areas and have been appropriately trained to fulfil their functions.

Dealings in company shares

All dealings in the shares of the company by directors are reported on JSE Securities Exchange South Africa News Service, within 48 hours of the trade having been made.

Directors and officers are not permitted to trade in the group's listed shares during 'closed periods', which run from the day of the financial half-year and year-end until the publication of the interim and preliminary results announcements, respectively.

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of EOH Holdings Limited

We have audited the accompanying annual financial statements of EOH Holdings Limited, which comprise the directors' report, the statement of financial position as at 31 July 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 16 to 59.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, Interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and in the manner required by the South African Companies Act, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 the directors, as well as evaluating the overall presentation of the annual 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 annual financial statements present fairly, in all material respects, the financial position of the company as of 31 July 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the South African Companies Act, 1973.

David Grawitzky
IAPA Johannesburg Chartered Accountants Inc.
Registered Auditors

15 September 2010
Johannesburg

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 2010, and the Listings Requirements of JSE Limited, and in the manner required by the South African Companies Act, 1973 (Act 61 of 1973), as amended. The group's independent external auditors, IAPA Johannesburg Chartered Accountants Inc., have audited the annual financial statements and their unmodified report appears on page 13.

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 annual financial statements set out on pages 16 to 59 were approved by the board of directors on 15 September 2010 and are signed on its behalf by:

Dr Nakedi Mathews Phosa
Chairman

Asher Bohbot
Chief Executive Officer

15 September 2010

CERTIFICATION BY THE COMPANY SECRETARY

In terms of section 268(I)(d) of the South African Companies Act, 1973 (Act 61 of 1973), 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 2010, 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.

Els

Mrs A Els
Company Secretary

15 September 2010

REPORT OF THE AUDIT COMMITTEE

The Audit Committee, appointed by the board in respect of the year ended 31 July 2010 comprised: Rob Sporen, Asher Bohbot, John King and Tebogo Skwambane ("the committee"), who are 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 Companies Act of South Africa and the committee's terms of reference.

The committee has satisfied itself that the external auditors, IAPA Johannesburg Chartered Accountants Inc., are independent of the group, having given due consideration to the parameters enumerated in sections 270A(5)(a) to (d) of the Companies Act of South Africa and that the appointment of David Grawitzky as the designated auditor and W Consulting as the IFRS advisor, is in compliance with the Auditing Profession Act, 2005, and the Listings Requirements of the JSE Limited.

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

15 September 2010

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the activities of the company and the group for the year ended 31 July 2010.

Nature of business

EOH Holdings Limited ('EOH') is an IT company listed on the "Information Technology" sector of the JSE Securities Exchange South Africa ('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 to large clients.

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

Consulting – EOH Consulting Services assist clients define IT strategies and IT operational and governance policies and procedures. We see IT as a driver for business change to ensure that our clients maximise business value from their IT investment. We strive to align IT with business needs to ensure more business effectiveness and agility. Our Consulting business offers Diagnostics and Analysis, IT Strategy and Architecture, Business Operations Optimisation, Technology Change Selection Management and Project Management.

Technology – Our technology offerings are based on best in class software processes and methodologies and include the following –
- Enterprise Resource Planning (ERP);
- Business Intelligence (BI);
- Enterprise Security Management;
- Service Management;
- Project and Portfolio Management;
- Software Testing and Quality Management;
- Business Technology Optimisation; and
- Network Solutions and Optimisation.

Outsourcing – EOH has a broad range of outsourcing services that we offer to our clients which includes Infrastructure Managed Services, Technical and Application Managed Services, Desktop Managed Services, Business Process Managed Services, Resourcing and Software as a Service.

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 annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Listings Requirements of JSE Limited and the South African Companies Act, 1973 (Act 61 of 1973) as amended ("Act"). These are based on appropriate accounting policies, consistently applied with those in the prior year, which are supported by reasonable and prudent judgements and estimates.

Trading results

The results of operations for the year ended 31 July 2010 are detailed in the accompanying table. Earnings attributable to ordinary shareholders amounted to R104,4 million representing earnings per share of 156,5 cents and headline earnings per share of 156,4 cents. The group's operating income is attributable to its core business.

A summary of the group's trading results are set out below –

Figures in Rand thousand	Audited 2010	Audited 2009
Revenue	**1 733 361**	1 255 067
Profit before tax	**159 168**	116 493
Taxation	**(54 504)**	(39 961)
Profit for the year	**104 664**	76 532
Earnings per share (cents)	**156,5**	120,7
Headline earnings per share (cents)	**156,4**	121,9
Fully diluted earnings per share (cents)	**142,1**	104,9
Dividend per share (cents)	**36,0**	30,0

Group's financial position

The financial position of the company and group are set out in the statement of financial position and statement of cash flows.

Dividend

A cash dividend of 36 cents per share ("the dividend') was declared and payable to shareholders recorded in the books of the company at the close of business on Friday, 29 October 2010. Shareholders were advised that the last day to trade *cum* the dividend was Friday, 22 October 2010. The shares traded *ex* dividend from Monday, 25 October 2010. Payment was made on Monday, 1 November 2010.

Share capital

During the financial year the authorised share capital remained unchanged and a total of 3 920 208 ordinary shares were issued during the year as a result of employees exercising share options in terms of the EOH Share Option Scheme and as a result of settling vendors for acquisition.

Between year-end and the publication of the annual report, a further 2 967 440 ordinary shares have been issued as a result of acquisitions.

At year-end 846 988 EOH shares were held by a wholly-owned subsidiary of EOH and will not be cancelled.

At 31 July 2010 the shares of the company were held by the following categories of shareholders –

	Number of shareholders	Percentage	Number of shares	Percentage
Shareholder spread				
1 – 1 000 shares	368	23,03	203 221	0,25
1 001 – 10 000 shares	859	53,76	3 504 197	4,40
10 001 – 100 000 shares	285	17,83	7 959 032	9,98
100 001 – 1 000 000 shares	73	4,57	29 967 454	37,58
1 000 001 shares and over	13	0,81	38 102 816	47,79
	1 598	100,00	79 736 720	100,00
Distribution of shareholders				
Banks	3	0,19	240 839	0,30
Close corporations	28	1,75	1 134 520	1,42
Empowerment trust	1	0,06	9 180 382	11,51
Endowment funds	11	0,69	1 105 987	1,39
Individuals	1 219	76,28	17 477 028	21,92
Insurance companies	11	0,69	1 651 118	2,07
Investment companies	7	0,44	231 557	0,29
Medical scheme	1	0,06	20 000	0,02
Mutual funds	48	3,01	29 133 675	36,54
Nominees and trusts	172	10,76	8 434 732	10,58
Other corporations	6	0,38	551 636	0,69
Private companies	54	3,38	1 704 288	2,14
Public companies	3	0,19	132 050	0,17
Retirement funds	32	2,00	7 589 848	9,52
Share trust	1	0,06	357 656	0,45
Treasury shares	1	0,06	791 404	0,99
	1 598	100,00	79 736 720	100,00

According to records of the company, the only shareholders registered as holding 3% or more of the company's shares at 31 July 2010, are as follows –

	Shareholding 31 July 2010	Percentage	Shareholding 31 July 2009	Percentage
Major shareholders				
Sanlam	**12 126 959**	**15,21**	15 120 728	19,94
The Mthombo Trust	**9 180 381**	**11,51**	9 180 381	12,11
Bohbot, A	**6 114 286**	**7,67**	7 343 026	9,68
Old Mutual	**4 370 797**	**5,48**	5 266 543	6,95
Eskom Pension & Provident Fund	**3 074 602**	**3,86**	5 015 919	6,62
Fidelity	**3 100 000**	**3,89**	–	–
V55 Investments	**–**	**–**	3 878 286	5,12
ABSA	**2 993 218**	**3,75**	2 973 000	3,92
	40 960 243	**51.37**	48 777 883	64,34
Public	**62 709 192**	**78,65**	53 487 792	70,55
Non-public	**17 027 528**	**21,35**	22 328 720	29,45
	79 736 720	**100,00**	75 816 512	100,00

Investments in subsidiary and associate companies

Full details of all interests in subsidiaries and associates are included in Annexure A to the annual report.

Acquisitions and business combinations

During the year under review, EOH grew both organically and as a result of acquisitions. EOH expanded its infrastructure and infrastructure-managed services business through the acquisition of Glacier Consulting (Proprietary) Limited, Bridging Technologies Cape (Proprietary) Limited and Ivy Moon 112 (Proprietary) Limited.

It further expanded its Microsoft and Integration Services by acquiring the businesses of Solexcon Consulting (Proprietary) Limited trading as Think iT and Connection 42 (Proprietary) Limited.

EOH acquired the business of Abacus Recruitment CC to bolster its resourcing activities. EOH also acquired the business of Al Indigo (Proprietary) Limited (Middleware Services) and iCentric Consulting (Proprietary) Limited (Performance Management Software Solution).

Directorate

The following directors served during the period –

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

Directors' interests in contracts

None of the directors and officers of the company had an interest in any contract of significance during the financial year.

Directors' interests in the share capital of the company

At 31 July 2010 the directors' direct and indirect interests in the company's issued shares were as follows –

	Beneficial July 2010	Beneficial July 2009	Non-beneficial July 2010	Non-beneficial July 2009	Share options July 2010	Share options July 2009
Directly						
Mathews Phosa	–	–	–	–	383 334	766 667
Asher Bohbot	154 806	154 806	–	–	1 875 000	875 000
Pumeza Bam	–	–	–	–	400 000	250 000
Lucky Khumalo	–	–	–	–	500 000	500 000
John King	–	–	–	–	1 000 000	500 000
Prof Tshilidzi Marwala	–	–	–	–	–	–
Dion Ramoo	–	–	–	–	373 334	246 667
Tebogo Skwambane	–	–	–	–	–	–
Rob Sporen	–	–	–	–	–	–
Jane Thomson	–	–	–	–	600 000	400 000
Indirectly						
Asher Bohbot	5 959 480	7 188 220	18 000	18 000	–	–
Rob Sporen	583 800	683 800	83 000	85 000	–	–

Ordinary shares

During the course of the year, the following share allotment took place –

- EOH Share Option Scheme – 3 031 346 ordinary shares issued to employees.
- The Mthombo Trust – 2 557 064 ordinary shares issued to employees.

Between year-end and publishing of the annual report, the following share allotment took place –

- EOH Share Option Scheme – 2 100 000 ordinary shares issued to employees (which includes 100 000 share options that were issued to Jane Thomson).

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 restricts participation to qualifying PDI directors and employees.

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

	The EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Opening balance	**248 427**	**9 898 145**	**8 677 530**
Granted	–	3 031 346	2 557 064
Exercised	(41 271)	(1 285 750)	(1 094 154)
Forfeited	–	(392 500)	(1 630 430)
Closing balance	**207 156**	**11 251 241**	**8 510 010**
Exercisable at the end of the year	207 156	1 898 750	1 236 414

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 company 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 part or no recovery, management processes appropriate doubtful debt or credit note provisions.

Subsequent events

Other than the events noted in the annual report, no material event or transaction has occurred subsequent to 31 July 2010 that warrants adjustment to, or notification in, the annual financial statements.

No change statement

This annual report for the year ended 31 July 2010 does not contain any material modifications to the reviewed results which were published on 15 September 2010.

