2018 ANNUAL INTEGRATED REPORT

EOH

20th ANNIVERSARY

Technology makes it possible...
People make it happen

HIGHLIGHTS

NORMALISED OPERATING PROFIT

R1 187 million

(R1 736 million)*

NORMALISED REVENUE

R16 277 million

(R15 128 million)*

NORMALISED EBITDA

R1 770 million

(R2 184 million)*

** Comparatives for the year ended 31 July 2017.*

EOH AT A GLANCE

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Purpose

To provide the technology, knowledge, skills and organisational ability critical to the development and growth of the markets we serve.

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

PHILOSOPHIES

- BEST PEOPLE
- PARTNER FOR LIFE
- RIGHT 1ST TIME
- SUSTAINABLE TRANSFORMATION
- LEAD AND GROW

A Force for Good

Respect

Integrity

Value

Delivering Value

Valuing Diversity

Excellence

Enterprising

Over 11 000 employees

B-BBEE Large Enterprise Level 1

Africa's Largest Technology Service Provider

134 locations in South Africa, over 30 countries in Africa and internationally

YOUTH JOB CREATION INITIATIVE

- Since inception in 2012, the EOH YJCI has created over 35 000 job opportunities for young South Africans whom have been placed in employment at EOH and through our partner network.
- EOH continues to invest in our youth.

EOH YOUTH JOB CREATION INITIATIVE | LIVES ARE CHANGED WHEN BUSINESS GETS INVOLVED

ABOUT THE ANNUAL INTEGRATED REPORT

Introduction and scope of the report

We are pleased to present our 2018 Annual Integrated Report which covers the performance of EOH Holdings Limited (' EOH Holdings' or 'the Company') and its subsidiaries (hereafter referred to as 'EOH' or 'the Group') as well as its associates and interests in joint ventures for the year ended 31 July 2018.

EOH's Annual Integrated Report contains the full set of audited consolidated financial statements for the year ended 31 July 2018.

Preparation of the Annual Integrated Report

The following reporting frameworks were considered when preparing this report:

- The Companies Act of South Africa;
- The Listings Requirements of the JSE Limited ('JSE Listings Requirements');
- The principles of The King IV Report on Corporate Governance™ or King IV™ ('King IV')*;
- International Financial Reporting Standards ('IFRS'); and the
- International Integrated Reporting Council ('IIRC') Integrated Reporting ('<IR>') Framework.

EOH continues to progress on the journey outlined by King IV, while ensuring increased integration of reported financial, social, governance and environmental information. EOH uses the concepts, guiding principles and content elements contained in the <IR> Framework as a platform for this integrated report.

Materiality

EOH's Annual Integrated Report focuses on information that is material to EOH's business. It provides a concise overview of EOH's performance, prospects and ability to continue to provide sustainable value for all its stakeholders. The legitimate interests of all stakeholders have been taken into account and all material information has been included in this report.

Assurance

The Board of Directors of the Company ('the Board'), assisted by the Audit Committee, is responsible for ensuring the integrity of the Annual Integrated Report. Accordingly, EOH applies the combined assurance model by using a combination of external service providers and the input of management. The audit opinion expressed by the external auditors is included in their audit report as part of the Consolidated Annual Financial Statements.

Forward-looking statements

This report contains forward-looking statements which are based on assumptions and management's view of EOH's future performance. Such statements are, by their nature, estimates, subject to risks and uncertainties, which may result in EOH's actual performance being different from that expressed or implied in any forward-looking statements. These statements have not been audited by EOH's external auditors.

Approval of the Annual Integrated Report

The Board acknowledges that it is responsible for ensuring the integrity of this report and has applied its collective mind in the preparation thereof. The Board believes that the report has, in all material respects, been presented in accordance with the IIRC Integrated Reporting <IR> Framework.

Stephen van Coller
Chief Executive Officer

19 November 2018

Asher Bohbot
Chairman

19 November 2018

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ABOUT EOH

EOH is Africa's largest technology service provider, providing technology, knowledge, skills and organisational ability critical to Africa's development and growth. Following the Consulting, Technology and Outsourcing model, EOH provides high-value, end-to-end solutions to its clients in all industry verticals. Listed in 1998, EOH attributes its consistent annual growth to a culture of remaining prudent, and not just meeting, but exceeding, customer expectations.

EOH Group Purpose

- We provide the technology, knowledge, skills and organisational ability critical to the development and growth of the companies and markets we serve.
- We are an ethical and relevant force for good and strive to play a positive role in society, beyond normal business practice.

The EOH Group Philosophy

Best People	To attract, develop and retain the best people led by great leaders
Partner for Life	To nurture lifelong partnerships with our customers and business partners
Right 1st Time	To ensure professional planning and execution in all that we do
Sustainable Transformation	To transform and celebrate diversity
Lead and Grow	Strive to be number one in every domain in which we operate while remaining entrepreneurial

The EOH Group is the largest technology business in Africa. Following the Consulting, Technology and Outsourcing model, the EOH Group provides high-value, end-to-end solutions to its clients in all industry verticals.

We provide the technology, knowledge, skills and organisational ability critical to the development and growth of the markets we serve. We are an ethical and relevant force for good and strive to play a positive role in society, beyond normal business practice.

The Group employs more than 11 000 people, delivering technology solutions and knowledge services to large enterprise customers across all major industries. The EOH Group is present throughout South Africa, and has a growing international footprint with 2 500 skilled resources in 30 countries on five continents.

EOH is a Level 1 Broad-based Black Economic Empowerment (B-BBEE) contributor and is now majority black-owned following the conclusion of the Group's landmark strategic partnership and empowerment transaction with the Lebashe Investment Group.

As a leader in driving and supporting digital innovation, the Group offers solutions along a simple Design-Build-Operate engagement model through its two independent businesses, EOH ICT and NEXTEC each with its own unique brand and identity, business model, growth and go-to-market strategies.

The ICT business will operate under the EOH brand, while the specialised solutions for high-growth industries will operate under the NEXTEC brand. With EOH and NEXTEC's dual growth platforms, the Group is optimally positioned to continue to provide its customers with tailored, flexible and robust solutions through its deep industry knowledge and expertise.

The EOH Holdings structure focuses on strategy, corporate finance, group reporting, investor relations, risk and compliance. EOH Holdings drives growth in the areas of innovation, own IP software, international business and emerging technologies.

ABOUT EOH

EOH's own niche intellectual property and software

ABOUT EOH

The EOH ICT Business

The EOH set of businesses deliver an end-to-end ICT offering via an integrated go to market strategy and comprises all the core IT-related business units. Going to market under a single EOH brand allows for increased focus and accelerated responsiveness to ever-converging client needs.

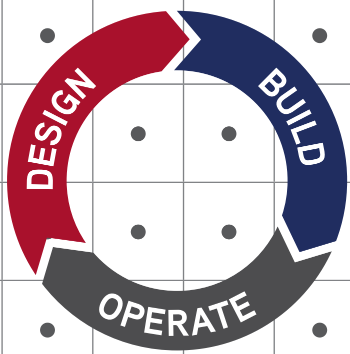
As a provider highly proficient in System Integration, EOH works with intellectual property across industries powering the digital revolution as our customers digital business transformation journey partner. Growth in the EOH business will be driven organically, with significant cross-selling opportunities. At the centre of our growth and the digital revolution lies six communities; Applications/Software; Data and Analytics; Cloud and Technology Infrastructure; Managed Services; Digital and Advisory services; and Security.

These teams are focused on delivering an end-to-end IT value proposition, from designing and building IT solutions, through to providing managed services.

The breadth of ICT solutions offered by this division, positions EOH as the leading technology and cloud solution provider on the African continent.

Operating Model

Key business areas / Industry verticals	Financial Services	Telecommunications	Manufacturing and Logistics	Mining	Energy	Retail	Central Government	Local Government	Health	Construction
Digital, Advisory, Consulting and Solutioning	●	●	●	●			●	●	●	●
Applications and Software	●	●	●		●	●		●	●	●
Data and information Science	●	●	●		●	●		●	●	●
Compute and Infrastructure Platforms	●	●	●	●			●	●	●	●

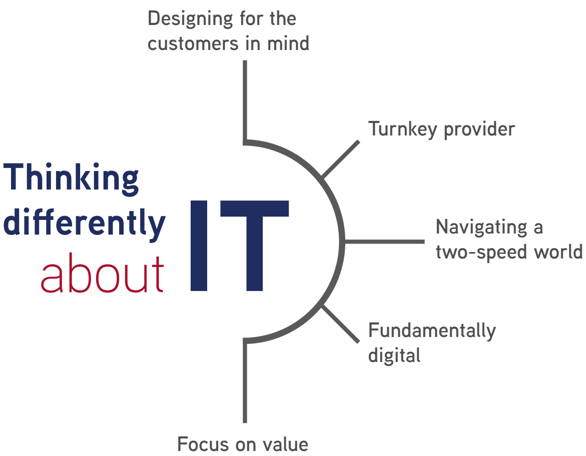


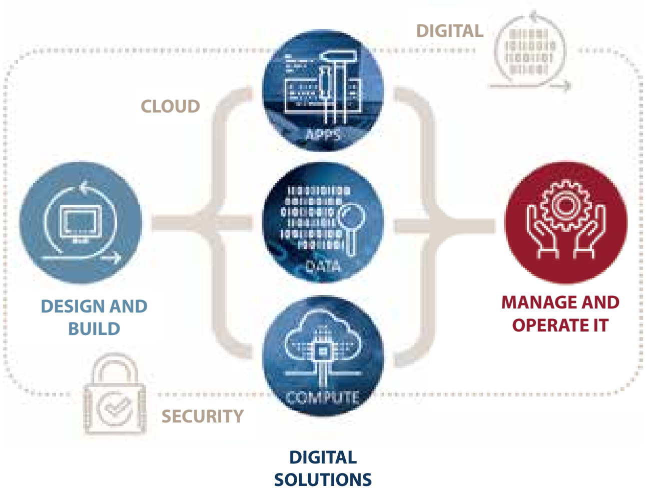
The key characteristics of the business continuing under the EOH brand are:

- an end-to-end information and communication technology (ICT) offering;
- an integrated go-to-market strategy;
- cross-selling opportunities with existing customers;
- a highly proficient systems integrator – a market differentiator;
- driving new generation digital technologies; and
- specialising in industry-specific intellectual property.

Key Service Offerings

The value proposition focuses on Applications/Software; Data and Analytics; Cloud and Technology Infrastructure; Managed Services; Digital and Advisory services; and Security in its integrated go-to-market approach.





The service offerings of the EOH ICT business include the following:

DESIGN AND BUILD

- Digital solutioning
- Human-centred design
- Strategy
- Architecture
- Implement
- Build and test
- Programme management

DIGITAL SOLUTIONS

- Enterprise Solutions – Core ERP CRM SI
- Customised digital application development and robotics
- Big Data engineering, cognitive analytics, BI, AI and IoT
- IT management and Optimisation
- Next generation infrastructure – Hybrid Cloud and Data Centre Virtualisation
- Converged networks and Unified Communications

MANAGE AND OPERATE IT

- Infrastructure hosting (IaaS)
- Managed workspace (EUC)
- Service desk and field services
- Managed networks
- Managed applications
- Managed security
- Managed print
- IT Service Management (ITSMaaS)
- Cloud (PaaS, SaaS, Cloud Manager)
- Application outsource and testing

ABOUT EOH

EOH ICT technology partners

ABOUT EOH

The NEXTEC Business

Promise

The Power of People and Technology. Realised.

Purpose

We improve the lives of our people, customers and society.

NEXTEC's autonomous branded business units employ a high degree of specialisation and expertise. NEXTEC focuses on domain specific offerings and works in high growth industries. The growth of NEXTEC is driven by organic and non-organic opportunities. NEXTEC follow the Design, Build and Operate model to deliver its key offerings across multiple industry verticals. We deliver innovative solutions with integrity and respect, creating value that enables sustainable growth.

Through a high degree of specialisation, we offer deep, locally-relevant expertise in diverse domains. Using new-world technologies, we create, build and manage innovative services and solutions – today.

Understanding and managing what is next in a complex world, helps us create a better future. We do this by skilfully bringing together smart thinking and solutions for sustainable outcomes.

As we enter a connected future, new-world problems demand relevant, smart and resilient solutions.

Where others fragment, we harness the power of interconnectivity through independent domains that are at the very top of their fields, while retaining the ability to collaborate and converge to create value.

Interconnectivity is more than a philosophy – its how we do business. Through it, we create sustainable value and holistic solutions that build towards our greater narrative of improving the lives of our people, customers and society.

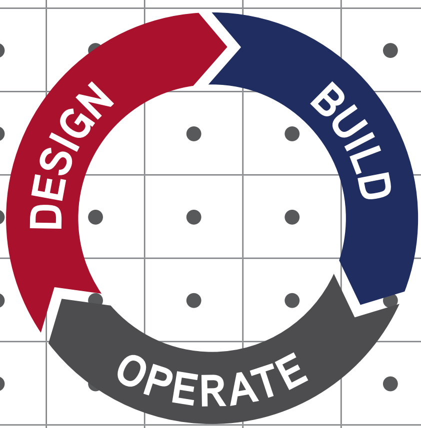
The key characteristics of NEXTEC are:

- High degrees of specialisation in each of the businesses;
- Deep levels of expertise;
- Domain specific IP;
- Growth driven equally by acquisitions and organically;
- Differentiated by vertical specific offerings;
- Operates in high-growth industries; and
- Independently branded businesses.

Key service offerings

NEXTEC's seven key offerings are designed to deliver sustainable value. Fundamentally digital, the solutions that comprise these offerings innovatively improve the lives of our people, customers and society.

Key offerings / Industry verticals	Health	Water	Energy	Transport and logistics	Property and construction	Telecoms	Mining and manufacturing	Retail	Finance
Domain Consulting & Advisory	●	●	●	●	●	●	●	●	●
Knowledge Process Outsourcing	●	●	●	●			●	●	●
People Solutions	●	●	●		●	●		●	●
Digital Industry	●	●	●	●	●	●		●	●
Safe City, Smart City	●	●	●	●	●	●	●	●	●
BPO	●	●	●	●			●	●	●
Health Sciences	●	●	●	●	●	●	●	●	●



These key service offerings are explained in more detail below.

Domain Consulting and Advisory moves businesses into the future and inspires change by empowering them to take full advantage of technology. NEXTEC is a thought leader in an ever-changing business environment, from expertise to implementation.

Knowledge Process Outsourcing offers the assets, expertise and capabilities required to outsource critical, core and non-core business processes that creates efficiencies and saves costs.

People Solutions facilitate employment lifecycles where the possibilities of people, businesses and the economy are realised. NEXTEC equips talent with the skills needed to adapt, develop and meaningfully engage.

Digital Industries automates and controls solutions and delivers smarter digital infrastructure. NEXTEC provides foundational services that create more efficient, healthier and secure environments and enhance the economy and quality of life.

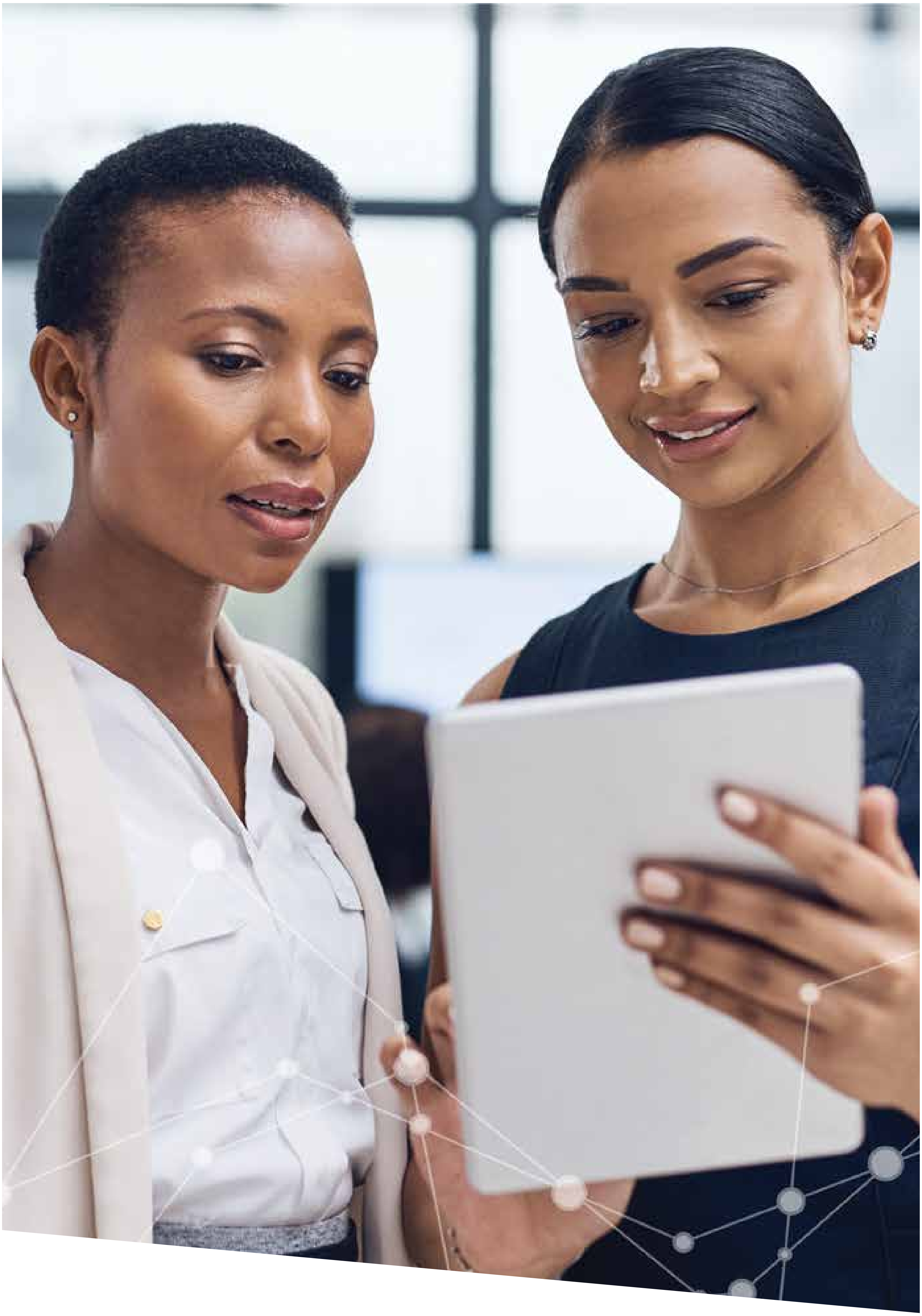
Smart Utilities cost-effectively and consciously manages finite resources like power, water and gas, in a world facing climate change, environmental impact, and resource conservation concerns.

Safe City, Smart City skilfully applies knowledge and technology in different contexts to create safer, smarter and more efficient urban spaces that digitally optimise infrastructure to improve lives.

Health Sciences combine future technologies and innovative techniques to enable health systems that deliver accessible and impactful member-centric care, while creating value for all stakeholders.

ABOUT EOH

NEXTEC technology partners



SIX-YEAR REVIEW

		2018	2017	2016	2015	2014	2013
Statement of profit or loss and other comprehensive income from continuing operations and cash flows							
Revenue	(R'000)	16 341 024	15 128 062	12 761 810	9 733 992	7 220 372	5 085 979
Operating profit before interest and impairments	(R'000)	976 619	1 784 567	1 392 935	1 046 605	719 514	495 723
Operating profit margin	(%)	6,0	11,8	10,9	10,8	10,0	9,7
Profit before taxation	(R'000)	556 717	1 585 490	1 323 921	951 327	669 093	466 698
Profit after taxation	(R'000)	288 257	1 123 481	930 367	691 794	492 163	331 359
EBITDA	(R'000)	1 390 657	2 183 726	1 829 809	1 286 752	908 142	596 744
Headline earnings	(R'000)	409 260	1 173 444	947 235	707 775	487 225	327 035
Cash generated from operations	(R'000)	1 266 021	1 314 064	961 275	908 567	718 891	532 912
Cash realisation rate	(%)	91,0	60,2	52,5	70,6	79,2	89,3
Statement of financial position							
Total assets	(R'000)	16 045 549	16 719 983	13 188 621	8 372 707	5 686 061	3 456 952
Total equity	(R'000)	8 128 713	8 561 604	6 585 845	4 508 624	2 628 810	1 620 727
Net assets	(R'000)	11 116 741	11 060 476	8 601 863	4 912 630	3 002 836	1 520 104
Profitability and asset management							
Return on equity	(%)	4,9	15,6	17,1	19,9	23,0	23,8
Return on net assets	(%)	8,8	18,2	20,6	26,4	31,8	36,9
Return on total assets	(%)	6,0	12,0	12,9	14,9	15,7	16,6
Shareholders' ratios							
Earnings per share	(cents)	202	794	704	561	447	344
Headline earnings per share	(cents)	278	797	719	575	447	339
Dividend per share	(cents)	0	215,0	185,0	150,0	120,0	95,0
Dividend cover	(times)	0	3,7	3,9	3,8	3,7	3,6
Net asset value per share	(cents)	5 320	5 704	4 679	3 415	2 207	1 462
Net tangible asset value per share	(cents)	1 707	1 657	1 024	1 150	520	531
Stock exchange statistics							
Market value per share							
– at year end	(Rand)	41,50	107,75	141,70	172,34	94,40	60,75
– highest	(Rand)	111,50	174,83	178,79	172,34	95,00	60,75
– lowest	(Rand)	25,20	105,00	120,20	93,35	61,50	34,90
Dividend yield	(%)	–	2,0	1,3	0,9	1,3	1,6
Earnings yield	(%)	6,7	7,4	5,1	3,3	4,7	5,6
Number of shares in issue	('000)	152 797	150 095	140 752	132 039	118 653	110 848
Number of tradeable shares in issue	('000)	144 900	143 535	134 832	126 899	112 501	105 378
Market capitalisation	(Rm)	6 341	16 173	19 945	22 755	11 201	6 734
Price to earnings ratio	(multiple)	15	14	20	30	21	18

Glossary

Cash realisation rate:	This ratio is calculated by expressing cash generated by operations as a percentage of EBITDA and reflects the proportion of cash operating profit realised after working capital movements.
Dividend cover:	Headline earnings per share divided by dividends per share declared out of earnings for the year.
Dividend yield:	Dividend per share as a percentage of market value per share at year end.
Earnings per share:	Net profit for the year divided by the weighted average number of ordinary shares in issue during the year.
Earnings yield:	Headline earnings per share as a percentage of market value per share at year end.
EBITDA:	Earnings before interest, tax, depreciation, amortisation and impairment losses.
Headline earnings:	Net profit for the year adjusted for profit/loss on sale of property, plant and equipment, investments and impairment losses and gain on bargain purchases.
Headline earnings per share:	Headline earnings divided by the weighted average number of ordinary shares in issue during the year.
Net asset value per share:	Ordinary shareholders' equity divided by the number of ordinary shares in issue.
Net assets:	Total assets other than cash, bank balances and deferred tax assets less interest-free trading liabilities.
Net tangible assets:	Ordinary shareholders' equity less intangible assets.
Net tangible asset value per share:	Net tangible assets divided by the number of shares in issue.
Operating profit before interest and impairments:	Profit before impairment losses, interest and taxation.
Operating profit margin:	Operating profit before interest and impairments as a percentage of revenue.
Price to earnings ratio:	Market value per share divided by headline earnings per share at year end.
Return on equity:	Headline earnings as a percentage of average shareholders' interest.
Return on net assets:	Operating profit as a percentage of average net assets.
Return on total assets:	Operating profit as a percentage of average total assets.

GROUP CEO'S REPORT

EOH is a customer and people-centric organisation and its approach to business relationships and technology partners is firmly embedded in EOH's philosophies of Best People; Partner for Life; Sustainable Transformation; Right 1st Time; and Leading and Growing. EOH is a people driven business lead by strong leaders and has always embraced change and diversity.

This year EOH celebrated 20 years in business. From humble beginnings in 1998 with just 20 staff and one customer, EOH has become the largest technology services provider in Africa.

As a result of the combination of the macro-economic environment and adverse, unfounded coverage, EOH's financial performance was severely impacted. The public sector business had a particularly difficult year as a result of the political uncertainty; squeeze on public sector funding; delays in sign-offs on projects; and the postponement of the awarding of contracts. Payment practices from the public sector continued to deteriorate during the year, and they are not expected to dramatically improve in the short-term.

The financial performance of the Group for the year under review was characterised by two very different halves.

First six months ended 31 January 2018

Negative news stories adversely impacted the business necessitating intense stakeholder engagement.

In view of specific market challenges during the year, EOH adopted a deliberate customer retention strategy and sacrificed some margin.

The disposal of the GCT group of companies (GCT) had a negative impact on earnings of R400 million (non-cash, once-off deduction).

Fewer major contracts were awarded during the first half of the year which adversely impacted the business in the second half of the year.

Second six months ended 31 July 2018

In March 2018, EOH Holdings announced its new strategy, which centred on reconfiguring the Group into two distinct and independent businesses, EOH ICT and NEXTEC, each with its own CEO, unique brand and identity, business model, growth and go-to-market strategy.

During this period, the Group was reorganising into these two independent businesses and we are now in the process of implementing this new model which will result in major benefits to the Group in the short to medium term. The Group's public-sector-focused division has already been dissolved by incorporating the majority of its activities into either NEXTEC or EOH ICT, and discontinuing the remainder of the business.

The benefits of the new model will result in two highly focused businesses; reduce complexity and simplify processes; reduce span of control and enable each business to grow much faster.

GROUP CEO'S REPORT

Financial performance

Normalised revenue from continuing operations grew by 8% to R16 277 million (2017: R15 128 million) primarily as a result of additional services delivered to existing customers.

Normalised operating profit totalled R1 187 million (2017: R1 736 million) and normalised EBITDA for the year amounted to R1 770 million (2017: R2 184 million). Adjustments to normalised EBITDA related to the discontinuing activities in the Public Sector division (R379 million).

Headline earnings per share (HEPS) and earnings per share (EPS) from continuing operations was 278 cents (2017: 797 cents) and 202 cents (2017: 794 cents) respectively.

During the year, there were fewer acquisitions than in previous years as the Group consolidated and aligned its operations into two major businesses. The Group acquired LSD Information Technology (Pty) Ltd as well as a few other strategic businesses, which have been successfully integrated into the Group's management structures, operating model and ecosystem. The consideration payable for acquisitions during the year totalled R511 million, a considerable portion of which are subject to cumulative profits warranted of R173 million over two years.

Operating expenses increased by R842 million to R4 009 million, driven by increased activity, higher advisory fees (R18 million) for the Lebashe BEE deal, media, governance and technical accounting advice; R121 million in impairments; higher provisions for bad debts associated with discontinuing operations in the public-sector focused division (R127 million); and a higher staff cost base as a result of prior year acquisitions costs only partially included in the previous year.

Non-cash-related expenses increased by R451 million to R928 million. These included the amortisation of identifiable assets of R263 million (2017: R277 million); IFRS 2 share-based payment expenses of R96 million (2017: R95 million); depreciation of R163 million (2017: R171 million); impairments of assets of R121 million (2017: R10 million); and the cost of the unwinding of GCT R386 million.