STATEMENT OF FINANCIAL POSITION

at 31 July 2010

Figures in Rand thousand	Notes	Group 2010	Group 2009	Company 2010	Company 2009
Assets					
Non-current assets					
Property, plant and equipment	3	52 652	37 170	–	–
Intangible assets	4	350 368	215 936	–	–
Investments in subsidiaries	5	–	–	94 620	94 628
Other financial assets	7	28 771	4 833	–	–
Deferred tax	8	28 749	26 424	–	–
		460 540	284 363	94 620	94 628
Current assets					
Inventories	9	10 107	7 872	–	–
Loans to group companies	10	–	–	87 222	46 967
Current tax receivable		2 877	3 252	–	–
Trade and other receivables	11	394 871	343 455	383	396
Cash and cash equivalents	12	266 671	206 877	152	147
		674 526	561 456	87 757	47 510
Total assets		1 135 066	845 819	182 377	142 138
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	14	89 825	60 501	108 466	82 136
Reserves		26 447	2 863	236	–
Accumulated profit/(loss)		330 253	244 966	35	(10 913)
Non-controlling interest		(259)	(527)	–	–
		446 266	307 803	108 737	71 223
Liabilities					
Non-current liabilities					
Other financial liabilities	19	33 414	33 333	119	119
Finance lease obligation	20	174	71	–	–
Deferred tax	8	4 714	4 434	9	13
		38 302	37 838	128	132
Current liabilities					
Loans from group companies	10	–	–	73 538	70 700
Other financial liabilities	19	132 920	77 387	–	–
Current tax payable		44 287	44 570	–	–
Finance lease obligation	20	240	701	–	–
Trade and other payables	23	421 345	334 455	35	53
Deferred income		49 571	41 066	–	–
Provisions	22	2 196	1 969	–	–
Dividend payable		(61)	30	(61)	30
		650 498	500 178	73 512	70 783
Total liabilities		688 800	538 016	73 640	70 915
Total equity and liabilities		1 135 066	845 819	182 377	142 138
Net asset value per share (cents)		560,0	406,7	136,4	93,9
Net tangible asset value per share (cents)		120,6	121,9	136,4	93,9

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 July 2010

Figures in Rand thousand	Notes	Group 2010	Group 2009	Company 2010	Company 2009
Revenue	25	1 733 361	1 255 067	–	–
Cost of sales		(1 111 451)	(797 421)	–	–
Gross profit		621 910	457 646	–	–
Operating expenses		(447 648)	(336 447)	(2 682)	(2 152)
Depreciation		(15 631)	(9 932)	–	–
Amortisation of intangible assets		(4 527)	(1 811)	–	–
Impairment of assets		–	(458)	(25)	–
Reversal of impairment of assets		–	34	–	–
Operating profit/(loss)	26	154 104	109 032	(2 707)	(2 152)
Investment income	27	8 213	10 602	36 396	18 416
Impairment of investment in associated companies		–	(353)	–	–
Finance costs	28	(3 149)	(2 788)	–	–
Profit before taxation		159 168	116 493	33 689	16 264
Taxation	29	(54 504)	(39 961)	4	(31)
Profit for the year		104 664	76 532	33 693	16 233
Other comprehensive income:					
Exchange differences on translating foreign operations		(3 821)	613	–	–
Effects of cash flow hedges		384	(740)	–	–
Other comprehensive loss for the year, net of taxation		(3 437)	(127)	–	–
Total comprehensive income		101 227	76 405	33 693	16 233
Profit attributable to:					
Owners of the parent		104 396	77 835	33 693	16 233
Non-controlling interest		268	(1 303)	–	–
		104 664	76 532	33 693	16 233
Total comprehensive income attributable to:					
Owners of the parent		100 959	77 708	33 693	16 233
Non-controlling interest		268	(1 303)	–	–
		101 227	76 405	33 693	16 233
Earnings per share (cents)	39	156,5	120,7	50,5	25,2
Fully diluted earnings per share (cents)	39	142,1	104,9	45,8	21,9
Dividends per share (cents)		36,0	30,0	36,0	30,0

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2010

Figures in Rand thousand	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Hedging reserve	Other reserves	Total reserves	Accu-mulated profit/(loss)	Total attri-butable to equity holders of the group/company	Non-con-trolling interest	Total equity
Group											
Balance at 1 August 2008	628	46 423	47 051	140	657	6 619	7 416	187 540	242 007	776	242 783
Total comprehensive income for the year	–	–	–	613	(740)	–	(127)	77 835	77 708	(1 303)	76 405
Issue of share capital	22	10 459	10 481	–	–	–	–	–	10 481	–	10 481
Movement in treasury shares	(22)	(2 165)	(2 187)	–	–	(11 154)	(11 154)	–	(13 341)	–	(13 341)
The effect of consolidating The Mthombo Trust	–	–	–	–	–	(3 397)	(3 397)	–	(3 397)	–	(3 397)
Share-based payment	–	–	–	–	–	11 790	11 790	–	11 790	–	11 790
Post-acquisition reclassification	–	5 156	5 156	–	–	(1 665)	(1 665)	(5 156)	(1 665)	–	(1 665)
Dividends	–	–	–	–	–	–	–	(15 253)	(15 253)	–	(15 253)
Balance at 1 August 2009	**628**	**59 873**	**60 501**	**753**	**(83)**	**2 193**	**2 863**	**244 966**	**308 330**	**(527)**	**307 803**
Total comprehensive income for the year	–	–	–	(3 821)	384	–	(3 437)	104 396	100 959	268	101 227
Issue of share capital	38	26 292	26 330	–	–	–	–	–	26 330	–	26 330
Movement in treasury shares	31	2 963	2 994	–	–	9 438	9 438	–	12 432	–	12 432
The effects of consolidating The Mthombo Trust	–	–	–	–	–	2 010	2 010	–	2 010	–	2 010
Share-based payment	–	–	–	–	–	15 573	15 573	–	15 573	–	15 573
Dividends	–	–	–	–	–	–	–	(19 109)	(19 109)	–	(19 109)
Balance at 31 July 2010	**697**	**89 128**	**89 825**	**(3 068)**	**301**	**29 214**	**26 447**	**330 253**	**446 525**	**(259)**	**446 266**
Notes	14	14	14	16	17	18					
Company											
Balance at 1 August 2008	737	70 918	71 655	–	–	–	–	(8 731)	62 924	–	62 924
Total comprehensive income for the year	–	–	–	–	–	–	–	16 233	16 233	–	16 233
Issue of share capital	22	10 459	10 481	–	–	–	–	–	10 481	–	10 481
Dividends	–	–	–	–	–	–	–	(18 415)	(18 415)	–	(18 415)
Balance at 1 August 2009	**759**	**81 377**	**82 136**	**–**	**–**	**–**	**–**	**(10 913)**	**71 223**	**–**	**71 223**
Total comprehensive income for the year	–	–	–	–	–	–	–	33 693	33 693	–	33 693
Issue of share capital	38	26 292	26 330	–	–	–	–	–	26 330	–	26 330
Movement in treasury shares	–	–	–	–	–	236	236	–	236	–	236
Dividends	–	–	–	–	–	–	–	(22 745)	(22 745)	–	(22 745)
Balance at 31 July 2010	**797**	**107 669**	**108 466**	**–**	**–**	**236**	**236**	**35**	**108 737**	**–**	**108 737**
Notes	14	14	14	16	17	18					

STATEMENT OF CASH FLOWS

for the year ended 31 July 2010

Figures in Rand thousand	Notes	Group 2010	Group 2009	Company 2010	Company 2009
Cash flows from operating activities					
Cash generated from/(used in) operations	31	217 091	135 587	(2 687)	(2 306)
Investment income		8 213	10 602	1	1
Dividends received		–	–	36 395	18 415
Finance costs		(3 146)	(2 788)	–	–
Tax paid	32	(58 359)	(25 927)	–	–
Net cash from operating activities		163 799	117 474	33 709	16 110
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(34 040)	(18 614)	–	–
Sale of property, plant and equipment	3	1 417	3 111	–	–
Acquisition of businesses	40	918	14 057	–	–
Loans to group companies repaid		–	–	1 946	–
Loans advanced to group companies		–	–	(41 476)	(11 391)
Increase in financial assets		(20 318)	(313)	–	–
CA (Southern Africa) office start-up		–	(11 006)	–	–
Net cash from investing activities		(52 023)	(12 765)	(39 530)	(11 391)
Cash flows from financing activities					
Proceeds on share issue	14	26 332	10 481	26 330	10 481
Proceeds from other financial liabilities		18 099	9 273	–	–
Repayment of other financial liabilities		(94 953)	–	–	–
Net acquisition of treasury shares		18 513	(20 226)	236	–
Finance lease payments		(773)	(1 241)	–	–
Dividends paid	33	(19 200)	(15 259)	(22 836)	(18 421)
Proceeds of loans from group companies		–	–	8 423	3 983
Repayment of loans from group companies		–	–	(6 327)	(756)
Net cash from financing activities		(51 982)	(16 972)	5 826	(4 713)
Total cash movement for the year		59 794	87 737	5	6
Cash at the beginning of the year		206 877	119 140	147	141
Total cash at the end of the year	12	266 671	206 877	152	147

1. Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Listings Requirements of JSE Limited and the South African Companies Act, 1973. 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 Rand.

These accounting policies are consistent with the previous period, except for those changes which have occurred as a result of the adoption of a new and amended International Financial Reporting Standard.

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 inter-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 in 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.

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 or 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 or liabilities and reclassifies them where the classification is inappropriate for group purposes.

1. Accounting policies (continued)

1.1 Consolidation (continued)

Business combinations (continued)

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets or 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 does not have 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 or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

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 Significant judgements and sources of estimation uncertainty

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 are 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.

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 regarding the selling price and direct costs to sell certain inventory items. The write down is included in the operating profit note.

Options granted

Management uses the Binomial model to determine the value of the options at issue date. Additional details regarding the estimates are included in the note 15, Share-based payments.

1. Accounting policies (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

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 or 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.

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 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 or 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 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. Additional disclosure of these estimates of provisions are included in note 22, Provisions.

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 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 company.
- The cost of the item can be measured reliably.

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

1. Accounting policies (continued)

1.3 Property, plant and equipment (continued)

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.

1.4 Intangible assets

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.
- The cost of the asset can be measured reliably.

Intangible assets 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.
- The expenditure attributable to the asset during its development can be measured reliably.

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, 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.

Re-assessing 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.

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

1. Accounting policies (continued)

1.5 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.

1.6 Investments in associates

Company annual financial statements

An investment in an associate is carried at cost less any accumulated impairment.

1.7 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories upon initial recognition:

- financial assets at fair value through profit or loss held for trading;
- 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.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains or losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss includes dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost, using the effective interest method, less accumulated impairment losses. Loans to group companies and trade and most other receivables fall into this category of financial instruments.

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

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. Accounting policies (continued)

1.7 Financial instruments (continued)

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, 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.

Derivative financial instruments

For the reporting period under review, the group has designated certain forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedges item affects profit or loss, any gain previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

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 nor taxable profit/(tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied –

- the parent, investor or venturer 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.

1. Accounting policies (continued)

1.8 Tax (continued)

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, branches and associates, and interests in joint ventures, to the extent that it is probable that –

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for 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;
- a transaction or event which is recognised, in the same or a different period, directly in 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 – lessee

Finance leases are recognised as assets or 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.

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. Accounting policies (continued)

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 comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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.

1.12 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an 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; and
- tests goodwill acquired in a business combination for impairment annually.

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. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1. Accounting policies (continued)

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 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.

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 cannot 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.

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.

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

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.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1. Accounting policies (continued)

1.16 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the re-imbursement shall be recognised when, and only when, it is virtually certain that re-imbursement will be received if the entity settles the obligation. The re-imbursement shall be treated as a separate asset. The amount recognised for the re-imbursement 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 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.

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;
- 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.

1. Accounting policies (continued)

1.17 Revenue (continued)

Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

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 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; and
- 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;
- 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.

1.20 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 Rand, 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.

1. Accounting policies (continued)

1.20 Translation of foreign currencies (continued)

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 Rand 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 or liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income or 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 or liabilities arising on the acquisition of that foreign operation are treated as assets or 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.

1.21 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.

2. New standards and interpretations

2.1 Impact of new issued standards and interpretations

The following new or revised IFRS standards and IFRICs have been issued with effective dates applicable to future annual financial statements of the group:

IFRS 2 – Share-based Payments

The amendment to this IFRS clarifies the treatment of group cash-settled share-based payment transactions.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

IFRS 3 – Business Combinations

There are consequential amendments to this IFRS, resulting from the annual improvement project and IFRS 9 – Financial Instruments. These include transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS, measurement of non-controlling interests, unreplaced and voluntarily replaced share-based payment awards.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial Instruments, are applicable for the financial year ending 30 June 2014.