Net cash outflows in both financing and investing activities were significant. Repayments in respect of amortised medium-term loans totalled R483 million; R587 million was paid to vendors on the meeting of profits warranted; R141 million was spent on repurchasing EOH shares as part of EOH's general approval for share buy-backs; R170 million was spent on IT infrastructure as EOH grew its cloud-based solutions business; and dividends of R312 million were paid in respect of the 2017 financial year.

Cash generated from operations was R1 266 million. While working capital was under strain throughout the year as a result of slow payments from the public sector and delays relating to long-term projects, there was a positive shift in the second half of the year. Work-in-progress has decreased by R636 million since the end of January 2018 (after a R375 million increase during the first six months); trade receivables have increased in line with revenue growth; and the cash realisation rate (based on EBITDA) has improved to 91% (2017: 60%).

Operational review

Overall revenue has increased but EBITDA has declined as a result of the significant challenges during the year.

Below is a summary of the revenue and normalised EBITDA (from continuing operations) of the reporting segments of the EOH Group. The combined revenue derived from services totalled R12 949 million for the year representing 79% of the Group's total revenue. Comparative figures previously reported have been amended to reflect continuing operations. Revenue and EBITDA have been normalised to account for discontinuing certain operations in the public sector division.

Figures in Rand thousand	Year ended 31 July 2018	Year ended 31 July 2017
Normalised Revenue		
ICT	9 405 504	8 482 692
Industrial Technologies	3 916 342	3 855 964
BPO	2 956 116	2 789 406
	16 277 962	15 128 062
Normalised EBITDA		
ICT	1 304 654	1 298 510
Industrial Technologies	149 643	449 093
BPO	315 583	436 123
	1 769 880	2 183 726

Software revenue of R2 276 million (2017: 2 240 million) has been included in normalised revenue and software EBITDA of R413 million (2017: R528 million) has been included in normalised EBITDA. ICT includes IT Infrastructure revenue of R1 116 million (2017: R1 290 million).

The normalised revenue of EOH ICT and NEXTEC is reflected below for comparative purposes in future years.

The normalised revenue and EBITDA of EOH ICT and NEXTEC

Figures in Rand thousand	Normalised revenue for the year ended 31 July 2018	Normalised EBITDA for the year ended 31 July 2018	Revenue for the year ended 31 July 2017	EBITDA for the year ended 31 July 2017
EOH ICT	8 237 393	1 109 709	7 294 914	963 831
NEXTEC	8 040 569	660 171	7 833 148	1 219 895
Total	16 277 962	1 769 880	15 128 062	2 183 726

Performance of EOH ICT and NEXTEC

We have unpacked the divisional performance of EOH ICT and NEXTEC to provide further clarity regarding the two businesses going forward. Both EOH ICT and NEXTEC include elements of EOH's international businesses and EOH's niche software and IP businesses.

EOH ICT

EOH ICT comprises all the core IT-related business units. These teams are focused on delivering an end-to-end IT value proposition, from designing and building IT solutions, through to providing managed services. The breadth of ICT solutions offered by this division positions EOH ICT as the leading technology and cloud solution provider on the African continent.

The business has recently undergone a value proposition refresh in line with the new strategy. The EOH ICT business is focusing on assisting clients with their digital business transformation in the cloud economy. The value proposition focuses on Applications/Software; Data and Analytics; Cloud and Technology Infrastructure; Managed Services; Digital and Advisory services; and Security in its integrated go-to-market approach.

The ICT business remains strong and resilient. Customers are continuing to spend on maintaining their legacy systems; integrating with best-of-breed applications; and investing in new generation digital technologies. Significant investments in technology slowed during the year but should pick up in the short to medium term. There is a move to cloud-based infrastructure solutions and infrastructure as a service as companies look for business efficiencies.

The business continues to support the major global technology OEMs and is a premier partner to Oracle, Microsoft, HP, IBM, Dell, Cisco, Huawei, Amazon Web Services, Qlik, SAP, CA and many others. EOH is placing significant emphasis on aligning with these partners as they develop their IP and take their offerings to a cloud-based business model.

EOH ICT normalised revenue increased to R8 237 million (2017: R7 295 million) and normalised EBITDA increased to R1 110 million (2017: R964 million) while margins remained stable at 13%.

Software sales increased for the year with a different mix of OEM software and EOH's niche software compared with the previous year.

Outlook

The outlook for business in South Africa and the rest of the continent is positive. EOH ICT is well positioned under its 'One EOH' go-to-market strategy to deliver integrated solutions from a diverse and comprehensive range of underlying capabilities.

We expect the market to adopt a hybrid multi-cloud approach which means customers will make use of a combination of on-premise, local and global cloud service providers. EOH ICT is well positioned to become the leading cloud systems integrator in the market. Business relationships with global providers such as Microsoft and Amazon are growing to the benefit of EOH and its customers.

We have invested in market-leading open source capabilities across the application, data and compute domains. This is key to the future of digital transformation.

EOH's International businesses will continue to focus on the strategic markets of the Middle East, Africa, UK and Europe where we are present; where cash generating opportunities exist; and where business is performing well.

We expect market conditions to continue to be tough for at least the first six months of the 2019 financial year. We are, however, well positioned to take advantage of opportunities that arise and expect to post positive results.

EOH ICT will continue to develop its own IP offerings, new services, products and solutions to enable it to deliver high-value solutions to large enterprise customers. In addition, we will explore new vendor partnerships in new territories.

NEXTEC

NEXTEC offers deep, locally relevant expertise and solutions across diverse industries and domains. Using new-world technologies, the businesses within NEXTEC create, build and manage innovative solutions and services – today.

The NEXTEC businesses delivered a mixed set of results for the year. The digital infrastructure, software and IP portfolios, as well as the process services businesses delivered a robust set of results in challenging market conditions. However, market conditions and overall business confidence in SA significantly hampered performance in several other areas of NEXTEC.

GROUP CEO'S REPORT

The long delays in the awarding of smart infrastructure contracts, combined with delays in contracts already secured, resulted in lower than expected revenue in the second half of the period. Further, the retention of critical skills with lower productivity, resulted in significant margin erosion across the business.

Normalised revenue from NEXTEC increased to R8 041 million (2017: R7 833 million) representing a 3% increase in activity. Normalised EBITDA decreased to R660 million (2017: R1 220 million).

As part of the strategic review, a number of the businesses in NEXTEC were rightsized and/or consolidated.

Outlook

The general outlook for the NEXTEC business remains positive. The growth drivers in NEXTEC span diverse areas whose relevance in both South Africa and other countries on the continent is unquestionable. These areas include the digitalisation of industries and industrial internet of things (IoT); e-Health; smart cities incorporating public safety technologies; Intelligent transport and traffic management; smarter utilities; new industry-specific digital technologies; and embedded software. The increased adoption of artificial intelligence and robotics in business operations, coupled with a maturing and rapidly growing knowledge process outsourcing and off-shoring market, points to significant growth potential.

Market conditions are expected to continue to be difficult in the short to medium-term. However, the NEXTEC specialised solutions, combined with the deep levels of domain expertise, position the business optimally to navigate this. Having invested in establishing the NEXTEC platform, management remains optimistic about the growth prospects in the medium to long-term.

Transformation

It is our belief that people, business and the community are integrally linked; meaningfully contributing to sustainable transformation in South Africa which is fundamental to achieving a more equal society and a stable growing economy.

EOH Holdings is certified as a Large Enterprise B-BBEE Level 1 Contributor with black economic voting rights of 60,6% following the approval of the Lebashe BEE transaction.

The Group is committed to transformation through its Youth Job Creation Initiative; continually increasing diversity at all levels in the Group; increasing black ownership; supporting enterprise development programmes; advancing supplier and preferential procurement initiatives; and increasing expenditure on skills development.

The Group's sustainability strategy is founded on its guiding philosophies. These philosophies demonstrate EOH's commitment to sustainability by making a meaningful contribution to transformation and Broad-based Black Economic Empowerment in South Africa; by being a responsible employer; delivering excellent service to customers; by being ethical and fair in all business relationships; and by maintaining a low environmental footprint.

EOH's transformation initiatives are wide-ranging and include:

- Employment Equity initiatives;
- Skills training and development;
- Enterprise and supplier development; and
- Black ownership.

These initiatives are more fully explained in the Corporate Governance and Sustainability sections of this report.

Strategic partnership with Lebashe

To facilitate growth, remain relevant and to continue to promote black economic empowerment, the Group signed a long-term partnership with Lebashe, a 100% black-owned investment holding company, providing an opportunity for both parties to jointly pursue and benefit from growth opportunities.

This transaction, which was approved by shareholders on 18 September 2018, will result in a total equity investment of R1 billion over 12 months, of which R500 million was injected by Lebashe on 26 September 2018. The Lebashe transaction comprises three elements:

- An increase in the Group's secured BEE ownership to over 51% following the authorisation and issue of 40 million EOH Holdings A Shares to Lebashe. These shares are to be held by Lebashe until the redemption thereof in five years' time upon the implementation of the Capitalisation Issue.
- An Initial Subscription of R250 million new EOH ordinary shares by Lebashe, at a 10% discount to the 60-Day VWAP on the implementation date, to be held by Lebashe for the duration of the transaction term (five years). This amount was reviewed on 26 September 2018.
- A Subscription Undertaking, whereby Lebashe subscribes for R750 million new EOH ordinary shares, at a 10% discount to the 30-Day VWAP on subscription date, in three tranches over a 12- month period. The first tranche of R250 million was received on 26 September 2018.

Corporate social responsibility

The Group understands that youth development is paramount to a prosperous South Africa. To this end, our Corporate Social Investment (CSI) activities are focused on the youth. These programmes include –

- Financial support for the Maths Centre;
- Support for the child and youth development programmes of Afrika Tikkun;
- Substantial investment has been made in educational programmes through bursary sponsorships of the unemployed youth to obtain professional diplomas and degrees. This has been in partnership with Belgium Campus IT University and their Bohlale Village Innovation Hub.
- Youth with physical disabilities have been prioritised through various programmes.

The EOH Youth Job Creation Initiative

The EOH Youth Job Creation Initiative has grown from strength to strength since its inception in 2012. Initiated by EOH's founder, Asher Bohbot, this initiative is deeply entrenched in EOH's business. Since 2012, in partnership with customers and business partners, over 35 000 learners and graduates have been reached, with most of them completing learnership and internship programmes. This clearly demonstrates that lives are changed when business gets involved.

Corporate governance

The Board is committed to high levels of corporate governance. During the year the Group focused on further strengthening and enhancing its governance framework.

The Board was reconfigured and further strengthened with the appointment of two independent non-executive directors. Asher Bohbot was appointed non-executive Chairman.

The Group conducted its own internal review of its Governance Framework (Project WiseOwl) which was overseen by the Chair of the Audit Committee. This review included:

- A review of the policies/procedures/toolkits which included EOH's Anti-Bribery and Corruption ('ABC') policies; a review of the Group's ABC training approach; and a review of EOH's certification/compliance processes.
- A review of material Public sector contracts to ensure that they were subjected to EOH's risk compliance process.
- A review of the public sector bidding process in light of the perceived higher risk in the public sector.
- The acceleration of the validation and reaccreditation of preferred suppliers (including enterprise and social development partners) and the maintenance thereof on a centralised technology platform.

The EOH Group also engaged ENS to review its Governance Framework which included:

- A review of the process and outcomes of Project WiseOwl.
- A fact finding review of the commercial activities of the GCT group of companies.
- A review of the Group's Governance Framework.
- A review of the Group's regulatory compliance framework with the view to EOH becoming ISO 37001 compliant (ABC International Standard).
- Ad-hoc investigations and reviews following media reports.
- Ad-hoc open source due diligence reviews of companies/partners/individuals.
- ENS provides an on-going risk-based monitoring role in respect of public sector bids prior to submission.

ENS did not discover or raise any major areas of concern during their reviews but have made several recommendations to further strengthen the Group's Governance Framework which have or are in the process of being implemented. Following ENS's ad-hoc investigations and due diligence reviews, nothing untoward has materialised.

Corporate governance is integral to EOH's business philosophy of ethical leadership. The Group has a zero tolerance policy towards unethical behaviour and corporate governance is a priority focus area for the 2019 financial year.

Refer to the Corporate Governance Report on pages 32 to 61.

Outlook

South Africa had a challenging 2018, entering a technical recession, with the incoming President Cyril Ramaphosa placing the need to address state capture at the centre of his agenda, and a complex global political environment including conflicting US sentiments towards Africa and South Africa in particular. The EOH Group was not unscathed but still managed to grow revenue at a credible 8% which is testament to a dedicated and loyal workforce. The Group remains a business with significant potential combining outstanding intellectual property with highly skilled staff.

The EOH Group occupies a critical position at the centre of the fourth industrial revolution with all the skills and capabilities to make a meaningful impact and, ultimately provide integrated services covering a broad spectrum of associated technology needs. The EOH ICT business has capabilities in all the product verticals required to build and create digital ecosystems for its clients in the private and public sectors. NEXTEC has already started creating and delivering specialised software solutions to many of these sectors and will continue to develop unique solutions for its customers .

The Executive Committee is committed to completing the Group reorganisation in a manner that creates best-in-class governance and transparency, while retaining the entrepreneurial and innovative spirit that has made the Group the most successful ICT business in Africa. Over the next year our primary focus will be on:

- Finalising the corporate strategy and capital structure for the Group. This will ensure that underlying businesses that require capital to take advantage of appropriate opportunities are not constrained, while the Return on Equity is improved.
- Expense and working capital optimisation, expanding on the significant work done during the second half of the 2018 financial year.
- Creating shared value partnerships with our customers to meet their needs in a cost-effective and mutually beneficial manner.
- Finalising and completing the implementation of an appropriate corporate governance structure. This is an ongoing process that started in 2018, that will be refined in 2019 and that will continue to be improved on an annual basis. Particular reference will be on ISO 37001, King IV Codes of Governance and the JSE Listings Requirements.
- Continuing and enhancing the anti-bribery and corruption and fraud screening relating to tenders, especially in the public sector.

As the incoming Group CEO, I must thank my new colleagues for the extraordinary effort that was exerted in 2018 to obtain these results in difficult circumstances. I am excited at the opportunity the EOH Group presents and I am committed to partnering with all stakeholders to grow the company both transparently and sustainably.

Zunaid Mayet
Outgoing Group Chief Executive Officer

Stephen van Coller
Group Chief Executive Officer from 1 September 2018

19 November 2018

SUSTAINABILITY REPORT

EOH is a customer and people-centric organisation and its approach to business relationships and technology partners is firmly embedded in EOH's philosophies of 'Best People' and 'Partner for Life'.

EOH's philosophies demonstrate its commitment to sustainability by being a responsible employer, delivering excellent service to its customers, being ethical and fair in all its business relationships and by maintaining a low environmental footprint.

We respect the human rights of every person involved in EOH's business and invest in our people (human capital) and our external stakeholders (social and relationship capital).

EOH's first rule of business is the employment of high-performing, experienced people with the right set of skills. EOH believes that the inter-dependence of people, business and the community is inseparable, and that a company is fundamentally a social structure.

EOH's sustainability strategy is founded on the following five guiding philosophies which are aligned to stakeholder interests.

Sustainability objective	Description	Initiative
Best People	Be a responsible employer; attract and nurture talented people from diverse backgrounds; promote collaboration and well-being at work	• Hire the best people • Reward our people appropriately • Continuous training and development of employees through the EOH Academy • Learnership development programmes for previously unemployed people • Financial assistance available to employees who wish to enhance their careers • Employee Assistance Programmes ('EAP') • Executive health programmes
Partner for Life	Ensure a high level of customer and vendor satisfaction	• Design and implement customer and industry oriented solutions • Build solid business relationships with customers and vendors
Right 1st Time	Conduct business in an ethical and responsible way in all of our spheres of influence	• Right 1st Time philosophy • Meet customers' expectations • Excellence in project execution
Sustainable Transformation	Zero-tolerance to any form of discrimination; create a work environment that promotes equal opportunities for all; ensure that the environment in which we work reflects the demographics of the society in which we live.	• Social and Ethics Committee • Economic empowerment plans • Economic empowerment forums • Youth Job Creation Initiative • Skills development programmes • Management development programmes • CSI Programmes • Preferential procurement and supplier development programmes
Lead and Grow	Ensure that EOH is sustainable and will continue to make a valuable contribution to society	• Understand and manage our environmental footprint • Ensure sound leadership • Ensure financial stability • Embrace change and the opportunities associated therewith • Stimulate growth by encouraging entrepreneurship • Create economic and shareholder value

To ensure that EOH continues to make a valuable contribution to society, risks (both micro and macro) are properly identified and managed.

The process of managing enterprise risk within EOH is encapsulated in the EOH Group Enterprise Risk Management ('ERM') policy which describes EOH's risk management framework, philosophy, approach and process. The EOH ERM philosophies drive the design and deployment principles of the enterprise-wide operational risk programme. The identified risks, their likelihood of occurrence, their impact if they occur and the mitigating measures (controls/procedures) are discussed on a regular basis.

SUSTAINABILITY REPORT

Commitment to Stakeholders

Sustainability is a shared responsibility and proactive engagement with stakeholders is an essential part of being a responsible company. EOH's success depends on the effectiveness with which we listen to and respond to the needs and expectations of stakeholders who, directly or indirectly, affect the activities of EOH. These stakeholders include employees, customers, suppliers, government institutions, investors and local communities. EOH's stakeholder initiatives help us identify risks and opportunities and adapt to social, technological and regulatory changes.

Stakeholder group	Strategic approach	Activities
Employees	Attract, develop and retain the best people	• Recruitment policies and procedures • Employment equity forums • Fair remuneration for employees • Provide a healthy and safe working environment • Performance appraisal and development programmes • Employee wellness programmes • Training and skills development
Customers	Deliver high-quality products, services and solutions to meet customer needs and expectations. This is ensured through EOH's Right 1st Time quality process	• Account Executives for strategic and key accounts • Customer service desks • Industry specific solutions • Customer forums and events • Quality programmes • Quality compliance certificates
Supplier/Technology partners	Maintain long-term relationships with suppliers and partners	• Supplier and partnership agreements • Communication with key suppliers/partners • Nurture ongoing relationships • Preferred supplier protocols
Investors	Remain an attractive investment for shareholders	• Solid financial performance • Investor relations programme • Investor meetings (one-on-one) • JSE SENS announcements • Annual General Meeting interactions • Public relations media communications • Publication of financial results
Society/community	Contribute to a prosperous South Africa through improved education, health, wellness and job creation initiatives	• Youth Job Creation Initiative • CSI initiatives • Donations to and involvement in community projects • Enterprise development programmes
Government and other regulatory bodies	Strengthen relationships at all tiers of government	• Compliance with relevant Acts, regulations and legislation • Proactive interaction and communication with public sector customers • Participation in economic forums

Best People

Our employees are fundamental to the way EOH does business. More than 79% of our revenue is derived from services rendered by our people. With the right mix of challenging work, encouragement and organisational support, our people develop their personal skills and experience and enjoy a successful career at EOH. We not only aim to attract, develop and retain the best people, but through the acquisition of complementary businesses, we also bolster our internal capability with scarce and critical skills.

EOH values the contribution made by every employee and we encourage our employees to develop their skills and knowledge so that they can deliver value-added services to our customers and contribute to their success. In 2018, we continued to invest in critical skills training and professional development for our people to strengthen their skills, drive innovation and build the next generation of leaders.

We embrace and value diversity and offer an inclusive work place environment which leads to a better understanding of, and engagement with, the people with whom we work, the customers we serve and the communities in which we operate. It is essential for our growth and competitiveness that we recognise the value of the diversity of our workforce. EOH strives to attract and retain top performers by addressing the evolving needs of our people in terms of quality of life and career expectations. By having a diverse workforce, stimulating productivity, creativity and innovation, we maintain our competitive edge.

EOH is committed to sustainable transformation and the empowerment of those who were previously economically marginalised or disadvantaged through discriminatory practices. EOH continues its drive towards economic and social equity through the process of Broad-Based Black Economic Empowerment ('B-BBEE'). Transformation is managed at an operational level and reported and monitored via EOH's various reporting structures.

Remuneration and Benefits

EOH's approach to remuneration and benefits is aligned with the business strategy to attract, retain, motivate and reward employees to deliver our long and short-term strategic objectives. A combination of guaranteed annual salaries (with benefits commensurate with the market place); profit share incentives that reward short-term operational performance; and share schemes (share-based incentives) that promote retention and drive performance.

Our remuneration packages consist of, but are not limited to:

- Guaranteed remuneration aligned to the relevant market data with an annual salary review;
- Short-term incentive plan which is a variable pay portion that is performance based and aligned to individual performance and strategic business objectives; and
- Long-term incentive plan which is focused on long-term sustainability and shareholder value creation by retaining key and critical people.

Employee Benefits

EOH provides access to competitive market-related Employee Benefits such as Risk Cover, Retirement Benefits and Medical Aid. EOH reviews its employee benefits annually to ensure that the best market-related benefits are offered to employees.

Each employee has access to a team of professional employee benefit advisors who ensure that they have access to the relevant information to make informed decisions based on their personal circumstances.

Performance Management

The EOH Performance Management approach – referred to as EOH Connect – is a performance based process that focuses on what has been achieved, how it was achieved and setting of future goals. EOH Connect aligns the goals of individuals with EOH's overall objectives, enabling employees to maximise their potential.

Learning and Development

The EOH Learning Hub represents EOH's commitment to develop and retain the Best People. The purpose of the EOH Learning Hub is to build business-relevant competencies through the provision of short learning courses, skills programmes and national qualification offerings.

Our continued focus on developing a strong leadership bench across the middle and senior management levels has resulted in an increase in demand in our flagship programmes such as:

- Personal Mastery and Leadership Development programme as a formal qualification,
- Emerging Management and Advanced Management courses which are our core management programmes, and
- Coaching Skills as a fundamental development programme applied throughout the organisation.

Due to its popularity, the IMPACT programmes of 2017 were reconstructed and implemented as an accredited National Qualification and is a programme for developing future leaders in EOH. This programme is the first blended methodology (classroom and e-learning based) leadership programme in the EOH Learning Hub training and development offering.

Skills Academies ensure that our employees are trained and certified.

Employee Wellness

EOH recognises that employee mental and physical health, and a balanced work-life is essential for excellent service delivery and superior performance.

Executive health programme

This programme focuses on comprehensive medical assessments and personalised preventive strategies for executive staff. The aim is to identify and manage risk factors that may impact one's wellness and quality of life.

SUSTAINABILITY REPORT

Employee assistance programme ('EAP')

The MyWellness@work programme is a confidential programme designed to support employees and their families with psycho-social needs; financial and legal assistance; nutrition and exercise programmes; and wellness coaching.

Employee Wellness Days

Furthermore, EOH facilities national Wellness Day events for its employees' which provide Health Risk Assessments and supports NGO health related initiatives such as Blood Drives for SANBS.

Partner for Life

One of EOH's philosophies is 'Partner for Life'. To ensure long-term, mutually beneficial relationships, companies need to provide services that meet the highest professional standards of the industry and to have the confidence of customers. EOH takes measures to avoid conflicts of interest and to train its employees accordingly. EOH also has a zero-tolerance policy towards bad behaviour and unethical practices.

EOH has regular contact with its people, customers, suppliers, investors, Non-Government Organisations ('NGOs') and official bodies. Open and continuous dialogue helps EOH gain an understanding of stakeholder expectations.

EOH seeks to meet and exceed customer expectations by providing innovative solutions and properly implementing such solutions.

EOH's relationships with its vendors and suppliers are based on strong partnerships, transparency and ethical conduct.

EOH's strategy is to build greater confidence with shareholders/investors through good governance, strong financial performance, transparency and increased disclosure.

EOH's interaction with society as a whole, which encompasses the media, government and industry associations, is designed to promote long-term relationships with these groups.

The financial value generated by EOH benefits a long line of stakeholders. This includes employees in the form of salaries and other benefits; the state and municipalities in the form of tax revenues; suppliers in the form of payments for goods and services delivered; customers in the form of high-quality products and services; and shareholders in the form of dividends and share appreciation.

Right 1st Time

EOH's Right 1st Time philosophy is to ensure excellence and a high level of execution in all that EOH does. The overall objective is to reduce business risk and ensure successful implementations.

In order for a company to have a social licence to operate, it requires a sound ethical culture, effective governance structures and effective internal controls. EOH has adopted the governance structures as outlined in the Corporate Governance section of this report on pages 32 to 61 to ensure effective management throughout the organisation.

Data Confidentiality

We recognise that customers, employees and others care about the privacy and security of their data. EOH has a company-wide governance structure to drive an holistic approach to the stewardship of data. This includes having the correct policies, procedures, governance and security measures in place.

During the reporting year, there were no complaints regarding breaches of customer privacy or loss of customer data. No fines were imposed for non-compliance with laws and regulations.

Health and Safety

EOH provides rules and guidelines to its employees in order to comply with the provisions of the Occupational Health and Safety Act and to ensure the safety of employees and visitors. This is achieved by maintaining a safe work environment and by having adequate training and supervision. EOH is also bound by the Act and its regulations to ensure the safety of all other persons who may be affected by EOH's activities.

Health and safety committees, with trained health and safety representatives, have been set up in each region. EOH has a Health and Safety Manager who is responsible for ensuring that EOH is compliant with the relevant health, safety and environmental legislation and regulations. Operational health and safety aspects are managed regionally across the divisions at various EOH locations.

Sustainable Transformation

The sustainable development and transformation of South Africa is intrinsic to EOH's way of life. Our transformation initiatives are wide-ranging and include employment equity programmes; skills training and development; diversity and inclusion training; enterprise and supplier development; preferential procurement; and increasing black ownership.

Corporate Social Responsibility

EOH understands that youth development is paramount to a prosperous South Africa. We appreciate the need to reduce the current skills gap and to ensure that scarce and critical skills are found locally among our youth – enabling our youth to become tomorrow's productive citizens. To this end, EOH's Corporate Social Investment ('CSI') activities include programmes and initiatives focused on the youth.

The EOH Youth Job Creation Initiative

In 2012, EOH launched its EOH Youth Job Creation Initiative on the basis that business has the resources and responsibility to help reduce the problem of unemployment. The aim of the programme is to work with business partners, customers and the government to stimulate job creation. To date EOH has partnered with over 700 large corporates and small, medium and micro-sized enterprises as part of this initiative.

Each year, EOH has employed over 600 learners/interns on our intern/learnership programmes and will continue to do so. Most of these young people become permanently employed by EOH or its partners.

Maths Centre Initiative

EOH has been a strategic partner with the Maths Centre for many years. This centre focuses on building mathematics, science, technology and entrepreneurship competence in learners.

To date, this initiative has benefited thousands of students between grades 8 and 11. Going forward, EOH will be focusing on supporting an additional 100 grade 12 students each year. Upon graduation, all matriculants will be given the opportunity to enrol in the EOH Youth Job Creation Initiative programme which will enable them to significantly improve their chances of becoming productive citizens.

Afrika Tikkun Initiative

EOH is proud to have worked with Afrika Tikkun for a number of years. This initiative has given EOH the platform to develop young people, from cradle to career by providing a holistic set of educational, health and social services designed to help them succeed.