2. New standards and interpretations (continued)

2.1 Impact of new issued standards and interpretations (continued)

IFRS 5 – Non-current Assets Held-For-Sale and Discontinued Operations

There are consequential amendments to this IFRS, resulting from the annual improvement project. These relate to the disclosures of non-current assets classified as held-for-sale or discontinued operations.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

IFRS 7 – Financial Instruments: Disclosures

There are consequential amendments to this IFRS, resulting from the annual improvement project relating to the clarification of disclosures, and from IFRS 9 – Financial Instruments. The amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2012 and the amendments resulting from IFRS 9 – Financial Instruments, are applicable for the financial year ending 30 June 2014.

IFRS 9 – Financial Instruments

IFRS 9 is a new statement with the objective of reducing the number of classification categories of financial instruments and aligning the measurement of financial instruments with how entities manage financial instruments.

The group is currently assessing the impact of the standard on its results, financial position and cash flows. The standard first becomes applicable for the financial year ending 30 June 2014.

IAS 2 – Inventories

There are consequential amendments to this statement resulting from the annual improvement project and IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial Instruments, are applicable for the financial year ending 30 June 2014.

IAS 8 – Accounting Policies, Changes in Accounting Policies and Errors

There are consequential amendments to this statement resulting from IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial Instruments, from the financial year ending 30 June 2014.

IAS 12 – Income Taxes

There are consequential amendments to this statement resulting from IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial Instruments, from the financial year ending 30 June 2014.

IAS 17 – Leases

There are consequential amendments to this statement, resulting from the annual improvement project.
The amendments clarify that in assessing whether land and buildings are held under a finance or operating lease, they are assessed separately.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

IAS 18 – Revenue

There are consequential amendments to the appendix to this statement, resulting from the annual improvement project clarifying the determination whether an entity is acting as principal or agent, and IFRS 9 – Financial Instruments.

The amendments should have no significant impact on the group's results, and first become applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial Instruments, are applicable for the financial year ending 30 June 2014.

2. New standards and interpretations (continued)

2.1 Impact of new issued standards and interpretations (continued)

IAS 21 – The Effects of Change in Foreign Exchange Rates

There are consequential amendments to this statement, resulting from IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial Instruments, from the financial year ending 30 June 2014.

IAS 24 – Related Parties

There were amendments to simplify the definitions, clarify intended meaning and eliminate inconsistencies.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2012 and must be applied retrospectively.

IAS 27 – Consolidated and Separate Financial Statements

There are consequential amendments to this statement, resulting from the annual improvement project and IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial Instruments, are applicable for the financial year ending 30 June 2014.

IAS 28 – Investments in Associates

There are consequential amendments to this statement, resulting from IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial Instruments, from the financial year ending 30 June 2014.

IAS 31 – Investments in Joint Ventures

There are consequential amendments to this statement, resulting from IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial Instruments, from the financial year ending 30 June 2014.

IAS 32 – Financial Instruments Presentation

This standard has been amended in relation to the classification of rights issues and IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial Instruments, are applicable for the financial year ending 30 June 2014.

IAS 34 – Interim Financial Reporting

There are consequential amendments to this statement, resulting from the annual improvement project.

The amendments first become applicable to the group for the financial year ending 30 June 2011, and are not expected to have any significant impact on the group.

IAS 36 – Impairment of Assets

There are consequential amendments to this statement, resulting from the annual improvement project clarifying the allocation of goodwill to cash-generating units, and IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial Instruments, are applicable for the financial year ending 30 June 2014.

IAS 39 – Financial Instruments: Recognition and Measurement

There are consequential amendments to this statement, resulting from the annual improvement project clarifying exposures qualifying for hedge accounting and IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011 and the amendments resulting from IFRS 9 – Financial Instruments, are applicable for the financial year ending 30 June 2014.

2. New standards and interpretations (continued)

2.1 Impact of new issued standards and interpretations (continued)

IFRIC 10 – Interim Financial Reporting and Impairment

There are consequential amendments to this interpretation, resulting from IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial Instruments, from the financial year ending 30 June 2014.

IFRIC 12 – Service Concession Arrangements

There are consequential amendments to this interpretation, resulting from IFRS 9 – Financial Instruments.

The amendment should have no significant impact on the group's results, and first becomes applicable when it applies IFRS 9 – Financial Instruments, for the financial year ending 30 June 2014.

IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This interpretation has been amended in relation to the voluntary prepaid contributions.

The interpretation should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2012.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

This new interpretation was issued in November 2009 providing guidance on where liabilities are extinguished with equity.

The interpretation should have no significant impact on the group's results, and first becomes applicable for the financial year ending 30 June 2011.

2.2 Adoption of new and revised standards

Reclassification of group statement of comprehensive income:

The statement of comprehensive income as published last year has not changed but has been updated to include the other comprehensive income, resulting from changes to IAS 1 – Presentation of Financial Statements.

The group adopted accounting standards and interpretations that became applicable during the current reporting period. Of the amendments included in the Improvements to IFRS the following standards have had an impact on the group's accounting policies and methods –

- IFRS 3 – Business Combinations.
- IAS 27 – Consolidated and Separate Financial Statements.

The adoption of the above standards impacts the group as follows:

(1) The premium paid on the buyout of non-controlling interests is recognised in equity.
(2) Transaction related costs for new acquisitions are expensed in the statement of comprehensive income.
(3) Adjustments to warranty payments provisions are recognised in the statement of comprehensive income.
(4) Non-controlling interests share in accumulated losses above the equity they contributed.

Amendments to these standards as noted under items 1 to 4 listed above have been applied prospectively and have had no material impact on the statement of comprehensive income and the statement of financial position.

Financial Instruments and Operating Segments

The adoption of the revised IAS 32 – Financial Instruments Presentation, IFRS 7 – Financial Instruments: Disclosure, and IFRS 8 – Operating Segments, introduced changes to the presentation of the financial statements with no impact on the group's accounting policies or methods of computations.

Headline Earnings Per Share

Circular 3/2009 – Headline earnings became applicable to group on 1 July 2009. The impact of the adoption of the circular in the current reporting period resulted in changes from the profit on the sale of assets and the impairment of such assets being included in headline earnings.

There was no change to the prior year numbers as a result of this amendment.

3. Property, plant and equipment

Figures in Rand thousand	2010 Cost	2010 Accumulated depreciation	2010 Carrying value	2009 Cost	2009 Accumulated depreciation	2009 Carrying value
Group						
Buildings	**978**	**–**	**978**	978	–	978
Furniture and fixtures	**15 105**	**(4 723)**	**10 382**	12 233	(3 591)	8 642
Motor vehicles	**4 253**	**(2 613)**	**1 640**	2 523	(1 843)	680
Office equipment	**11 066**	**(4 922)**	**6 144**	7 898	(4 777)	3 121
IT equipment	**57 977**	**(37 409)**	**20 568**	41 862	(28 119)	13 743
Computer software	**12 948**	**(10 021)**	**2 927**	12 744	(8 144)	4 600
Leasehold improvements	**13 820**	**(3 807)**	**10 013**	7 621	(2 215)	5 406
	116 147	**(63 495)**	**52 652**	85 859	(48 689)	37 170

Reconciliation of property, plant and equipment – Group

Figures in Rand thousand	Opening balance	Additions	Additions through business combinations	Disposals	Transfers	Depreciation*	Total
2010							
Building**	**978**	**–**	**–**	**–**	**–**	**–**	**978**
Furniture and fixtures	**8 642**	**2 806**	**886**	**(68)**	**–**	**(1 884)**	**10 382**
Motor vehicles	**680**	**1 123**	**451**	**(113)**	**–**	**(501)**	**1 640**
Office equipment	**3 121**	**3 937**	**262**	**(97)**	**–**	**(1 079)**	**6 144**
IT equipment	**13 743**	**14 999**	**1 184**	**(294)**	**520**	**(9 584)**	**20 568**
Computer software	**4 600**	**875**	**713**	**(417)**	**(520)**	**(2 324)**	**2 927**
Leasehold improvements	**5 406**	**6 804**	**–**	**(347)**	**–**	**(1 850)**	**10 013**
	37 170	**30 544**	**3 496**	**(1 336)**	**–**	**(17 222)**	**52 652**

Figures in Rand thousand	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation*	Total
2009						
Building**	–	–	978	–	–	978
Furniture and fixtures	5 983	2 065	1 212	(126)	(492)	8 642
Motor vehicles	1 071	5	149	(184)	(361)	680
Office equipment	3 102	1 164	223	(167)	(1 201)	3 121
IT equipment	12 258	8 823	828	(886)	(7 280)	13 743
Computer software	4 519	2 904	7	(1 659)	(1 171)	4 600
Leasehold improvements	2 831	3 653	–	(57)	(1 021)	5 406
	29 764	18 614	3 397	(3 079)	(11 526)	37 170

* *Depreciation expense included in cost of sales and operating expenses.*

** *Office building described as: Unit 6 of Crystal Park, No. 1282, held under Title Deed No. ST 168558/2005.*

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Assets subject to finance lease (carrying value)				
Furniture and fixtures	**–**	102	**–**	–
Motor vehicles	**53**	482	**–**	–
Office equipment	**248**	668	**–**	–
IT equipment	**347**	41	**–**	–
	648	1 293	**–**	–

A register containing the information required by paragraph 22(3) of Schedule 4 to the Companies Act is available for inspection at the registered office of the company.

4. Intangible assets

Figures in Rand thousand	2010 Cost	2010 Accumulated amortisation	2010 Carrying value	2009 Cost	2009 Accumulated amortisation	2009 Carrying value
Group						
Goodwill	335 241	–	335 241	209 001	–	209 001
Other intangible assets	23 353	(8 226)	15 127	10 635	(3 700)	6 935
	358 594	(8 226)	350 368	219 636	(3 700)	215 936

Reconciliation of intangible assets – Group

Figures in Rand thousand	Opening balance	Additions through business combinations	Initial accounting now finalised	Amortisation	Total
2010					
Goodwill	209 001	124 758	1 482	–	335 241
Other intangible assets	6 935	12 771	(53)	(4 526)	15 127
	215 936	137 529	1 429	(4 526)	350 368

Figures in Rand thousand	Opening balance	Additions	Additions through business combinations	Amortisation	Total
2009					
Goodwill	104 781	9 459	94 761	–	209 001
Other intangible assets	4 746	4 000	–	(1 811)	6 935
	109 527	13 459	94 761	(1 811)	215 936

5. Investments in subsidiaries

Figures in Rand thousand	Company 2010	Company 2009
Investment in subsidiaries	95 693	95 701
Impairment of investment in subsidiaries	(1 073)	(1 073)
	94 620	94 628

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

Refer to Annexure A for details.

6. Investments in associates

Name of company	Listed/ Unlisted	% holding 2010	% holding 2009	Carrying amount 2010 R'000	Carrying amount 2009 R'000	Fair value 2010 R'000	Fair value 2009 R'000
AMC IT Services (Proprietary) Limited	Unlisted	32,50	32,50	220	220	–	–
Invision (Proprietary) Limited	Unlisted	50,00	50,00	149	149	–	–
SMB Solutions (Proprietary) Limited	Unlisted	30,00	30,00	(16)	(16)	–	–
				353	353	–	–
Impairment of investments in associates				(353)	(353)	–	–
				–	–	–	–

All investments in associates have been fully impaired as all of the companies are currently dormant.

The shares are not publicly listed on a stock exchange and hence published price quotes are not available.