EOH Graduate Programme

EOH has launched an EOH Graduate Programme in collaboration with a tertiary institution focussing on learners from previously disadvantaged schools wanting to study Information Technology. EOH intends growing the programme over the coming years to produce work-ready graduates. The Maths Centre and Afrika Tikkun students will form part of the talent pool.

Diversity and Inclusion

EOH is committed to creating a diverse, inclusive, and bias-free environment where we embrace different perspectives and where everyone can grow, contribute and be prosperous regardless of their race, gender, ethnic or social origin, religion, culture, language, disability or any other arbitrary criteria.

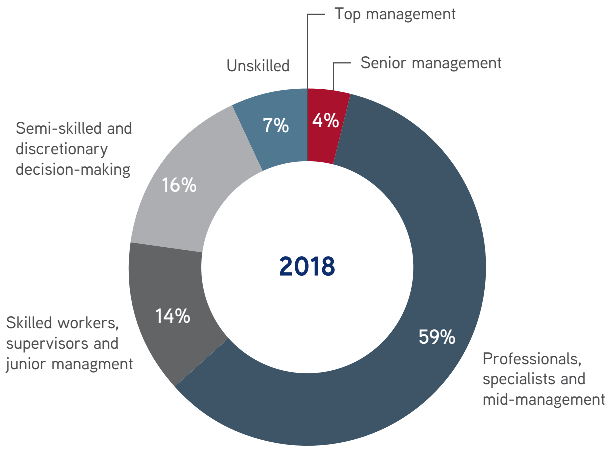
People with Disabilities

EOH employs a number of disabled people. EOH is committed to employing more disabled individuals to ultimately represent at least 2% of its overall headcount.

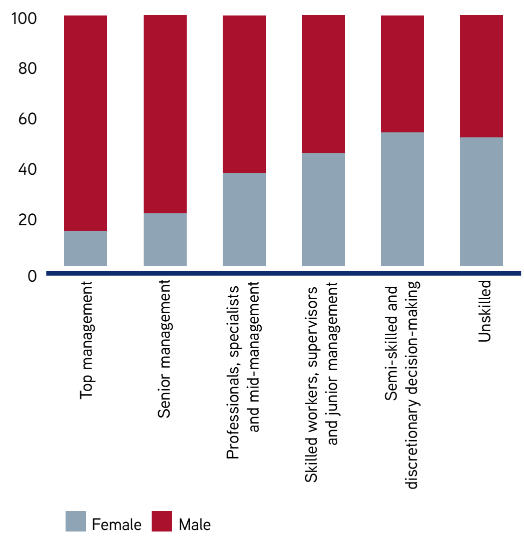
EOH employed 189 employees with disabilities during the year through various programmes. 23 employees are currently studying towards their National Diplomas in IT at the Belgium Campus and 56 completed their Generic Management National Qualification, of which 23 were selected to continue with System Support Qualification in IT.

EOH also invested in the deaf community by assisting Edeaf to establish a training centre for 50 deaf students in rural Mthatha in the Eastern Cape. This is designed to enhance formal basic written language and writing skills through Adult Education and Training.

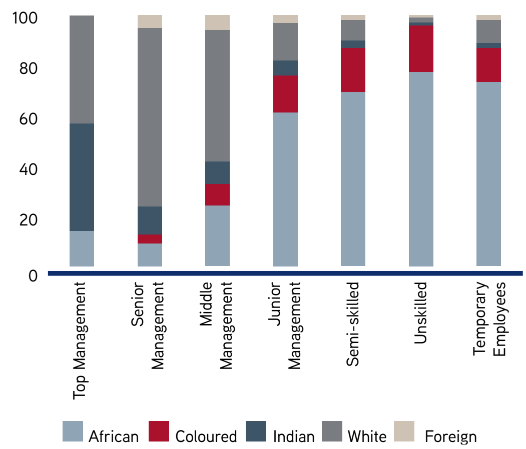
EMPLOYEES BY CATEGORY



GENDER DISTRIBUTION BY CATEGORY (%)



ETHNIC GROUP PER CATEGORY (%)



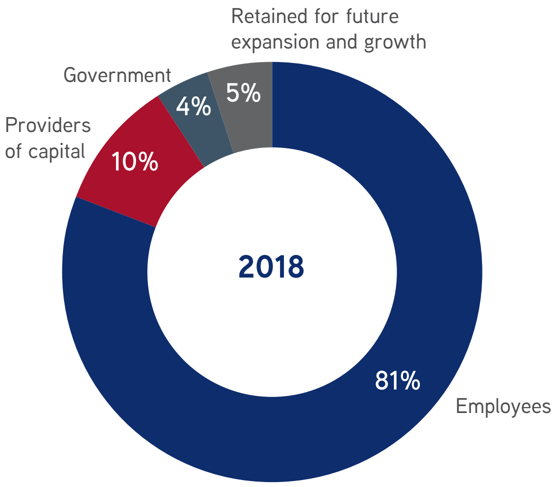
Value added statement

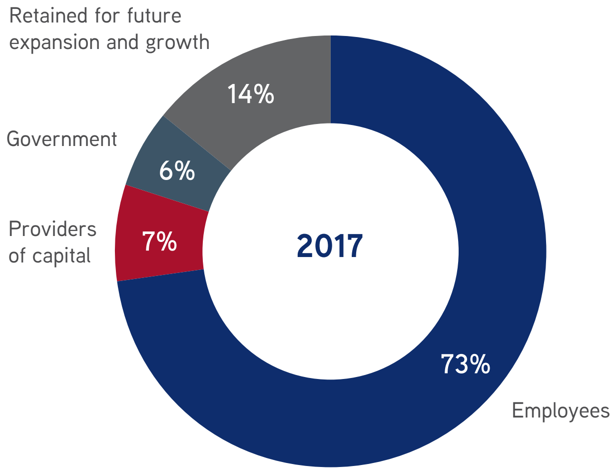
Value added statement for the year ended 31 July 2018

The value added statement shows the wealth that the Group has created through its continuing activities and how this wealth has been distributed to stakeholders. The statement reflects the amounts retained and reinvested in the Group for the replacement of assets and the development of future operations.

Distribution of wealth created

Figures in Rand thousand	2018		2017	
Wealth created				
Revenue	16 341 024		15 128 062	
Cost of materials and services	(9 301 269)		(7 945 706)	
Share of profits of equity accounted investments	48 223		39 241	
Other income	52 750		70 321	
Total wealth created	7 140 728		7 291 918	
Wealth distributed		%		%
Employees				
Salaries, wages and related benefits	5 817 828	81	5 314 775	73
Providers of capital	663 865	10	512 683	7
Dividends to shareholders	311 720	4	253 069	3
Cost of funding	352 145	6	259 614	4
Government				
Corporate taxation	268 460	4	462 009	6
Wealth retained for future expansion and growth	390 575	5	1 002 451	14





SUSTAINABILITY REPORT

Environmental stewardship

EOH recognises the challenges that climate change presents to the global economy. We believe we have a role to play in tackling these challenges in the areas where we can. We continue to monitor and actively manage our direct and indirect environmental footprint and have found new ways to help our clients to do the same. As a provider of professional services, EOH has a relatively low environmental footprint but believes that effective environmental stewardship is part of an organisation's licence to operate. EOH addresses this responsibility in two primary ways:

- By providing products and services that improve energy and water efficiency thereby reducing the potential harm to the environment.
- By operating our facilities in a manner that protects the environment, by continually reducing energy consumption and waste.

We apply our expertise, resources, research and innovation to provide solutions to some of the world's most challenging environmental problems. More than ever, organisations are applying new technologies to transform their operations, products and services to become more efficient, innovative and sustainable. We recognise that our greatest opportunity for building a more sustainable planet is to assist our customers by providing them with the technology to do so.

NEXTEC combines state-of-the-art technology and best practice to create smart, safe, healthy and secure environments. We have the right skills and expertise to deliver practical intelligent infrastructure solutions. From integrated and converged networks, to full turnkey data centres, biometric identity management, energy control systems, building management, and intelligent green building design, our solutions are proven and world class. By encouraging our customers to change energy management practices and by implementing NEXTEC energy and water technology solutions, customers can dramatically reduce their energy and water consumption.

EOH's carbon footprint

As part of our corporate commitment to environmental sustainability, we measure the direct and indirect Greenhouse Gas (GHG) emissions from our operations and products.

All fossil fuel consumption, purchased electricity and various other sources of emissions are included in the environmental data. Every new business that joins EOH automatically becomes part of the data-recording process.

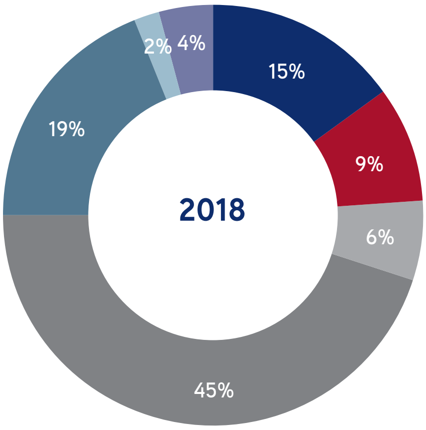
The following environmental management principles are incorporated in EOH's business operations:

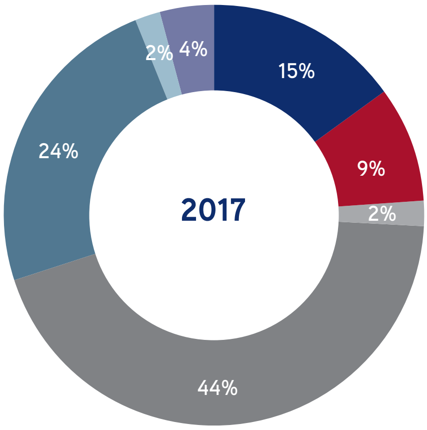
- Support and comply with, or exceed the requirements of current environmental legislation and codes of practice associated with industry best practices;
- Minimise waste and re-use or recycle as much as possible;
- Minimise energy and water consumption;
- Operate and maintain EOH vehicles with due regard to environmental issues;
- Apply the principles of continuous improvement in respect of air, water, noise and light pollution from EOH premises; and
- As far as possible purchase products and services that minimise damage to the environment.

Environmental data	2018	2017	2016	2015
Scope 1 emissions (tonne CO_2e)	9 051	6 932	5 237	3 715
Scope 2 emissions (tonne CO_2e)	13 989	10 825	10 449	6 704
Scope 3 emissions (tonne CO_2e)	8 077	7 801	6 681	6 631
Fuel consumption diesel (litres)	1 743 882	1 458 075	952 663	467 154
Fuel consumption petrol (litres)	1 170 606	1 046 366	981 813	897 353
Electricity consumption (kWh)	13 989 448	10 825 011	10 448 505	6 704 199
Estimated business air travel (passenger km)	36 300 873	36 592 941	29 958 812	22 060 230
Estimated travel in personal cars for business purposes (tonne CO_2e)	1 414	1 084	1 318	2 572
Business travel in rental cars (km)	2 847 464	2 630 279	1 582 278	930 405
Paper consumption estimated (tonnes)	107	101	55	42
Water consumption (kilolitres)	84 209	102 658	40 935	35 883
Emissions intensity (scope 1 and 2 emissions/number of employees)	2.03	1.36	1.24	0.94

Environmental impact

Scope 1: Emissions are direct emissions from sources that a company directly owns or has control over
Scope 2: Emissions that are purchased-electricity, heat or steam
Scope 3: Emissions that are a consequence of a company's activities, but occur at sources owned or controlled by another company





- Mobile consumption (company-owned vehicles) – Diesel
- Mobile consumption (company-owned vehicles) – Petrol
- Refrigerants and air conditioning units
- Purchased electricity (kWh)
- Estimated business air travel (passenger kilometres)
- Rental car travel distance (kilometres)
- Business travel in employee-owned vehicles (kilometres)

CORPORATE GOVERNANCE

As the EOH Holdings Limited Board of Directors ('the Board') we are committed to ethical leadership and good corporate governance principles aligned to the Companies Act and King IV principles of governance. EOH has a great leadership team and strong fundamentals committed to ensuring sound corporate governance throughout our business and subsidiaries, striving to be an ethical, relevant force for good and to play a positive role in society.

Corporate Governance represents the tone from the top, underpinned by the governance framework and structures as well as the principles and practices by which the Board discharges its fiduciary duties. The EOH Governance objectives stem from the Board Charter and Board Committee Terms of Reference and is aligned to the EOH purpose, philosophies and values.

Governance Objectives

- **Ethical Leadership**
- **Sustainability**
- **Stakeholder Engagement**
- **Statutory and Regulatory Compliance**
- **Responsible Corporate Citizenship**

The roles of the Chairman and Chief Executive Officer are segregated in terms of the roles and responsibilities. The Chairman is responsible for leading the Board and the Chief Executive Officer is responsible for the commercial and operational management of the Group.

Governance Structure

The EOH Governance objectives and structure is a functional structure based on the accountability line of authority and is applicable to all businesses to ensure the governance objectives are met.

The EOH governance structure is founded on the fiduciary obligations and responsibilities of directors as defined by the Companies Act and King IV best practice principles of oversight and control. The discharged duty on the operational business is supported by the RACI principles in terms of delegated leadership, authority and responsibility to implement and control the Quality Management Framework. The Group Policy Framework governs the statutory and regulatory obligations and responsibility of the Group. The EOH governance framework and standards are regularly reviewed to ensure that the Governance objectives are met (King IV Principle 11).

Initiatives and enhancement to the governance framework during the financial year included the continuous review and update of:

- The Board Charter, Board Committee Terms of Reference and Annual Plans
- The EOH policy framework
- Standard operating procedures and controls, including but not limited to
  - Bid Procedures;
  - New Joiner Procedures; and
  - Vendor Registration Procedures
- The implementation of a compliance system with the required workflow and reporting functionality to enable annual compliance declarations to be completed online.
  - Declaration on duty to abide by the EOH Code of Conduct;
  - Declaration on conflicts of interest;
  - Declaration of political exposure, and
  - Declaration on gifts (offered and received).