6. Investments in associates (continued)

Figures in Rand thousand	Group 2010	Group 2009
Summary of group's interest in associate		
Total assets	–	552
Total liabilities	–	889
Profit or loss	–	(159)

Associates with different reporting dates

The reporting dates of certain associates are not the same as that of the group –
AMC IT Services (Proprietary) Limited – 30 June 2010
SMB Solutions (Proprietary) Limited – 28 February 2010

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009

7. Other financial assets

Non-current loans and receivables				
MIIB Business Technologies (Proprietary) Limited	2 600	2 100	–	–
Shareholders' loans	22 200	–	–	–
Dicoll Panoptican (Proprietary) Limited	–	1 219	–	–
Invision IT (Proprietary) Limited	–	682	–	–
Vebus Business Systems CC	132	132	–	–
BEE loans and receivables	359	266	–	–
Vendor loans and receivables	3 480	434	–	–
	28 771	4 833	–	–

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

Non-current assets				
Loans and receivables	28 771	4 833	–	–

Fair values of loans and receivables

The fair value of the loans and receivables are not determinable due to the lack of repayment dates and/or market prices.

Loans and receivables impaired

As of 31 July 2010, loans and receivables of R2 335 (2009: R2 335) were impaired and provided for.

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

Reconciliation of provision for impairment of loans and receivables:				
Opening balance	2 335	1 911	–	–
Provision for impairment	–	458	–	–
Reversal of impairment	–	(34)	–	–
	2 335	2 335	–	–

The creation and release of provision for doubtful debts have been included in operating expenses in the statement of comprehensive income.

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

8. Deferred tax

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Deferred tax asset/(liability)				
Accelerated capital allowances for tax purposes	**24 035**	21 990	**(9)**	(13)
Deferred tax movement				
Opening balance	**21 990**	7 142	**(13)**	–
Current year	**909**	12 215	**4**	(13)
Through acquisitions	**1 136**	2 633	**–**	–
Closing balance	**24 035**	21 990	**(9)**	(13)
Reconciliation of deferred tax asset:				
Provisions	**13 569**	12 377	**–**	–
Leases	**81**	–	**–**	–
Deferred revenue	**14 439**	14 047	**–**	–
Acquisitions	**660**	–	**–**	–
	28 749	26 424	**–**	–
Reconciliation of deferred tax liability				
Deferred cost	**(3 852)**	(4 115)	**–**	–
Pre-paid expenses	**(581)**	(178)	**(9)**	(13)
Allowances	**(274)**	–	**–**	–
Property, plant and equipment	**(7)**	(141)	**–**	–
	(4 714)	(4 434)	**(9)**	(13)

9. Inventories

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Work-in-progress	**972**	14	**–**	–
Merchandise and consumables	**9 135**	7 858	**–**	–
	10 107	7 872	**–**	–

10. Loans to/(from) group companies

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Current assets	**–**	–	**87 222**	46 967
Current liabilities	**–**	–	**(73 538)**	(70 700)
	–	–	**13 684**	(23 733)

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 is denominated in Rand.

11. Trade and other receivables

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Trade receivables	**377 448**	333 048	**–**	–
Pre-payments	**5 953**	1 870	**383**	396
Deposits	**197**	30	**–**	–
VAT	**1 458**	58	**–**	–
Other receivables	**9 815**	8 449	**–**	–
	394 871	343 455	**383**	396

Trade and other receivables pledged as security

Trade receivables have been ceded to the group's bankers for facilities.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 90 days past due are not considered to be impaired. At 31 July 2010, R37 465 (2009: R26 919) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	Group 2010	Group 2009	Company 2010	Company 2009
90 days	**14 933**	11 183	**–**	–
120 and over days	**22 532**	15 736	**–**	–

Trade and other receivables impaired

As of 31 July 2010, trade and other receivables of R15 516 (2009: R14 414) were impaired and provided for.

The ageing of these loans is as follows:

	Group 2010	Group 2009	Company 2010	Company 2009
60 days	**107**	–	**–**	–
90 days	**956**	241	**–**	–
120 and over days	**14 453**	14 173	**–**	–

Reconciliation of provision for impairment of trade and other receivables:

	Group 2010	Group 2009	Company 2010	Company 2009
Opening balance	**14 414**	13 397	**–**	–
Amounts written off	**(6 000)**	(2 666)	**–**	–
Impairment loss	**7 102**	3 683	**–**	–
Closing balance	**15 516**	14 414	**–**	–

The carrying amount of trade and other receivables are denominated in Rand.

The creation and release of provision for doubtful debts have 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 fair value of each class of loan mentioned above. The group does not hold any collateral as security.

12. Cash and cash equivalents

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Cash and cash equivalents consist of:				
Cash on hand	**98**	113	**–**	–
Bank balances	**261 261**	204 618	**152**	147
Short-term deposits	**5 312**	2 146	**–**	–
	266 671	206 877	**152**	147
The total amount of undrawn facilities available for future operating activities and commitments	**85 000**	40 000	**85 000**	40 000

Trade receivables have been ceded to the group's bankers for facilities.

13. Financial assets by category

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

Figures in Rand thousand	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 – 2010						
Other financial assets	**28 771**	**–**	**–**	**–**	**–**	**28 771**
Trade and other receivables	**387 263**	**–**	**–**	**–**	**–**	**387 263**
Cash and cash equivalents	**–**	**266 671**	**–**	**–**	**–**	**266 671**
	416 034	**266 671**	**–**	**–**	**–**	**682 705**
Group – 2009						
Other financial assets	4 833	–	–	–	–	4 833
Trade and other receivables	341 497	–	–	–	–	341 497
Cash and cash equivalents	–	206 877	–	–	–	206 877
	346 330	206 877	–	–	–	553 207
Company – 2010						
Loans to group companies	**87 222**	**–**	**–**	**–**	**–**	**87 222**
Cash and cash equivalents	**–**	**152**	**–**	**–**	**–**	**152**
	87 222	**152**	**–**	**–**	**–**	**87 374**
Company – 2009						
Loans to group companies	46 967	–	–	–	–	46 967
Cash and cash equivalents	–	147	–	–	–	147
	46 967	147	–	–	–	47 114

14. Share capital

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Authorised				
100 000 000 ordinary shares of 1 cent each	**1 000**	1 000	**1 000**	1 000
Reconciliation of number of shares issued:				
Opening balance	**75 817**	73 659	**75 817**	73 659
Issue of shares – ordinary shares	**3 920**	2 158	**3 920**	2 158
	79 737	75 817	**79 737**	75 817

20 236 280 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 221 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 in a financial year.

At year-end 846 988 EOH shares were held by a wholly-owned subsidiary of EOH and will not be cancelled.

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Issued				
Ordinary shares of 1 cent each	**697**	628	**797**	759
Share premium	**89 128**	59 873	**107 669**	81 377
	89 825	60 501	**108 466**	82 136

15. Share-based payments

	EOH Share Trust	EOH Share Options Scheme	The Mthombo Trust
Share option			
Outstanding at the beginning of the year	248 427	9 898 145	8 677 530
Granted during the year	–	3 031 346	2 557 064
Forfeited during the year	–	(392 500)	(1 630 430)
Exercised during the year	(41 271)	(1 285 750)	(1 094 154)
Outstanding at the end of the year	207 156	11 251 241	8 510 010
Exercisable at the end of the year	207 156	1 898 750	1 236 414

	Exercise date within one year	Exercise date from two to five years	Exercise date after five years	Total
Outstanding options				
EOH Share Options	2 578 911	6 773 580	–	9 352 491
The Mthombo Trust	347 933	6 925 663	–	7 273 596

	EOH Share Option Scheme	The Mthombo Trust
Information on options granted during the year		
Weighted fair value of options issued during the year	325	361

Fair value was determined by using the Bi-nomial model. The following inputs were used –

		EOH Share Trust	EOH Share Option Scheme	The Mthombo Trust
Grant date		2002/12/01	2003/06/06 to 2010/07/01	2005/12/01 to 2010/07/01
Weighted average share price	(cents)	1	577	654
Options price	(cents)	1	346	393
Expected volatility	(%)	36.4	20.0	20.0
Expected dividend yield	(%)	2.6	2.9	2.9
Expiry date			2013/06/05 to 2019/06/30	2013/11/30 to 2017/06/30

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 date of grant of option.

16. Foreign currency translation reserve

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.				
Opening balance	753	140	–	–
Revaluation of loans	(4 057)	(1 018)	–	–
Translation of foreign entities	236	1 631	–	–
	(3 068)	753	–	–

17. Hedging reserve

	Group 2010	Group 2009	Company 2010	Company 2009
Opening balance	(83)	657	–	–
Movement for the year	384	(740)	–	–
	301	(83)	–	–

18. Other reserves

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
The share-based payment reserve represents the total cost recognised for the group's equity settled share-based payments.				
Post-acquisition reclassification to account for the reclassification of reserves in a subsidiary company acquired which is not sufficiently material to warrant restating prior period figures.				
Opening balance	**2 193**	6 619	**–**	–
Movement in treasury shares	**9 438**	(11 154)	**236**	–
Effect of consolidating The Mthombo Trust	**2 010**	(3 397)	**–**	–
Post-acquisition reclassification	**–**	(1 665)	**–**	–
Share-based payment	**15 573**	11 790	**–**	–
	29 214	2 193	**236**	–

19. Other financial liabilities

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Held at amortised cost				
Nedbank Limited The bond is repayable monthly over 20 years with an interest rate equal to the prime rate less 1,8%. Secured by building under note 3	**1 146**	1 177	**–**	–
Absa Bank Limited The loan is repayable monthly over five years with an interest rate equal to the prime rate.	**14 107**	–	**–**	–
D Oettl The loan is unsecured, interest free and has no fixed terms of repayment.	**300**	–	**–**	–
Life Share Trust The loan is unsecured, interest free and has no fixed terms of repayment.	**300**	–	**–**	–
CA Incorporated Limited The loan is unsecured, interest free and has no fixed terms of repayment.	**292**	17 309	**–**	–
CA Africa (Proprietary) Limited The loan is unsecured, interest free and has no fixed terms of repayment.	**78**	3 883	**–**	–
Hewlett-Packard Financial Services Holding Company Limited The loan is repayable over an average of three years with a nominal interest rate.	**2 392**	–	**–**	–
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 shares and/or cash resources when the relevant profit warranties have been fulfilled. The amounts owing are interest free.	**147 719**	88 351	**119**	119
	166 334	110 720	**119**	119
Non-current liabilities				
At amortised cost	**33 414**	33 333	**119**	119
Current liabilities				
At amortised cost	**132 920**	77 387	**–**	–
	166 334	110 720	**119**	119

The carrying amounts of financial liabilities at amortised cost are denominate in Rand.

20. Finance lease obligation

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Minimum lease payments due				
– within one year	243	747	–	–
– in second to fifth year inclusive	174	73	–	–
	417	820	–	–
Less: Future finance charges	(3)	(48)	–	–
Present value of minimum lease payments	414	772	–	–
Present value of minimum lease payments due				
– within one year	240	701	–	–
– in second to fifth year inclusive	174	71	–	–
	414	772	–	–
Non-current liabilities	174	71	–	–
Current liabilities	240	701	–	–
	414	772	–	–

It is group policy to lease certain motor vehicles and equipment under finance leases.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 3.

21. Retirement benefits

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. Provisions

Figures in Rand thousand	Opening balance	Additions	Total
Reconciliation of provisions			
Group – 2010			
Restructuring	1 969	227	2 196
Group – 2009			
Restructuring	–	1 969	1 969

The restructuring provision relates to the consolidation of the Multipath call centre business with Mthombo IT Services (Proprietary) Limited.