Future improvements include the enhancement of the Ethics and Compliance system and the EOH Ambassadors program aimed at empowering leadership and business by creating awareness of the statutory obligations and risks associated with Anti-Bribery and Corruption. An anonymous whistle blowing system (application) will also be implemented.

THE BOARD OF DIRECTORS

Executive Directors

Stephen van Coller

BCom (Hons), HDip Acc, CA(SA), CMA(UK)

Appointed 1 September 2018

Chief Executive Officer

Member: Risk and Governance Committee
Member: Social and Ethics Committee
Member: Technology and Information Committee
Invitee: Audit Committee
Invitee: Nominations Committee
Invitee: Remuneration Committee

Zunaid Mayet

Data Processing & Systems Software Engineering, Executive Leadership Development Programme

Appointed 12 May 2017
(CEO from 12 May 2017 to 31 August 2018)

Executive Director (CEO) NEXTEC Division

Member: Risk and Governance Committee
Member: Social and Ethics Committee
Member: Technology and Information Committee
Invitee: Audit Committee
Invitee: Nominations Committee
Invitee: Remuneration Committee

John King

BCom, BAcc, CA(SA)

Appointed 1 March 2008
(Resigned 3 October 2018)

Group Financial Director

Member: Risk and Governance Committee
Member: Technology and Information Committee
Invitee: Audit Committee
Invitee: Nominations Committee
Invitee: Remuneration Committee
Invitee: Social and Ethics Committee

Tebogo Maenetja

BA (Social Work) Hons, MA (Industrial Social Work), Executive Development Certificate – GIBS

Appointed 12 March 2018

Group HR Director

Member: Social and Ethics Committee
Invitee: Remuneration Committee
Invitee: Nominations Committee

Non-executive Directors

Asher Bohbot

BSc (Industrial Engineering)

Appointed 12 March 2018

Chairman of the Board

Member: Nominations Committee

Non-executive Directors (continued)

Pumeza Bam

BSc (Biochemistry), PMD

Appointed 1 March 2017

Non-executive Director

Chairperson: Social and Ethics Committee
Member: Nominations Committee
Member: Remuneration Committee

Jesmane Boggenpoel

BCom, BAcc, CA(SA), MPA (Harvard)

Appointed 1 July 2018

Independent Non-executive Director

Chairperson: Risk and Governance Committee
Member: Audit Committee

Rob Sporen

Re-appointed 22 February 2017

Lead Independent Non-executive Director

Chairman: Remuneration Committee
Chairman: Nominations Committee
Member: Audit Committee
Member: Risk and Governance Committee
Member: Social and Ethics Committee

Ismail Mamoojee

B Com, BCompt (Hons), CASA, Tax Law Cert (Unisa), CAIB(SA)

Appointed 1 July 2018

Independent Non-executive Director

Chairman: Audit Committee
Member: Remuneration Committee
Member: Risk and Governance Committee

Tshilidzi Marwala

BSc (Mechanical Engineering), MSc (Engineering), PhD (Artificial Intelligence), PLD, AMP

Re-appointed 19 February 2016

Independent Non-executive Director

Chairman: Technology and Information Committee
Member: Audit Committee
Member: Risk and Governance Committee

Moretlo Molefi

BSc, MBCHB, SMP and Foreign Telemedicine

Appointed 12 May 2017

Independent Non-executive Director

Member: Social and Ethics Committee

CORPORATE GOVERNANCE

Statutory and regulatory compliance

Compliance with all statutory and regulatory obligations affecting the business activities of the Group is a fundamental governance objective. These obligations are incorporated in the policy statements, where relevant, and are based on the fiduciary duties as expressed in, but not limited to, the Companies Act, Financial Services Board Act, and the JSE Listings Requirements.

Role and the responsibilities of the Board

The overriding role of the Board is to ensure the long-term sustainability and success of EOH for the benefit of all stakeholders. The duties, responsibilities and powers of the Board, the delegation of authority and matters reserved for the Board are set out in the Company's Memorandum of Incorporation ('MOI') and the Board Charter. The Board is responsible for determining the long and short-term strategy of EOH and how business is conducted. This includes the setting, monitoring and review of strategic targets and objectives; the approval of material capital expenditure; acquisitions; internal controls; risk management and IT governance.

The directors bring to the Board a wide range of experience and expertise and, in the case of the independent non-executives, an independent perspective and judgement on issues of policy, strategy and performance.

Board members are expected to act in the best interest of EOH and the Group Company Secretary maintains a register of directors' interests.

Board Charter

The Board Charter details the responsibilities of the Board, which include:

- Input into the Group's strategic direction;
- Providing effective leadership based on an ethical foundation and a sound Governance, Risk and Compliance ('GRC') framework;
- Ensuring that the Group conducts itself in accordance with the principles of fairness, accountability, transparency, responsibility, competence and integrity;
- Ensuring that an appropriate GRC framework is in place and applied across the Group;
- Ensuring that the Code of Ethics is adopted and implemented across the Group;
- Ensuring that the Group is, and is seen to be, a responsible corporate citizen;
- Defining levels of materiality and risk tolerance;
- Governing risk and opportunities in a way that supports the Group achieving its goals;
- Ensuring the adequacy and effectiveness of the Group's internal control systems and procedures;
- Ensuring that appropriate technology systems are in place;
- Approving the annual budget and operating plan of the Group;
- Approving EOH's annual financial statements and public pronouncements on financial performance and ensuring the integrity of such reports;
- Considering and, if appropriate, declaring distributions in accordance with the provisions of the Companies Act;
- Ensuring that the Group remunerates fairly, responsibly and transparently;
- Communicating with internal and external stakeholders in a transparent and timely manner; and
- Ensuring the overall sustainability of the Group.

Ethical leadership

The Board subscribes to ethical leadership which forms the basis of the EOH Code of Conduct. Decisions and actions are based on the following core values:

- Integrity is non-negotiable;
- Respect the dignity of every individual;
- Act professionally and strive for excellence;
- Be legitimate and long-term contributors;
- Care for the environment;
- Promote the fight against corruption;
- Everyone is a valued contributor; and
- Build relationships with customers and vendors to understand and meet their needs.

The EOH Executive Committee ('EXCO') is responsible for ensuring that these values are adhered to throughout the Group and the Board's Social and Ethics Committee ensures the application of these principles.

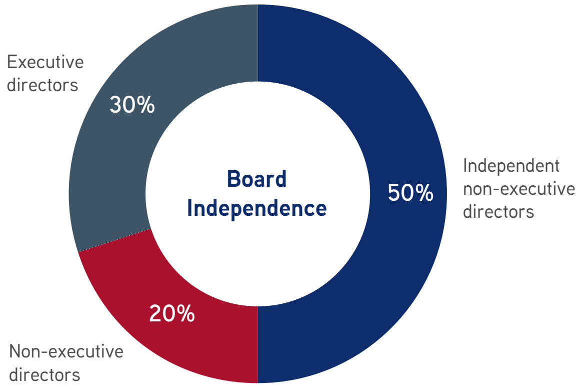
During the year, EOH reviewed its entire GRC Framework, policies and procedures and is rolling out its Governance Ambassador awareness training programme to ensure that the required tone from the top is reinforced.

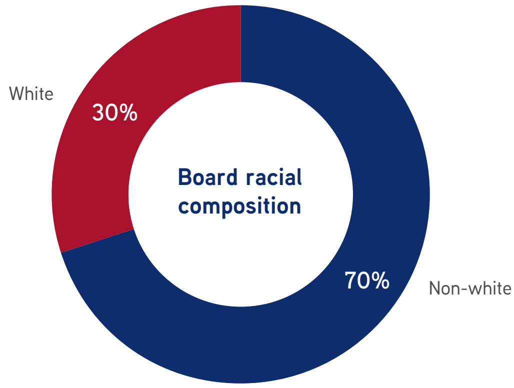
Composition of the Board

The Group has a unitary Board, the composition of which promotes the balance of authority and precludes any one director from dominating decision-making. The Board of EOH is sufficiently equipped to conduct the business of a board in terms of its collective knowledge, skills, experience, resources and diversity. Directors are classified as executive directors if they are full-time employees of EOH.

As at the date of this report, the Board consisted of 10 individuals. Three are executive directors, five are independent non-executive directors and two are non-executive directors. Seven of the Board members are non-white, of which three are black women.

The non-executive chairman of the Board is Asher Bohbot and the CEO is Stephen van Coller. The roles of the chairman and the CEO have been formally defined and are separate. The chairman is primarily responsible for leadership of the Board and for ensuring that the Board plays an effective role, facilitating communication with shareholders and fostering constructive relations between the executive and non-executive directors. Amongst others, the CEO provides leadership to the executive team in managing the group's businesses. The chairman and the CEO are appointed by the Board and the chairman is elected by the Board on an annual basis. Succession planning is in place for the CEO and agreement has been reached with the chairman that he would not serve on more than three listed entities while also serving as chairman of the EOH Board.



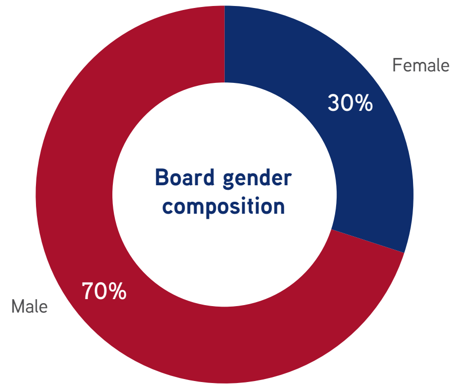


Independence of Non-executive Directors

The Board is satisfied that non-executive directors, through their actual conduct at Board and committee meetings, have no relationships or circumstances which could affect their independence. Directors serving in their capacity for longer than nine years are re-assessed annually to ensure that they remain independent.

Race and gender diversity policy of the Board

The Board recognises and embraces the benefits of having a diverse Board, appreciates that diversity at Board level is an essential component for sustaining a competitive advantage and is committed to ensuring a diverse and inclusive Board. The policy forms part of the Board Charter.



Race, age and gender diversity, underpinned by the relevant skills as well as business, geographic and academic experience and background, enhance the composition of a truly diverse Board. All facets of diversity will be considered in determining the optimal composition of the Board and, where possible, should be balanced appropriately. All Board appointments are made on merit, having due regard for the benefits of diversity, including gender and race, which the Board as a whole requires to be effective. During the year appointments were made in accordance with the policy, see Nominations Committee report.

CORPORATE GOVERNANCE

Subsidiary boards

EOH has several wholly owned subsidiaries. Each of EOH's subsidiary companies has a board of directors. The boards of the subsidiaries and the management committees of the various operating divisions have the necessary mix of skills and experience.

Election and re-election of directors

Newly appointed directors are ratified at the next Annual General Meeting ('AGM') following their appointment.

In terms of the Company's MOI, one third of the non-executive directors are required to 'retire' at each AGM, and if they are eligible and available for re-election, their names are put forward for re-election by the shareholders at the next AGM. The non-executive directors who have been in office for the longest period since their appointment are required to 'retire' in terms of the rotation policy.

The Nominations Committee is responsible for the process of electing/re-electing directors following a thorough assessment of candidates.

Succession planning

Should a director retire, resign or be disqualified and removed, the Nominations Committee is tasked with identifying potential candidates. The Committee assesses the appropriateness of candidates in terms of their experience and skills. The process of selection, induction and ongoing training of directors is formalised. A basic succession plan for key executives is in place in the event of any resignations.

John King resigned as Group Financial Director on 3 October 2018 and is leaving on 30 November 2018. The process of finding his replacement is underway.

Group Company Secretary

The Group Company Secretary supports the directors and Chairman. The Board is satisfied that the Group Company Secretary is suitably qualified, competent and experienced to provide such guidance. The Group Company Secretary has direct access to and ongoing communication with the Chairman. The Group Company Secretary is not a director of the Company or its subsidiaries. All directors have access to the services of the Group Company Secretary and directors may obtain independent professional advice.

Adri Els CA(SA), is the Group Company Secretary. The Group Company Secretary is also the secretary of the Board committees.

Board committees

The Board has delegated certain functions to committees. In so doing, the Board has not abdicated any of its responsibilities. The committees are chaired by non-executive directors. All the Board committees operate under Board-approved Terms of Reference.

Shareholders are required to elect the members of the Audit Committee at the Company's AGM.

The Board has six committees consisting of the following directors:

- **Audit Committee**
  Only independent non-executive directors with other participants as invitees;
- **Risk and Governance Committee**
  Majority of members are independent non-executive directors;
- **Technology and Information Committee**
  Both non-executive and executive directors;
- **Remuneration Committee**
  Majority of members are independent non-executive directors;
- **Nominations Committee**
  Majority of members are independent non-executive directors; and
- **Social and Ethics Committee**
  Majority of members are non-executive directors.

EOH reviews its governance structures, policies and procedures to ensure that they are resilient and robust and aligned to best practice.

The EOH EXCO is responsible for managing the Group's operations and the Group's overall strategy, which is discussed, debated and approved by the Board.

The Board response to the King IV Report

King IV was released on 1 November 2016.

King IV advocates an outcomes based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control; and
- Legitimacy.

Ethical culture

EOH's Board exercises effective leadership. The directors are competent and act ethically in discharging their responsibility to provide strategic direction and effective governance in terms of the Board Charter and EOH's MOI.

The Board is committed to driving the strategy, based on an ethical foundation, to support a sustainable business, acting in the best interests of the Group, society, the environment and its stakeholders.