23. Trade and other payables

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Trade payables	194 470	180 064	35	53
VAT	18 527	17 514	–	–
Payroll accruals	84 710	67 372	–	–
Other accrued expenses	107 230	62 902	–	–
Other payables	16 408	6 603	–	–
	421 345	334 455	35	53

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	Fair value through profit or loss – held for trading	Fair value through profit or loss – designated	Total
Group – 2010				
Finance lease obligation	414	–	–	414
Other financial liabilities	166 334	–	–	166 334
Trade and other payables	210 878	–	–	210 878
Dividend payable	(61)	–	–	(61)
	377 565	–	–	377 565
Group – 2009				
Finance lease obligation	772	–	–	772
Other financial liabilities	110 720	–	–	110 720
Trade and other payables	186 667	–	–	186 667
Dividend payable	30	–	–	30
	298 189	–	–	298 189
Company – 2010				
Loans from group companies	73 538	–	–	73 538
Other financial liabilities	119	–	–	119
Trade and other payables	35	–	–	35
Dividend payable	(61)	–	–	(61)
	73 631	–	–	73 631
Company – 2009				
Loans from group companies	70 700	–	–	70 700
Other financial liabilities	119	–	–	119
Trade and other payables	53	–	–	53
Dividend payable	30	–	–	30
	70 902	–	–	70 902

25. Revenue

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Sale of goods	701 116	450 663	–	–
Rendering of services	1 032 245	804 404	–	–
	1 733 361	1 255 067	–	–

26. Operating profit/(loss)

Operating profit for the year is stated after accounting for the following –

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Operating lease charges				
Premises				
– Contractual amounts	24 024	16 652	–	–
Equipment				
– Contractual amounts	1 411	976	–	–
	25 435	17 628	–	–
Profit on sale of property, plant and equipment	81	32	–	–
Impairment on loans to group companies	–	–	25	–
Employee costs	320 305	222 217	–	–

27. Investment income

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Dividend revenue				
Subsidiaries				
– Local	–	–	36 395	18 415
Interest revenue				
Bank	7 223	10 292	1	1
Other interest	990	310	–	–
	8 213	10 602	1	1
	8 213	10 602	36 396	18 416

28. Finance costs

	Group 2010	Group 2009	Company 2010	Company 2009
Non-current borrowings	101	121	–	–
Trade and other payables	975	929	–	–
Finance leases	260	276	–	–
Bank	852	822	–	–
Late payment of tax	169	227	–	–
Other interest paid	792	413	–	–
	3 149	2 788	–	–

29. Taxation

	Group 2010	Group 2009	Company 2010	Company 2009
Major components of the tax expense/(income)				
Current				
Local income tax – current period	54 121	50 370	–	18
Local income tax – recognised in current tax for prior periods	(982)	(35)	–	–
STC	2 274	1 841	–	–
	55 413	52 176	–	18
Deferred				
Originating and reversing temporary differences	(909)	(12 215)	(4)	13
	(909)	(12 215)	(4)	13
	54 504	39 961	(4)	31
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate –				
	(%)	(%)	(%)	(%)
Applicable tax rate	28,00	28,00	28,00	28,00
Exempt income	–	–	(31,65)	(31,68)
Prior year tax adjustments	(0,62)	(2,10)	–	–
Disallowable charges	3,78	3,37	–	–
STC	1,43	1,57	–	–
Deferred tax not raised on estimated losses	1,65	3,46	3,64	3,87
	34,24	34,30	(0,01)	0,19

30. Auditors' remuneration

	Group 2010	Group 2009	Company 2010	Company 2009
Fees paid	1 929	813	4	61
Other services paid	7	2	–	–
Expenses paid	63	109	–	–
	1 999	924	4	61

31. Cash generated from/(used in) operations

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Profit before taxation	159 168	116 493	33 689	16 264
Adjustments for:				
Depreciation and amortisation	21 748	13 337	–	–
Profit on sale of assets	(81)	(32)	–	–
Dividends received	–	–	(36 395)	(18 415)
Investment income	(8 213)	(10 602)	(1)	(1)
Finance costs	3 149	2 788	–	–
Impairment loss (reversal)	–	676	25	–
Movements in provisions	227	1 969	–	–
Share-based payment expense	15 573	11 790	–	–
Profit on shares purchased	(4 073)	301	–	–
Changes in working capital:				
Inventories	(2 235)	(51)	–	–
Trade and other receivables	(51 416)	(119 865)	13	(47)
Trade and other payables	84 056	141 240	(18)	(107)
Deferred income	8 505	8 408	–	–
Business combination – working capital acquired	(10 742)	(27 620)	–	–
Business combination – adjustment to goodwill	1 425	(3 245)	–	–
	217 091	135 587	(2 687)	(2 306)

32. Tax paid

	Group 2010	Group 2009	Company 2010	Company 2009
Balance at the beginning of the year	(41 318)	(15 069)	–	18
Current tax for the year recognised in profit or loss	(55 413)	(52 176)	–	(18)
Acquisition of businesses	(3 038)	–	–	–
Balance at the end of the year	41 410	41 318	–	–
	(58 359)	(25 927)	–	–

33. Dividends paid

	Group 2010	Group 2009	Company 2010	Company 2009
Balance at the beginning of the year	(30)	(36)	(30)	(36)
Dividends	(19 109)	(15 253)	(22 745)	(18 415)
Balance at the end of the year	(61)	30	(61)	30
	(19 200)	(15 259)	(22 836)	(18 421)

34. Commitments

	Group 2010	Group 2009	Company 2010	Company 2009
Authorised capital expenditure				
Already contracted for but not provided for				
– Property, plant and equipment	457	1 827	–	–
This committed expenditure relates to property and will be financed internally.				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	8 480	10 213	–	–
– in second to fifth year inclusive	5 854	13 492	–	–
	14 334	23 705	–	–

Operating lease payments represent rentals payable by the group for certain of its office properties. No contingent rent is payable.

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 processes 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.

The group's bankers have issued guarantees to landlords and creditors to the value of R34 500 000.

36. Related parties

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Relationships				
Subsidiaries: Refer to Annexure A				
Related party balances				
Loan accounts – owing (to)/by related parties				
CA Southern Africa (Proprietary) Limited	–	–	7 550	–
Enterprise Logistics Solutions (Proprietary) Limited	–	–	–	25
Enterprise Softworks (Proprietary) Limited	–	–	12 413	8 923
EOH Abantu (Proprietary) Limited	–	–	19 141	3 174
EOH Consulting (Proprietary) Limited	–	–	(13 718)	(18 247)
EOH Mthombo (Proprietary) Limited	–	–	(59 067)	(50 644)
E Secure (Proprietary) Limited	–	–	250	–
Intellient (Proprietary) Limited	–	–	11 605	7 587
Mthombo IT Services (Proprietary) Limited	–	–	3 000	2 000
Technolease (Proprietary) Limited	–	–	–	(8)
The EOH Share Trust	–	–	361	2 307
The Mthombo Share Trust	–	–	22 948	22 948
V55 Investments (Proprietary) Limited	–	–	9 201	(1 798)
Related party transactions				
Dividends received from related parties				
CA Southern Africa (Proprietary) Limited	–	–	(7 550)	–
Enterprise Softworks (Proprietary) Limited	–	–	(3 000)	(4 000)
EOH Abantu (Proprietary) Limited	–	–	(9 550)	(3 000)
EOH Consulting (Proprietary) Limited	–	–	(3 000)	(415)
EOH Consulting Services (Western Cape) (Proprietary) Limited	–	–	(750)	(1 000)
EOH Mthombo (Proprietary) Limited	–	–	(7 295)	(4 000)
E Secure (Proprietary) Limited	–	–	(250)	–
Intellient (Proprietary) Limited	–	–	(4 000)	(4 000)
Mthombo IT Services (Proprietary) Limited	–	–	(1 000)	(1 907)

37. Risk management

Capital risk management

The group's objective when managing capital is 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 optimal capital structure to reduce the cost of capital.

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

There are no externally imposed capital requirements.

There have been no changes to the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price 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. The group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out centrally and management identifies, evaluates and hedges financial risks where necessary in close co-operation with the group's operating units.

The group's non-derivative financial instruments consist mainly of deposits with banks, accounts receivable and payable, interest bearing debt and loans to and from subsidiaries.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the group has adequate banking facilities in terms of overdraft facilities and term funding.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored through an ongoing review of future commitments and credit facilities.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

37. Risk management (continued)

Figures in Rand thousand	Less than one year	Between one and two years	Between two and five years	Over five years
Group at 31 July 2010				
Other financial liabilities	132 920	33 414	–	–
Finance lease obligation	240	174	–	–
Trade and other payables	421 345	–	–	–
Group at 31 July 2009				
Other financial liabilities	77 387	33 333	–	–
Finance lease obligation	701	71	–	–
Trade and other payables	334 455	–	–	–
Company at 31 July 2010				
Loans from group companies	73 538	–	–	–
Other financial liabilities	–	119	–	–
Trade and other payables	35	–	–	–
Company at 31 July 2009				
Loans from group companies	70 700	–	–	–
Other financial liabilities	–	119	–	–
Trade and other payables	53	–	–	–

Interest rate risk

The group adopts a policy of ensuring that its banking facilities are at market-related rates to address its interest rate risk and that fluctuations in market-related rates do not have a material impact on profit or loss.

Cash flow interest rate risk

	Current interest rate %	Due in less than a year R'000	Due in one to two years R'000	Due in two to three years R'000	Due in three to four years R'000	Due after five years R'000
Financial instrument						
Trade and other receivables normal credit terms	10.00	394 871	–	–	–	–
Cash in current banking institutions	8.00	266 671	–	–	–	–

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The group only deposits cash with major banks with high-quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities and net investments in foreign operations.

To manage foreign exchange risk arising from future commercial transactions and recognised assets or liabilities, management will 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 is limited.

37. Risk management (continued)

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Foreign currency exposure at statement of financial position date				
Current assets				
Trade and other receivables AUD 2 (2009: 2)	13	12	–	–
Trade and other receivables BWP 1,281 (2009:)	1 401	–	–	–
Trade and other receivables EUR 0,1 (2009: 194)	1	2 177	–	–
Trade and other receivables GBP 2,272 (2009: 1,004)	26 335	13 197	–	–
Trade and other receivables USD 596 (2009: 404)	4 437	3 211	–	–
Cash and cash equivalents AUD 28 (2009: 40)	188	266	–	–
Cash and cash equivalents GBP 629 (2009: 184)	7 295	2 420	–	–
Liabilities				
Trade and other payables EUR (61) (2009: (3))	(584)	(28)	–	–
Trade and other payables GBP (1,495) (2009: (28))	(17 325)	(367)	–	–
Trade and other payables USD (757) (2009: (1,752))	(5 644)	(13 928)	–	–
Exchange rates used for conversion of foreign items were:				
AUD	6,80	6,68	–	–
BWP	1,09	–	–	–
EUR	9,74	11,25	–	–
GBP	11,59	13,14	–	–
USD	7,46	7,95	–	–

Forward exchange contracts which relate to future commitments:

Amount in foreign currency purchased	Forward exchange rate	Maturity date
$788 455	7,36	2 August 2010
$161 464	7,38	2 August 2010
$24 488	7,66	3 September 2010
$7 310	7,65	1 October 2010

The group reviews its foreign currency exposure, including commitments on an ongoing basis.

38. Subsequent events

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

39. Earnings per share

Figures in Rand thousand	Group 2010	Group 2009	Company 2010	Company 2009
Profit for the year	104 664	76 532	33 693	16 233
Attributable to minority interests	(268)	1 303	–	–
Profit for the purpose of basic earnings per share and diluted earnings per share	104 396	77 835	33 693	16 233
Earnings per share (cents)	156,5	120,7	50,5	25,2
Diluted earnings per share (cents)	142,1	104,9	45,8	21,9
Headline earnings per share				
Earnings for the purpose of basic earnings per share	104 396	77 835	33 693	16 233
Profit on disposal of asset	(81)	(32)	–	–
Net impairment of assets	–	424	25	–
Impairment of investment	–	353	–	–
	104 315	78 580	33 718	16 233
Headline earnings per share (cents)	156,4	121,9	50,6	25,2
Diluted headline earnings per share (cents)	142,0	105,9	45,9	21,9
Weighted average number of ordinary shares				
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share ('000)	66 686	64 477	66 686	64 477
Shares deemed to be issued in respect of share-based payments ('000)	6 800	9 744	6 800	9 744
Weighted average number of ordinary shares for the purposes of diluted basic and headline earnings per share ('000)	73 486	74 221	73 486	74 221

40. Acquisition of businesses

2010

Glacier

During the year under review, the group acquired the business of Glacier Consulting (Proprietary) Limited hereinafter referred to as 'Glacier' with effect from 1 November 2009 for an amount of R36,0 million.