The Board's responsibility is to set the tone for an ethical organisation and has discharged its responsibilities by ensuring that a robust and resilient GRC framework is in place. There are systems, procedures and monitoring structures in place to ensure the effectiveness of such a framework.

Board members are under a legal duty to prevent any conflict of interest with company business and to make full disclosure of any areas of potential conflict.

The EOH Code of Ethics, adopted by the Board, commits EOH and its employees to the highest ethical standards of conduct particularly in relation to non-discriminatory practices, unethical practices, bad behaviour, and confidentiality of personal information.

Good performance

The directors individually and collectively are responsible for realising the Group's strategic objectives and to manage risks and opportunities to ensure an ongoing sustainable business.

The Board oversees and monitors, with the support of its committees, the implementation and execution by management of the policies and procedures in order to ensure that it achieves the Group's objectives.

The sustainability of the Group's businesses is a key consideration in the development and implementation of the Group's business model. It is supported by formal policies governing environmental, corporate social investment, ethical and remuneration matters, all of which form key components of the value-creation process.

EOH's EXCO is responsible for working with the CEO to implement the strategies and policies of the Group. The Board assumes responsibility for ensuring that the Group's reporting on the Group's financial performance is reported fairly with the assistance of the Audit and Risk Committees and the external auditors.

Effective control

To ensure that directors are effective, appointments to the Board and its committees are proposed by the Nominations Committee.

The Nominations Committee evaluates the effectiveness and performance of the Board, its committees and the individual directors.

The appointment of the executive management team falls within the mandate of the CEO, in consultation with the Board. Clarification of roles and responsibilities are finalised through a formal internal process.

Board members collectively possess a wide range of financial, commercial and technical knowledge, together with the required level of experience.

The Board assumes responsibility for governance and enterprise risk management and determines how risk is to be approached and addressed across the Group. The implementation thereof is the responsibility of management.

The Group risk function assists the Board with the risk management process. The Audit and Risk and Governance Committees assist the Board by providing an independent and objective view on the Group's financial, accounting and control mechanisms and the Group's compliance with all relevant statutory and regulatory requirements.

The Board is ultimately responsible for ensuring that the technology and information needs of the businesses are in place and effectively governed. The Technology and Information Committee assists in this regard.

A formal internal audit function will be outsourced during the 2019 financial year and the RFP process has been commenced.

The Board commits to the Constitution of the Republic of South Africa (including the Bill of Rights) and accepts the principles of fairness, accountability, integrity and transparency.

CORPORATE GOVERNANCE

Legitimacy

EOH strives to ensure a systematic and integrated approach to stakeholder engagement across the Group, facilitated through engagement programmes.

Stakeholders are kept informed of the Group's financial performance through the publication of reviewed and audited results and other announcements. The Board, through its committees, ensures that the interests of all stakeholders are addressed.

Directors dealings

Directors' contract declarations

Directors are required to declare their interests annually in order to determine whether there are any conflicts with their duties and the interests of EOH. The directors have certified that they have no material interest in any transaction of any significance with the Company or any of its subsidiaries.

Directors' interests in EOH shares

It is not a requirement of the Company's MOI or the Board Charter that directors own shares in the Company. The shares held by the directors as at 31 July 2018 are contained in the Annual Financial Statements on page 62 to 129.

Trading in Company shares

The Group Company Secretary informs the Board and management of its closed periods, when trading in EOH shares by directors and senior executives is prohibited. The closed periods commence on 1 February and 1 August each year and remain in force until the publication of the interim and final results respectively. Any period during which the Company may trade under cautionary announcement is classified as a closed period.

All directors' trading of EOH shares require the prior approval of the Group CEO or Group Financial Director. No director can approve his own trading of EOH shares. The Group Company Secretary retains a record of all such share dealings.

Statement of compliance with King IV

External advice is sought to assess the application and implementation of King IV and the current levels of compliance across the Group. Such advice is sought on a regular basis and recommendations are implemented. EOH has met its reporting requirements relating to King IV, the Listings Requirements of the JSE and the 2008 Companies Act (as amended).

EOH as a listed public company is committed to maintaining a high standard of corporate governance. During the period under review, the group applied the corporate governance principles as recommended in the King IV Report on Corporate Governance for South Africa 2016 ('King IV'). A substance-over-form approach was adopted with regards to alignment with King IV, firstly to depart from the so-called mechanistic tick-box approach, and secondly because this approach accommodates the achievement of the recommended King IV outcome/governance standards by applying practices other than those specifically detailed in the King IV report.

EOH has made some improvements which include aligning the remuneration policy with the Six Capitals; formalising of risk appetite and tolerance levels; and formalising of the Combined Assurance Model. The Internal Audit Function will be outsourced and the RFP process has commenced.

Effectiveness of Internal controls

Based on a review of internal controls and assessment of the risk management process, nothing has come to the attention of the Board that causes it to believe that the Group's system of internal control and risk management process are not effective.

Attendance at Board and Board Committee meetings

The Board meets quarterly and on an ad-hoc basis when considered necessary. Board meetings are convened by formal notice incorporating agendas and accompanied by background material relating to matters to be discussed at each meeting to enable the directors to prepare in advance.

	Board	Audit	Risk and Governance	Social and Ethics	Nominations	Remuneration	Technology and Information
Executive Directors							
Zunaid Mayet (CEO)	4/4	4/4^	2/2	2/2	2/2^	2/2^	2/2
John King (FD)•	4/4	4/4^	2/2	2/2	2/2^	2/2^	2/2
Rob Godlonton*	3/4						2/2
Brian Gubbins*	3/4						
Ebrahim Laher*	3/4						
Jehan Mackey*	4/4						
Tebogo Maenetja#	2/2			1/1	1/1	1/1	
Johan van Jaarsveld*	2/4						
Non-executive Directors							
Asher Bohbot	2/2				1/1		
Pumeza Bam	4/4			2/2	2/2	2/2	
Lucky Khumalo*	3/4	4/4			1/2		1/2
Moretlo Molefi	4/4			2/2			
Grathel Motau*	2/2	3/3	1/1				
Tshilidzi Marwala	3/4	3/4	2/2				2/2
Rob Sporen	4/4	4/4	2/2	2/2	2/2	2/2	
Sandile Zungu*	2/2						
Invitees							
Lisa Fielder (Acting CIO)							1/1
Hendrick Mosopo (CIO)**							1/1
Joy Sykes (Management)			2/2				
Isobel Townsend (Management)				2/2			
Daniel Tekie (Auditor)		3/3					
Miles Fisher (Auditor)		3/3					

^ *By invitation.*

* *Resigned during the year.*

** *Passed away.*

Newly appointed.

• *Resigned subsequent to year end.*

CORPORATE GOVERNANCE

AUDIT COMMITTEE REPORT

The Group Audit Committee is pleased to present its report for the financial year ended 31 July 2018, as required in terms of the Companies Act No.71 of 2008 of South Africa.

The mandate of the Audit Committee ('the Committee') is to oversee the integrity of EOH's control environment and to provide reasonable assurance relating to the integrity and reliability of the financial statements prepared in compliance with IFRS, and to safeguard, verify and ensure that the Group's assets are properly accounted for.

Role and responsibilities

The Audit Committee's operation is guided by its board approved Terms of Reference, covering its statutory responsibilities as well as additional responsibilities delegated by the Board, which is in line with the Companies Act of South Africa. The Committee does not assume the functions of management. This remains the responsibility of the executive directors and senior management.

The Committee's statutory duties and responsibilities are to:

- Recommend the appointment of the external auditor;
- Assess the Terms of Reference, scope, remuneration and effectiveness of the external audit team;
- Oversee the qualification and independence of the external auditors;
- Oversee the quality and ensure the integrity of the Group's Annual Integrated Report and other public announcements (interim and final results);
- Assess the effectiveness of the Group's financial internal controls;
- Ensure compliance with legal and regulatory requirements that impact financial reporting;
- Consider the expertise, resources and experience of the Finance Function; and
- Assess the risk management process as it relates to financial risks; internal financial controls; and the possibility of fraud and IT risks.

Composition of the Committee

The Group Audit Committee is an independent statutory committee appointed by the shareholders and comprises at least three members of the Board elected by shareholders. The members of the Committee must be suitably skilled and experienced independent non-executive directors. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, including an understanding of financial and sustainability reporting; internal financial controls; external audit process; internal audit process; corporate law; risk management; sustainability issues; information technology as it relates to integrated reporting; and governance processes.

The chairman of the Board is not eligible to be the chairman or a member of the Committee. The Committee is chaired by an independent non-executive director. The board elects the chairman of the Committee.

The Committee members are:

- Ismail Mamoojee (Appointed 1 July 2018)
  - Chairperson, Independent Non-executive Director
- Jesmane Boggenpoel (Appointed 1 July 2018)
  - Independent Non-executive Director
- Tshilidzi Marwala
  - Independent Non-executive Director
- Rob Sporen
  - Independent Non-executive Director

Members resigned during the year

- Grathel Motau (Resigned 12 March 2018)
  - Independent Non-executive Director
- Lucky Khumalo (Resigned 1 July 2018)
  - Independent Non-executive Director

All the current members of the Committee have been nominated by the Board for re-election, subject to shareholder approval at the AGM to be held on 20 February 2019.

The Group Chief Executive Officer and Group Financial Director attend all committee meetings by invitation. Representatives from the external auditors attend meetings by invitation and are present at committee meetings where results are approved or audit services are discussed and approved. The external auditors meet independently with the GAC when required.

Activities during the year

The Committee met four times during the year in order to discharge its responsibilities and focused on the following:

Integration of businesses that joined the Group (acquisitions)

The external auditors focus on acquisitions during the financial year when performing their annual audit. The acquisition integration process is well established. The Company Secretary, together with the Finance Function, Legal Function, HR Function and GRC Senior Manager take the employees of the acquisitions through EOH's processes and compliance requirements of the EOH Group. All employees attend a one day 'orientation day' to familiarise themselves with EOH's policies, procedures and guidelines. The financial systems of the acquired entity are aligned to EOH's financial systems to ensure visibility, transparency and ease of reporting. This migration ensures standardised financial reporting and controls throughout the Group.

Profit warrant audits, where applicable, are conducted by the external auditors as and when required in terms of the contractual obligations of the purchase and sale agreements. These services are billed separately.

Combined Assurance Model

In line with King IV, a combined assurance model is used to ensure the effectiveness of processes and internal controls. . The model is aligned to the roles and responsibilities of the Risk, Governance and Compliance model. There is regular interaction between businesses and independent assurance providers. Divisional Financial Directors oversee the financial management function of the various operations. Finance staff report to the centre (shared services) and are rewarded based on their performance, not based on the performance of the Group. A Risk, Governance and Compliance ('GRC') framework is in place.

A separate, independent, robust and effective internal audit function is being established to strengthen the combined assurance model.

The unbundling of the GCT group of companies

The Committee provided input and received regular feedback from management, legal advisors and IFRS consultants regarding the unbundling of the GCT group of companies (effective 31 October 2017) which is more fully reported on in note 31 of the Annual Financial Statements for the year ended 31 July 2018.

Legal matters

The Committee received and reviewed the consolidated litigation report from the group's primary litigation attorneys.

Annual Financial Statements

The Committee reviewed and recommended approval to the Board of the Annual Financial Statements and summarised financial results, interim and preliminary announcements and all other announcements on the Group's financial performance for the year ended 31 July 2018.

Group Financial Director

The Committee confirms that it is satisfied with the expertise and experience of the Group Financial Director, John King, BCom, BAcc, CA(SA) during his tenure as financial director.

Finance Function

The Committee has reviewed the appropriateness of the expertise, resources and experience of the Group's Finance Function and confirms to shareholders that the Finance Function is effective. The Committee has ensured that appropriate financial reporting procedures exist and are working.

Review of internal financial controls

The effectiveness of internal financial controls remains the responsibility of the Committee. The group has an approved framework for financial controls implemented by the company and its subsidiaries. The required tests and assessments are performed by the external auditors and by the divisional finance directors. Nothing has come to light to indicate that there has been any material breakdown in the functioning of the controls and no material unrecorded loss has been identified for the year and up to the date of this report.

The Committee is of the opinion, having considered the assurance provided by management, divisional finance directors and external service providers, that the Group's system of internal financial controls, in all material aspects, are effective and provide reasonable assurance that the financial records may be relied upon for the preparation of Annual Financial Statements. The Committee has not received any material concerns regarding the accounting practices of the company, its financial statements, internal controls or related matter.

External auditors

The Committee is responsible for the appointment of the external auditor and overseeing the external audit process. The Audit Committee is satisfied with the performance of the external auditors and that the audit firm acted with unimpaired independence, free from any scope restrictions.

The Committee considered the findings reported by the External Auditors as part of its assessment of the adequacy of the company's internal financial controls and was satisfied that the matters were satisfactorily reported in the AFS for the year ended 31 July 2018.

The Audit Committee has considered the JSE's most recent report on their proactive monitoring of financial statements, and those of previous periods, and has taken appropriate action to ensure that any such findings were taken into account when preparing the annual financial statements for the year ended 31 July 2018.

The Committee requested the external auditor to provide the information detailed in JSE Listing Requirements 22.15(h) as it is required to do annually before being continued for re-appointment. The Committee has reviewed the performance of the external auditor and has nominated, for approval by the shareholders at the forthcoming annual general meeting, Mazars (Gauteng) Inc. as the external auditor for the 2019 financial year.

The Committee has satisfied itself that the audit firm and the designated auditor are accredited and do not appear on the JSE List of Disqualified Auditors.