Glacier is a Tier 1 IBM business partner providing infrastructure design and consulting, product purchasing, installation and IBM support services. The results of operations from the effective date have been treated as a business combination. The purchase price will be settled by way of cash of R24,0 million and the issue of 1 283 824 EOH Holdings Limited ('EOH') shares.

R21,6 million of the purchase consideration is payable and the balance of shares issued only once certain profit after tax ('PAT') warranties have been met –

- R4,5 million PAT is warranted for the period from 1 November 2009 to 30 April 2010 following which R4,8 million in cash will be paid and 258 065 EOH shares will be issued.
- R4,5 million PAT is warranted for the period from 1 May 2010 to 31 October 2010 following which R4,8 million in cash will be paid and 250 000 EOH shares will be issued.
- R5,5 million PAT is warranted for the period from 1 November 2010 to 30 April 2011 following which R4,8 million in cash will be paid and 242 425 EOH shares will be issued.

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 up to R12 million.

No contingent liabilities were acquired as part of this transaction.

BT Cape

During the year under review, the group acquired the business of Bridging Technologies Cape (Proprietary) Limited hereinafter referred to as 'BT Cape' with effect from 1 March 2010 for an amount of R30,0 million.

The business of BT Cape is that of infrastructure services providing design, consulting, project management, data and telephone cabling, wireless connectivity, electrical and data centre design and construction.

The results of operations from the effective date have been treated as a business combination. The purchase price will be settled by way of cash of R15,0 million and the issue of 1 281 324 EOH Holdings Limited ('EOH') shares.

R28,0 million of the purchase consideration is payable and the balance of shares issued only once certain profit after tax ('PAT') warranties have been met –

- R9,5 million PAT is warranted for the period from 1 March 2010 to 28 February 2011 following which R7,5 million in cash will be paid and 568 182 EOH shares will be issued.
- R10,5 million PAT is warranted for the period from 1 March 2011 to 29 February 2012 following which R7,5 million in cash will be paid and 520 834 EOH shares will be issued.

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.

No contingent liabilities were acquired as part of this transaction.

Think iT

During the year under review, the group acquired the business of Solexcon Consulting (Proprietary) Limited trading as Think iT Solutions, hereinafter referred to as 'Think iT' with effect from 1 March 2010 for an amount of R11,0 million.

The business of Think iT is that of strategic IT consulting, design of infrastructure solutions, integration of software and professional IT support. The results of operations from the effective date have been treated as a business combination.

The purchase price will be settled by way of cash of R6,75 million and the issue of 383 523 EOH Holdings Limited ('EOH') shares. R6,0 million of the purchase consideration is payable and the balance of shares issued only once certain profit after tax ('PAT') warranties have been met –

- R2,0 million PAT is warranted for the period from 1 March 2010 to 28 February 2011 following which R1,5 million in cash will be paid and 131 119 EOH shares will be issued.
- R2,3 million PAT is warranted for the period from 1 March 2011 to 29 February 2012 following which R2,25 million in cash will be paid and 60 096 EOH shares will be issued.

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.

No contingent liabilities were acquired as part of this transaction.

40. Acquisition of businesses (continued)

2010 (continued)

Connection 42

During the year under review, the group acquired the business of Connection 42 (Proprietary) LImited hereinafter referred to as 'Connection 42' with effect from 1 May 2010 for an amount of R30,0 million.

Connection 42 provides strategic consulting, infrastructure solutions, software integration and IT support services. The results of operations from the effective date have been treated as a business combination.

The purchase price will be settled by way of cash of R16,0 million and the issue of R14,0 million worth of EOH Holdings Limited ('EOH') shares.

R15,0 million of the purchase consideration is payable and the balance of shares issued only once certain profit after tax ('PAT') warranties have been met. R7,0 million PAT is warranted for the period from 1 May 2010 to 30 April 2011 following which R5,0 million in cash will be paid and R10 million worth of EOH shares will be issued.

The warranty allows 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.

No contingent liabilities were acquired as part of the transaction.

Abacus

During the year under review, the group acquired the business of Abacus Recruitment CC hereinafter referred to as 'Abacus' with effect from 1 March 2010 for an amount of R15,0 million. Abacus is in the business of recruitment and permanent placement of IT personnel. The results of operations from the effective date have been treated as a business combination. The purchase price will be settled by way of cash of R4,5 million and the issue of 868 856 EOH Holdings Limited ('EOH') shares.

R9,0 million of the purchase consideration is payable and the balance of shares issued only once certain profit after tax ('PAT') warranties have been met –

- R4,0 million PAT is warranted for the period from 1 March 2010 to 28 February 2011 following which R4,0 million in cash will be paid and 179 426 EOH shares will be issued.
- R6,0 million PAT is warranted for the period from 1 March 2011 to 29 February 2012 following which R6,0 million in cash will be paid and 163 114 EOH shares will be issued.

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.

No contingent liabilities were acquired as part of the transaction.

Ivy Moon

During the year under review, the group acquired 100% of the equity of Ivy Moon 112 (Proprietary) Limited hereinafter referred to as 'Ivy Moon' with effect from 1 June 2010 for an amount of R10,4 million. Ivy Moon provides infrastructure managed services.

The results of operations from the effective date have been treated as a business combination. The purchase price was settled by way of cash of R8,24 million and the issue of 174 430 EOH Holdings Limited ('EOH') shares.

No contingent liabilities were acquired as part of the transaction.

iCentric

During the year under review, the group acquired the contracts and resources of iCentric Consulting (Proprietary) Limited hereinafter referred to as 'iCentric' with effect from 1 July 2010 for an amount of R2,47 million.

iCentric provides performance management software, services and support. The results of operations from the effective date have been treated as a business combination. The purchase price was settled by way of cash of R2,47 million.

No contingent liabilities were acquired as part of the transaction.

Al Indigo

During the year under review, the group acquired the contracts and resources of the Oracle Division of Al Indigo (Proprietary) Limited hereinafter referred to as 'Al Indigo' with effect from 1 June 2010 for a cash settlement of R13,5 million.

Al Indigo provides middleware services in the Oracle business arena. The results of operations from the effective date have been treated as a business combination.

No contingent liabilities were acquired as part of the transaction.

Ensync and GPN

During the year under review, the group acquired certain contracts from Ensync Network Solutions (Proprietary) Limited and GPN.

40. Acquisition of businesses (continued)

2009

During the previous financial year the group acquired the businesses of Highveld PFS, Think Client Technologies trading as IT Wise, Hetu Consulting, Key Advanced Project Solutions and the control of REO Consulting (Proprietary) Limited by acquiring 100% of equity of that company. All these businesses have met their warranty commitments to date and are being settled accordingly.

Figures in Rand thousand	Glacier	BT Cape	Think iT	Connec–tion 42	Abacus	Ivy Moon	iCentric	Al Indigo	Ensync	GPN	2010	2009
Fair value of assets acquired												
Property, plant and equipment	292	737	1 230	294	525	–	9	409	–	–	**3 496**	3 396
Intangible assets	42 006	19 462	11 025	20 717	14 448	10 400	2 491	13 647	2 833	500	**137 529**	94 761
Other financial assets	–	3 621	–	–	–	–	–	–	–	–	**3 621**	–
Deferred taxation	702	356	44	–	–	–	–	–	–	–	**1 102**	–
Inventories	2 439	676	78	–	–	–	–	–	–	–	**3 193**	113
Trade and other receivables	2 690	25 842	4 457	4 540	283	–	–	–	–	–	**37 812**	14 296
Cash and cash equivalents	19 245	5 903	536	6 319	148	–	–	–	–	–	**32 151**	33 225
Other financial liabilities	–	–	–	–	–	–	–	–	–	–	**–**	(1 298)
Finance lease obligation	–	–	(417)	–	–	–	–	–	–	–	**(417)**	–
Trade and other payables	(19 374)	(23 965)	(5 905)	(1 512)	(403)	–	(32)	(556)	–	–	**(51 747)**	(40 703)
Deferred revenue	–	–	–	–	–	–	–	–	–	–	**–**	(1 326)
Tax liabilities	–	(2 632)	(48)	(358)	–	–	–	–	–	–	**(3 038)**	(114)
	48 000	30 000	11 000	30 000	15 001	10 400	2 468	13 500	2 833	500	**163 702**	102 350
Consideration paid												
Cash	(14 400)	–	–	–	–	–	–	(13 500)	(2 833)	(500)	**(31 233)**	(19 168)
Shares issued	(7 200)	–	(2 000)	–	(6 000)	–	–	–	–	–	**(15 200)**	(10 114)
Vendors for acquisitions	(26 400)	(30 000)	(9 000)	(30 000)	(9 001)	(10 400)	(2 468)	–	–	–	**(117 269)**	(73 068)
	(48 000)	(30 000)	(11 000)	(30 000)	(15 001)	(10 400)	(2 468)	(13 500)	(2 833)	(500)	**(163 702)**	(102 350)
Net cash outflow on acquisition												
Cash consideration paid	(14 400)	–	–	–	–	–	–	(13 500)	(2 833)	(500)	**(31 233)**	(19 168)
Cash acquired	19 245	5 903	536	6 319	148	–	–	–	–	–	**32 151**	33 225
	4 845	5 903	536	6 319	148	–	–	(13 500)	(2 833)	(500)	**918**	14 057

41. Directors' emoluments

Figures in Rand thousand	Remuneration	Bonuses	Contributions to provident fund	Directors' fees	Gain on exercise of options	Total
Executive						
2010						
A Bohbot	**1 727**	**4 750**	**–**	**–**	**–**	**6 477**
P Bam	**1 151**	**246**	**–**	**–**	**–**	**1 397**
L Khumalo (resigned 30 April 2010)	**295**	**2 000**	**–**	**–**	**–**	**2 295**
JW King	**1 371**	**850**	**–**	**–**	**–**	**2 221**
DD Ramoo	**1 193**	**300**	**–**	**–**	**1 021**	**2 514**
JS Thomson	**1 365**	**737**	**–**	**–**	**1 514**	**3 616**
	7 102	**8 883**	**–**	**–**	**2 535**	**18 520**
2009						
A Bohbot	1 646	3 935	–	–	–	5 581
P Bam	190	–	–	–	–	190
K Cullinan	301	–	–	–	–	301
L Khumalo	1 647	401	–	–	–	2 048
JW King	1 302	536	–	–	–	1 838
DD Ramoo	1 141	135	–	–	1 135	2 411
JS Thomson	1 300	986	–	–	–	2 286
	7 527	5 993	–	–	1 135	14 655

41. Directors' emoluments (continued)

Figures in Rand thousand	Remuneration	Bonuses	Contributions to provident fund	Directors' fees	Gain on exercise of options	Total
Non-executive						
2010						
Dr NM Phosa	–	–	–	817	2 725	3 542
L Khumalo (appointed 1 May 2010)	–	–	–	18	–	18
T Marwala	–	–	–	97	–	97
T Skwambane	–	–	–	189	–	189
RMM Sporen	–	–	–	97	–	97
	–	–	–	1 218	2 725	3 943
2009						
Dr NM Phosa	–	–	–	775	1 384	2 159
T Marwala	–	–	–	92	–	92
RMM Sporen	–	–	–	152	–	152
	–	–	–	1 019	1 384	2 403

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.
- 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
2010				
Segment revenue	410 092	405 641	917 628	1 733 361
Segment profit before taxation	21 639	40 661	99 019	161 319
Included in profit before taxation:				
– Investment income	1 197	492	6 442	8 131
– Finance costs	(484)	(319)	(2 244)	(3 047)
– Depreciation and amortisation	(1 601)	(3 859)	(14 698)	(20 158)
Other material non-cash items:				
– Net impairment of assets	–	–	–	–
– Impairment of investment	–	–	–	–
Reportable segment assets	143 348	195 468	744 554	1 083 370
Capital expenditure	1 903	6 575	22 066	30 544
Reportable segment liabilities	(122 194)	(115 487)	(446 884)	(684 565)
2009				
Segment revenue	229 083	380 932	645 052	1 255 067
Segment profit before taxation	4 865	83 981	29 982	118 828
Included in profit before taxation:				
– Investment income	286	1 121	9 039	10 446
– Finance costs	(289)	(382)	(2 117)	(2 788)
– Depreciation and amortisation	(1 486)	(3 162)	(7 095)	(11 743)
Other material non-cash items:				
– Net impairment of assets	(241)	(21)	(162)	(424)
– Impairment of investment	16	(42)	(327)	(353)
Reportable segment assets	113 001	211 536	466 878	791 415
Capital expenditure	792	5 951	11 871	18 614
Reportable segment liabilities	(86 930)	(151 759)	(291 768)	(530 457)

42. Segment reporting (continued)

Reconciliations of reportable segment revenues, profit or loss, assets or liabilities and other material items

Figures in Rand thousand	Reportable segment totals	Unallocated amounts	Consolidated totals
2010			
Revenue	1 733 361	–	1 733 361
Profit before taxation	161 319	(2 151)	159 168
Investment income	8 131	82	8 213
Finance cost	(3 047)	(102)	(3 149)
Depreciation and amortisation	(20 158)	–	(20 158)
Net impairment of assets	–	–	–
Impairment of investment	–	–	–
Reportable segment assets	1 083 370	51 696	1 135 066
Capital expenditure	30 544	–	30 544
Reportable segment liabilities	(684 565)	(4 235)	(688 800)
2009			
Revenue	1 255 067	–	1 255 067
Profit before taxation	118 828	(2 335)	116 493
Investment income	10 446	156	10 602
Finance cost	(2 788)	–	(2 788)
Depreciation and amortisation	(11 743)	–	(11 743)
Net impairment of assets	(424)	–	(424)
Impairment of investment	(353)	–	(353)
Reportable segment assets	791 415	54 404	845 819
Capital expenditure	18 614	–	18 614
Reportable segment liabilities	(530 457)	(7 559)	(538 016)

ANNEXURE A – SUBSIDIARY COMPANIES

As at 31 July 2010

Name of company	Country of incorporation	Issued share capital		Effective shareholding		Cost of shares		Book value of company interest and Indebtedness	
Figures in Rand thousand		2010	2009	2010	2009	2010	2009	2010	2009
Direct subsidiaries									
Axia Business Solutions (Proprietary) Limited	SA	0,1	0,1	100	100	–	–	–	–
CA Southern Africa (Proprietary) Limited	SA	0,1	0,1	100	100	–	–	7 550	–
Enterprise Logistics Solutions (Proprietary) Limited	SA	–	0,1	–	100	–	–	–	25
Enterprise Softworx (Proprietary) Limited	SA	9,0	9,0	100	100	–	–	12 413	8 923
Enterweb (Proprietary) Limited	SA	1,0	1,0	100	100	–	–	–	–
EOH Abantu (Proprietary) Limited	SA	0,1	0,1	100	100	–	–	19 141	3 174
EOH Consulting (Proprietary) Limited	SA	1,0	1,0	100	100	43 846	43 846	(13 718)	(18 247)
EOH Consulting Services KZN (Proprietary) Limited	SA	0,1	0,1	100	100	–	–	–	–
EOH Consulting Services WC (Proprietary) Limited	SA	0,1	0,1	100	100	3 270	3 270	–	–
EOH Mthombo (Proprietary) Limited	SA	0,1	0,1	100	100	1 795	1 795	(59 067)	(50 644)
Intellient (Proprietary) Limited	SA	1,0	1,0	100	100	7 140	7 140	11 605	7 587
Mthombo IT Services (Proprietary) Limited	SA	0,5	0,5	100	100	39 642	39 642	3 000	2 000
Technolease (Proprietary) Limited	SA	–	0,8	–	100	–	8	–	(8)
V55 Investments (Proprietary) Limited	SA	0,1	0,1	100	100	–	–	9 201	(1 798)
Indirect subsidiaries									
EOH (Proprietary) Limited	AUS	0,1	0,1	80	80	–	–	–	–
EOH Consulting Services EC (Proprietary) Limited	SA	0,1	0,1	100	100	–	–	–	–
EOH Europe (Proprietary) Limited	UK	0,1	0,1	80	80	–	–	–	–
EOH Impact Consulting Services (Proprietary) Limited	SA	0,6	0,6	100	100	–	–	–	–
E-Secure (Proprietary) Limited	SA	0,1	0,1	80	80	–	–	250	–
Highveld Wealth Management (Proprietary) Limited	SA	0,1	0,1	100	100	–	–	–	–
Ivy Moon (Proprietary) Limited	SA	0,1	–	100	–	–	–	–	–
Lanmetrix (Proprietary) Limited	SA	1,0	1,0	100	100	–	–	–	–
Managed Print Solutions (Proprietary) Limited	SA	0,1	0,1	71	51	–	–	–	–
REO Consulting (Proprietary) Limited	SA	0,1	0,1	100	100	–	–	–	–
Rosstone Consulting (Proprietary) Limited	SA	0,1	0,1	100	100	–	–	–	–
Trusts									
The EOH Share Trust				100	100	–	–	361	2 307
The Mthombo Trust				100	100	–	–	22 948	22 948
						95 693	95 701	13 684	(23 733)
Less: Impairment provision						(1 073)	(1 073)	–	–
						94 620	94 628	13 684	(23 733)

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")

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 twelfth annual general meeting of shareholders of the company will be held in the boardroom of the company, Ground Floor, Block D, Gillooly's View, 1 Osborne Lane, Bedfordview, 2007 at 10:00 on Wednesday, 23 February 2011 to conduct the following business –

1. To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 31 July 2010, including the directors' report and the report of the independent auditors therein.

2. To re-elect, Dion Ramoo who retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

   Dion was employed by KPMG in 1986 and after qualifying as a Chartered Accountant was appointed as Partner a few years after completing his articles. In 1996 he was seconded for a four-year period to the Presidential Project established by the Honourable (then) President, Mr Nelson Mandela, as head of Finance and Information Technology. Thereafter Dion established a very successful consulting practice in the East London office of KPMG and was also responsible for the Cape Region and E-Government on a National basis. Dion moved with his Public Sector consulting team to EOH as part of the EOH acquisition of KPMG Consulting some years ago. Dion now heads up the EOH National Public Sector Consulting business, is a member of the Group Executive Management Team and an EOH Board member.

3. To re-elect, Robert Michael Maria Sporen who retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

   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 Support 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 is considered a "guru" in his field and is well-known and respected in the industry and, until his retirement, on 31 October 2007, he served as an executive director of EOH.

4. To re-elect, Jane Sinclair Thompson who retires by rotation at this annual general meeting but, being eligible to do so, offers herself for re-election.

   In Jane's early career she worked as a Programmer, a Systems Analyst and then as an IT manager for a subsidiary of 3M. On joining the Barloworld Group in 1986, Jane held a number of positions with responsibilities in different portfolios including Divisional Information Systems Manager for the Oils and Shipping Division of Tiger Oats, guiding these companies in compiling and executing their IT strategies including the selection and successful implementation of appropriate ERP solutions. After project managing a Baan implementation at a Barloworld subsidiary, Jane joined the then Q Data in the mid-1990s to run the newly formed Baan Consulting division.

   During 1997, Jane responded to the challenge to start Brainware ERP, as a reseller and consulting partner for Baan. The company joined with Baan SA in 1999 when Jane accepted an offer from Baan SA to take up the role of Services Director, responsible for consulting and support. A management buy-out from Baan SA formed Softworx. Soon thereafter Jane joined the EOH group in 2000 when the group acquired Softworx. Jane runs the Softworx business that is responsible for the business areas that deal with ERP, Supply chain and Performance Management for Infor and Cognos. Softworx is the largest sales, implementation and support partner for Infor in sub-Saharan Africa with ERP solutions including Baan, BPCS, Mapics, S/21 and the like. In the supply chain areas advanced planning, scheduling and warehouse management are the key solutions in the portfolio. The full range of Infor Performance management solutions is covered by Softworx. Softworx is also one of the largest IBM partners in this region for the Cognos range of products.

5. To re-elect, Tshilidzi Marwala who retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

   Professor Tshilidzi Marwala is a Dean of Engineering at the University of Johannesburg. He was previously a full Professor of Electrical Engineering and 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 the Chair of the Local Loop Unbundling Committee as well as the non-executive director of SITA (Pty) Limited, a Deputy Chair of Limpopo Business Support Agency and is on boards of EOH (Pty) Limited and City Power Johannesburg. 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 40 Masters and PhD students to completion and has published three 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.

6. To confirm the re-appointment of IAPA Johannesburg Chartered Accountants Inc. ("IAPA") as independent auditors of the company with David Grawitzky, 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.

7. To ratify the directors' remuneration for the year ended 31 July 2010 as reflected in note 41 to the annual financial statements.

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

8. Ordinary resolution number 1

Control of authorised but unissued ordinary shares

"**Resolved** by way of a general authority that the authorised but unissued ordinary shares in the capital of the 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 such ordinary shares, or to issue any options in respect of all or any 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 221 and 222 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and the Listings Requirements of JSE Limited, as amended from time to time."

9. Ordinary resolution number 2

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, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited, as amended ("the JSE Listings Requirements") from time to time.

The JSE Listings Requirement 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% (ten percent) 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 (fifteen) 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, 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 1 (one) financial year, 5% (five percent) 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% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) 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."

Under the JSE Listings Requirements, ordinary resolution number 2 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

10. **Ordinary resolution number 3**

Approval of amendment to EOH Share Participation Scheme

"**Resolved** that the amendments to the EOH Share Participation Scheme, the salient features of which are set out in the annexure to this notice of annual general meeting, and the terms of which, in compliance with Schedule 14 of the Listings Requirements of the JSE Limited, are contained in the deed of amendments in respect of the EOH Share Participation Scheme, a copy of which has been initialled by the Chairperson of the annual general meeting for the purposes of identification, be and is hereby approved and adopted by the company."

In terms of the Listings Requirements of the JSE Limited, ordinary resolution number 3 requires approval of a 75% majority of votes cast in favour thereof by all shareholders present or represented by proxy. Furthermore, any shares held by existing participants may not participate in the vote.

11. **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 Registration Office, in the case of the special resolution."

12. **Special resolution number 1**

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 85 to 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, the acquisition by the company, and/or any subsidiary of the company, the articles of association 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 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the company's ordinary shares are acquired by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital;
- 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;
- an announcement will be published once the company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter; and
- at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf."

Reason for and effect of special resolution number 1

The reason for and effect of this special resolution number 1 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 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.

13. **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 – page 18.
- Major shareholders of EOH – page 17.
- Directors' interests in securities – page 18.
- Share capital of the company – page 44.

14. **Material change**

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

15. **Directors' responsibility statement**
The directors, whose names are given on page 18 of the 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 1 and certify that, to the best of their knowledge and belief, there are no facts in relation to special resolution number 1 that have been omitted which would make any statement in relation to special resolution number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 together with this notice, contains all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

16. **Litigation statement**
Save as disclosed in note 35 of the financial statements, the directors, whose names are given on page 18 of the annual 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.

17. **Adequacy of working capital**
At the time that the contemplated repurchase is to take place, the directors will ensure that, after considering the effect of the maximum repurchase and for a period of twelve 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 Capital, 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.

18. **Other business**
To transact such other business as may be transacted at the annual general meeting of the company.

19. **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 enclosed herewith.

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 annual general 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.

Forms of proxy should be forwarded to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited, at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the annual general meeting.

By order of the board

Els

Adri Els
Company Secretary

1 December 2010
Johannesburg

Annexure

Salient features of the EOH Share Participation Scheme

The salient features of the EOH Share Participation Scheme, which was adopted on 1 August 1998, established as an incentive to promote the continued growth of the Company by giving employees an opportunity to acquire shares therein, are set out below:

Definitions

"Auditors"	means the auditors for the being of the Company;
"Board"	means the board of directors for the time being of the Company or a duly authorised committee thereof or any person(s) to whom the board has delegated its powers for the purposes of the Scheme;
"Business Day"	means a day upon which trading takes place on the JSE Limited;
"Company"	means EOH Holdings Limited a company duly registered and incorporated with limited liability according to the company laws of the Republic of South Africa - Registration Number 1998/14669/06;
"Employee"	means an employee (including a director holding salaried employment) of the Company or any of its subsidiaries, or any sub-contractor approved by the Board;
"JSE"	means the JSE Limited;
"Offer"	means an offer of Shares to an Offeree in terms of this Scheme;
"Offeree"	means an Employee to whom an Offer of Scheme Shares has been made in terms of this Scheme;
"Option"	means an option granted in terms of this Scheme which option, when exercised in respect of any Shares to which the option relates, will result in a sale of those Shares by the Trust to the Participant;
"Option Date"	means the date upon which an Option is granted to an Employee pursuant to the provisions of this Scheme or the date stipulated by the Board as being the option date in respect of any grant of an Option. In the event that the Board stipulates the Option Date such date shall not, having regard to the circumstances, be before the date on which an Option is actually granted;
"Option Price"	means the Selling Price per Share on the Option Date;
"Participant"	means an Offeree who has accepted an offer of Scheme Shares and, where the context so requires, his heirs, executors, administrators or trustees;
"This Scheme"	means the EOH Share Participation Scheme which is constituted in terms of this Deed, as amended from time to time;
"Scheme Capitalisation Shares"	means Shares allotted and issued by way of capitalisation of profits or reserves of the Company in respect of a Participant's entitlement to Scheme Shares (including any Scheme Capitalisation Shares previously allotted and issued and held by or on behalf of that Participant);
"Scheme Rights Shares"	means Shares allotted and issued by way of rights issued to a Participant in respect of the Scheme Shares held by or on behalf of that Participant;
"Scheme Shares"	means, in relation to a Participant, the Shares purchased by such Participant under the Scheme;
"Selling Price"	means the price per share payable by a Participant for Scheme Shares, which shall not be less than the Middle Market Price less 40% discount at which the Shares trade on the JSE on the trading day immediately preceding the date on which the Board will have resolved to grant an offer or Option, or to direct the Trustees to grant the relevant offer or Option;
"Share"	means an ordinary share in the capital of the Company;
"Share Debt"	means the amount for the time being owing by a Participant on account of the Selling Price of the Shares sold to him by the Trust, or on account of the amount payable by him for Scheme Rights Shares and any amount disbursed by the Company on behalf of the Participant in terms of 5.1 or any other amounts which may be payable by the Participant to the Trust in accordance with the provisions of this Scheme;
"Trust"	means the EOH Holding Share Participation Trust;
"Trustees"	means the trustees for the time being of the Trust. Executive Directors are not eligible to be appointed as trustees of the scheme. Non-Executive Directors, subject to any restrictions as contained in the Companies Act, are eligible to be appointed as trustees of the Scheme provided they do not benefit from the Scheme. No Trustee may benefit from the Scheme.

1. Introduction

The company has determined that an effective method of recruiting and/or retaining skilled and competent staff is to allow employees to acquire Shares in and thus participate directly in the growth of the Company.

The Company has accordingly devised the EOH Share Participation Scheme in terms whereof selected Employees will be enabled to acquire an equity participation in the Company, which equity participation shall be regulated upon the terms and subject to the conditions set out in the Scheme.

2. Eligibility and offer of shares

The Board, from time to time, will indicate to the Trustees the employees who are eligible for participating in the Scheme.

Each Offer shall be by written notice to the Offeree and shall stipulate the number of Shares offered together with the Selling Price thereof and such Offer shall be capable of acceptance by the Offeree in whole or in part in the manner set out in such written notice at any time prior to the withdrawal of such Offer.

The effective date of any sale of Shares to a Participant shall be the date of the Offer of such Shares to such Participant, notwithstanding the date upon which the Offer is accepted.

3. The number of shares subject to the scheme

The aggregate number of ordinary unissued shares reserved for the Scheme is 18 000 000 (eighteen million). The maximum number of Shares that may be held by a Participant under this Scheme shall not exceed 3 000 000 (three million) shares. The Scheme allocations may be increased by equity shareholders passing an ordinary resolution at a general meeting of shareholders requiring a 75% majority of the votes cast in favour of such resolution.

4. Payment of the share debt by the participant

Until the outstanding balance of a Participant's Share Debt has been paid in full, the dividends on any Scheme Shares less a portion thereof representing the estimated tax payable by a Participant as a result of the accrual of such dividends and less the estimated employee's tax which may become payable as a result of any taxable benefit (as defined in the Income Tax Act, 1962) to a Participant as a result of or pursuant to the provisions of this Scheme (which estimated tax and/or employee's tax, as the case may be, shall be determined by the Company) shall be paid to the Trustees in reduction of the Participant's Share Debt.

Any Participant shall make payment of the whole of his Share Debt by not later than the tenth anniversary of the date of the Offer of the relevant Scheme Shares to him, provided that if an Employee ceases to be employed:

- as a result of his death, then the balance of his Share Debt at his death shall be payable within two years from the date of his death; and
- as a result of retirement by superannuation, or retrenchment, or ill-health or for any other reason approved by the Board, the balance outstanding of his Share Debt shall be payable within one year after cessation of his employment, provided that the Board may, for good cause, in its discretion grant an extension not exceeding a further period of one year.

If a Participant ceases to be employed as a result of his death or retirement by superannuation or for reasons of ill-health or for any other reason approved by the Board, he shall nevertheless continue to have the same rights and obligations under this Scheme in respect of his Scheme Shares as if he had remained in the employ of the Company.

Grant of options

The grant of an Option shall be made by written notice to the Employee concerned and shall stipulate the number of Shares in respect of which the Option is granted together with the Option Price payable in respect thereof on the basis that if the Option is exercised:

- the effective date of the sale of the Shares shall be the date on which an Option is exercised;
- the purchase price payable for the Shares shall be the Option Price, which amount, on exercise of the Option, shall constitute the Share Debt of the Employee to the Trustees; and
- payment of the share Debt shall be effected upon the same terms and subject to the same conditions, *mutatis mutandis,* as are set out in 4.

The Option shall be personal to and only capable of being exercised by the Employee to whom it is granted save that, in the case of the death of an Employee prior to the date upon which the Option is exercised, the Option shall be capable of being exercised by his heirs, executors, administrators or assigns, provided, however, that the persons concerned shall agree in writing to be bound by and to observe the provisions of this Scheme.

Adjustments on the reorganisation of the share capital of the Company

If the Company at any time before the Scheme Share debt owing on any Scheme Shares has been paid in full –

- is put into final liquidation for the purpose of reorganisation; or
- is a party to a scheme of arrangement affecting the structure of its share capital; or
- reduces its share capital; or
- splits or consolidates its Shares; or
- is a party to a reorganisation;

such adjustments shall be made to the number of Scheme Shares and/or the Selling Price in respect of those Scheme Shares as have not been fully paid for and released as the auditors acting as experts, and not as arbitrators, certify to be fair and reasonable in the circumstances and subject (where necessary) to the sanction of the court.

If the Company is placed in liquidation otherwise than in terms of clause 23.1 and save for any rights to claim any payment which the trust may then have against the Company, this Scheme shall *ipso facto* lapse as from the date of liquidation.

In the event of a capitalisation issue, a special dividend, a rights issue or reduction of capital, the trustees may adjust the fixed number of shares relating to a single participant and the amount payable on application or acceptance, subscription of exercise as the case may be and/or the basis for determining the price payable by the participant. Such adjustments should give a participant entitlement to the same portion of equity capital as that to which he was previously entitled.

The issue of equity securities as consideration for an acquisition, the issue of securities for cash and the issue of equity securities or a vendor consideration placing will not be regarded as a circumstance requiring adjustments as detailed above.

Amendment to the scheme

It shall be competent for the Board and the Trustees, in their sole discretion, to amend any of the provisions of this Scheme where such amendment relates to the category of persons who may be participants, the number of shares utilised for the scheme, the maximum number of shares per participant, the terms of the Scheme and the rights of the participants to leave the Scheme.

Notwithstanding anything contained herein to the contrary, no amendments shall operate in respect of any of the following matters unless such amendment shall have received the approval of the shareholders by the passing of an ordinary resolution at a general meeting of shareholders requiring 75% majority of the votes cast in favour of such resolution present or represented by proxy at the general meeting:

- persons who may become beneficiaries under the Scheme;
- the object and purpose of the Scheme;
- the number of shares subject to the Scheme;
- the maximum entitlement of any single beneficiary to acquire options in respect of shares under the Scheme;
- the basis for determining the price at which such shares are acquired by beneficiaries;
- the basis for exercising the options;
- the rights of Participants who leave the employ of the Company whether by termination, resignation, retirement or death;
- the voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, attaching to the Scheme Shares; and
- the treatment of options (vested and unvested) in instances of mergers, takeovers and corporate actions.

Undertaking by the Board

The Board undertakes to do all such things, sign all such documents and pass all such resolutions as may be necessary to give effect to this Scheme.

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")

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 twelfth annual general meeting of ordinary 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 10:00 on Wednesday, 23 February 2011 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.**

I/We (BLOCK LETTERS please) ______________________________

of (address) ______________________________

Telephone work ( ) ______________ Telephone home ( ) ______________

Cell phone ______________________________

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 annual general 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 ordinary and special resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against the 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 2010.			
2. To approve the re-election as director of Dion Ramoo who retires by rotation.			
3. To approve the re-election as director of Robert Michael Maria Sporen who retires by rotation.			
4. To approve the re-election as director of Jane Sinclair Thompson who retires by rotation.			
5. To approve the re-election as director of Tshilidzi Marwala who retires by rotation.			
6. To confirm the re-appointment of IAPA Johannesburg Chartered Accountants Inc. as auditors of the company together with David Grawitzky for the ensuing financial year.			
7. To ratify the directors' remuneration for the year ended 31 July 2010.			
8. **Ordinary resolution number 1** Control of authorised but unissued ordinary shares.			
9. **Ordinary resolution number 2** Approval to issue ordinary shares, and to sell treasury shares, for cash.			
10. **Ordinary resolution number 3** Approval of amendment to EOH Share Participation Scheme.			
11. **Ordinary resolution number 4** Signature of documents.			
12. **Special resolution number 1** General approval to acquire shares.			

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/her stead. A proxy so appointed need not be a member of the company.

Signed at ______________ on ______________ 2011

Signature ______________________________

Assisted by (if applicable) ______________________________

NOTES

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 of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the annual general 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.
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 shareholder 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 an intimation 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 of proxy 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 this 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 this form of proxy; and/or
    - 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:
    Computershare Investor Services (Proprietary) Limited
    Ground Floor, 70 Marshall Street
    Johannesburg, 2001

    Postal deliveries to:
    Computershare Investor Services (Proprietary) Limited
    PO Box 61051
    Marshalltown, 2107

    to be received by no later than 10:00 on Friday, 18 February 2011 (or 48 hours before any adjournment of the annual general meeting which date, if necessary, will be released 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.

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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, 1 Osborne Lane, Bedfordview, 2007

Telephone number

+27 (0) 11 607 8100

Postal address

PO Box 59, Bruma, 2026

Website

www.eoh.co.za

Auditors

IAPA Johannesburg Chartered Accountants Inc.

Transfer secretaries

Computershare Investor Services (Proprietary) Limited

Sponsor

Merchantec Capital

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