The Committee has, inter alia:

- Determined the terms of engagement and fees to be paid to Mazars (Gauteng) Inc.;
- Reviewed the quality and effectiveness of the external audit process and ensured that the designated audit partner was independent;
- Monitored the independence of Mazars (Gauteng) Inc.;
- Approved contracts for non-audit services rendered by Mazars (Gauteng) Inc, particularly in relation to 'profit warrant' audits;
- Ensured that there is a process for the Audit Committee to be informed of any reportable irregularities identified by Mazars (Gauteng) Inc. (as per the Auditing Profession Act);
- Nominates that Mazars (Gauteng) Inc. be re-appointed as external auditors by shareholders at the AGM to be held in 20 February 2019; and
- Ensured that the appointment complies with the Companies Act and other relevant legislation.

CORPORATE GOVERNANCE

Annual Integrated Report

The Committee oversaw the preparation of the Annual Integrated Report for the year ended 31 July 2018 and has:

- Considered factors and risks that could impact the integrity of the Annual Integrated Report;
- Considered the basis on which the Company and Group has been assessed as a going concern and ensured that solvency and liquidity tests have been performed and covenant ratios met;
- Reviewed the Annual Financial Statements and the accounting policies and notes thereto;
- Considered whether there were any material sustainability issues;
- Reviewed the content of the report to ensure that it provided a balanced view; and
- Recommended the Annual Integrated Report to the Board for approval.

Sustainability policy

The Committee, in conjunction with the Social and Ethics Committee, has ensured that the relevant management structures and processes are in place to meet the objectives of EOH's sustainability policy. Refer to the Sustainability Report on pages 22 to 31.

Audit Committee recommendation

The Committee hereby confirms the following to shareholders.

Going concern

The Committee has reviewed and considered the applicability of the going concern assertion by management. The Committee concluded that the Group is a going concern for the foreseeable future.

Statutory reporting

The Committee has evaluated the Consolidated Annual Financial Statements for the year ended 31 July 2018 and considers that the Group complies, in all material respects, with the Companies Act, IFRS, SAICA Financial Reporting Guide as issued by the Accounting Practices Committee, the JSE Listings Requirements and applicable legislation.

Annual Integrated Report

The Committee, having fulfilled the oversight role regarding the reporting process and all material factors that may impact the integrity of the Annual Integrated Report, recommended that the Annual Integrated Report and the consolidated Annual Financial Statements for the year ended 31 July 2018 be approved by the Board. The Board has subsequently approved the Consolidated Annual Financial Statements which will be open for discussion at the AGM on 20 February 2019.

Conclusion

The Committee is satisfied that it has met the requirements of its Terms of Reference.

Ismail Mamoojee
Chairperson, Audit Committee
Independent Non-executive Director

19 November 2018

GOVERNANCE AND RISK COMMITTEE REPORT

The Board is responsible for governance and risk management in the Group. The Governance and Risk Committee is responsible for ensuring the effectiveness of the Enterprise Risk Management (ERM) system and framework.

The Committee is charged with ensuring the effectiveness of the risk and compliance systems. The EXCO is accountable to the Board and Governance and Risk Committee for adherence to and implementation of the ERM Framework, whilst EOH Ambassadors (sales and leadership) have a responsibility to communicate and inform the EOH EXCO of associated opportunities and risks.

Opportunities and risks are considered across all statutory, operational and functional areas.

Composition of the Committee

The composition of the Committee is as follows:

- Jesmane Boggenpoel (Appointed 1 July 2018)
  - Chairperson, Independent Non-executive Director
- Rob Sporen
  - Independent Non-executive Director
- Tshilidzi Marwala
  - Independent Non-executive Director
- Ismail Mamoojee (Appointed 1 July 2018)
  - Independent Non-executive Director
- Zunaid Mayet (Replaced by Stephen van Coller 1 September 2018)
  - EOH Group Chief Executive Officer
- John King
  - EOH Group Financial Director and Risk Officer

Members resigned during the year

- Grathel Motau (Resigned 12 March 2018)
  - Independent Non-executive Director

Responsibilities

The Committee is responsible for ensuring effective oversight:

- Oversee the development and annual review of the Risk Policy and Risk Management Plan.
- Monitor the implementation of the Group Risk Policy and Group Risk Plan by management.
- Oversee integration and embed risk management in the business activities and culture of the organisation.
- Liaise closely with the Audit Committee to exchange information relevant to risk.
- Express the Committee's formal opinion to the Board on the effectiveness of the Risk Management Process and acceptable risk tolerance levels.
- Oversee the establishment of business continuity arrangements that allow the business to continue to operate under adverse circumstances, and to withstand and recover from such adverse conditions.

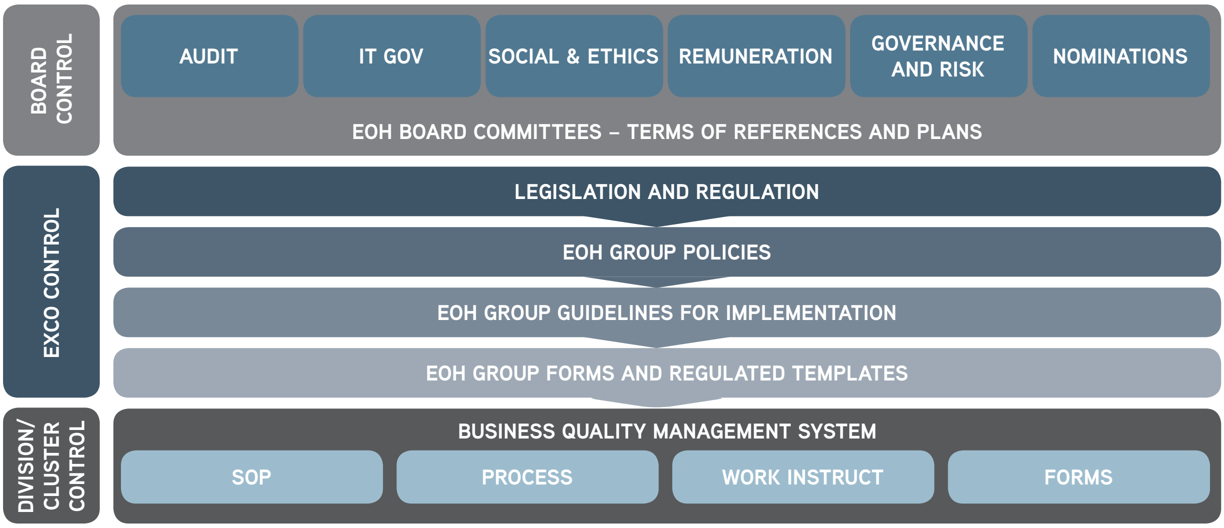
CORPORATE GOVERNANCE

Governance and Risk overview

During the financial year the Committee has extensively reviewed and significantly strengthened the risk management tools and processes. This remains an area of focus.

The number of Divisional and Cluster Risk Champions have been increased and regular risk meetings are held to support EXCO and management who are responsible for risk assessment and opportunity management – King IV principle 4 and 11. Progress will be monitored and reported on quarterly.

Governance and Risk process



During the year efforts were made to start making the business units accountable for risk management as the designated Risk Champions. As a result Business Unit heads have to include risk management in their periodic reporting to Cluster heads. Corporate provides guidance and support and this is standardising risk management across the multiple legal entities and divisions within the Group. At the executive level, EXCO is responsible for implementation of the ERM programme within their area of responsibility.

The following risk response categories, actions and mandates have been implemented:

Activities during the year

Material matters escalated to the ERM Board Committee and the Board included the possible reputational damage following the GCT unwind and various adverse media reports.

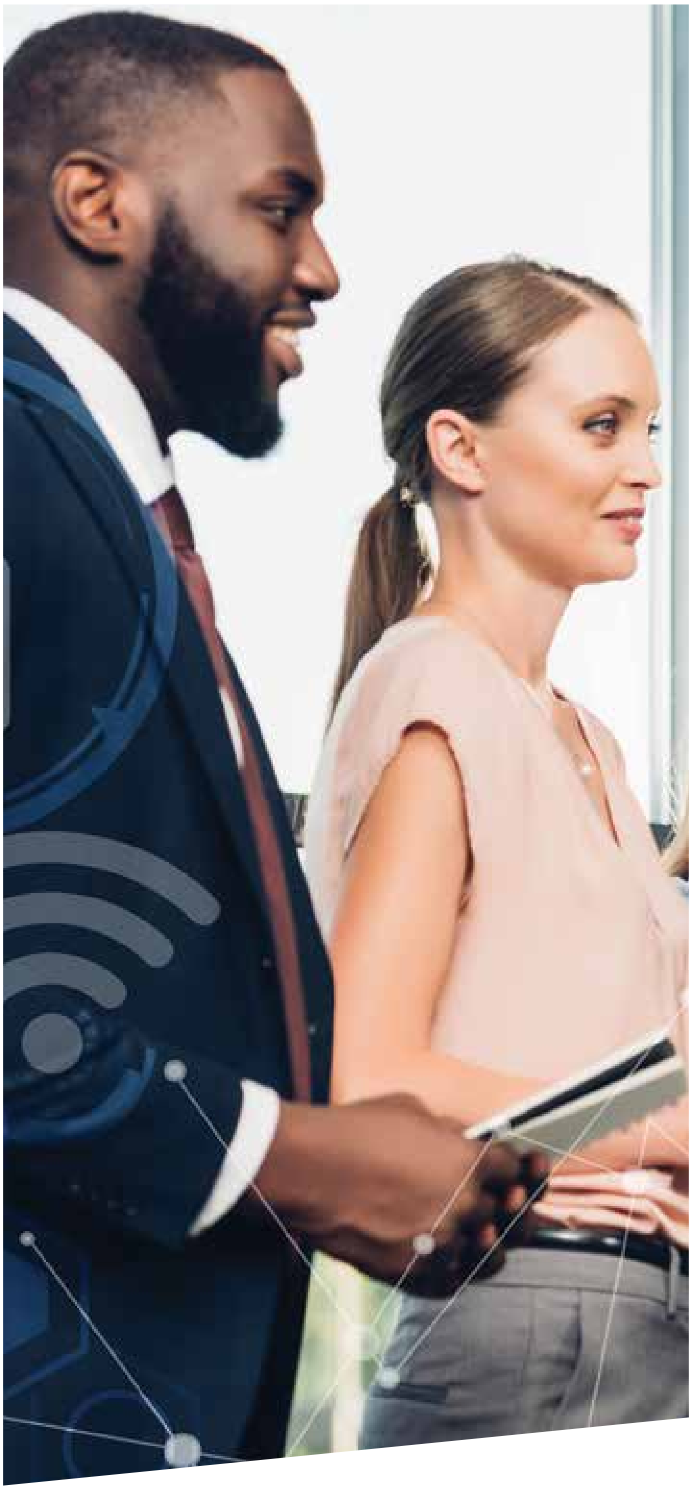
The plan to implement a formal Internal Audit Function was initiated. However full implementation was delayed because of changes in directors and the associated changes to the Board. This project will continue in the 2019 year.

The previous Chairperson of the Committee, Grathel Motau oversaw Project WiseOwl which was an internal programme designed to review of EOH's Governance Framework, policies, procedures and toolkit with a particular focus on Anti-Bribery and Corruption policies; review of material public sector contracts; review of the Public Sector bidding process; and the re-accreditation of third party partners and suppliers.

The Committee has overseen and received regular feedback from ENS who were appointed to review the outcomes of Project WiseOwl; to carry out a fact-finding review of the GCT group of companies; overall review of EOH's Governance Framework; and perform ad-hoc investigations and open-source due diligence reviews. ENS is assisting EOH become ISO 37001 compliant (International Standard on Ant-bribery and Corruption). ENS currently reviews all public sector bids (that meet predetermined criteria) prior to them being submitted.

The Committee met twice during the reporting period and ensured that:

- The Policy Framework was reviewed and updated.
- The Code of Conduct and the Zero Tolerance on Corruption and bribery policy was strengthened.
- All legal templates were reviewed and updated.
- The automated workflow procedures for annual declarations was implemented.
- Additional controls were implemented for Bid management.
- The new Joiner due diligence process for new acquisitions was enhanced.
- The Vendor registration and verification process was strengthened and automated.
- Quarterly risk meetings were held by each Division.
- Approval for the implementation of an anonymous "whistleblowing" system in 2019 year was obtained.
- To supplement the services of ENS, EOH has engaged the services of the University of Stellenbosch (Corporate Governance Department) to review and streamline EOH's governance framework.
- The 'Ambassador' training programme was introduced to enhance awareness and the consistent application of good business practice across the Group. To date over 250 leaders have participated in the programme.



Conclusion

The statutory and regulatory compliance framework is changing at a rapid rate. The importance of setting the tone from the top was emphasised to prevent and mitigate reputational risk.

ENS concluded a positive sign off with recommendations to the Committee and the Board, that are being implemented.

Jesmane Boggenpoel
Chairperson, Governance and Risk Committee
Independent Non-executive Director

19 November 2018

REMUNERATION COMMITTEE REPORT

The remuneration report highlights the key components of the remuneration policy and how this policy translates into reward outcomes.

The Remuneration Committee ('the Committee') is tasked by the Board to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of the Group's strategy and grow shareholders value. The policy aims to attract and retain skilled resources which is aligned with shareholders' interests.

King IV, and specifically Principle 14, addresses fair, responsible and transparent remuneration practices that promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.

Role and responsibilities of the Remuneration Committee

The role of the Committee is to:

- Ensure that the Company remunerates staff, management, directors fairly and responsibly;
- Ensure that the remuneration policy promotes the achievement of strategic objectives and encourages individual performance;
- Approve material HR policies for the EOH Group;
- Approve proposals for average annual salary adjustments across the Group;
- Consider the status of Employee Benefits and Standard Conditions of employment;
- Oversee the setting and administering of remuneration at all levels in the Group;
- Ensure that the mix of fixed and variable pay meets the Group's needs and strategic objectives;
- Ensure that remuneration is appropriately benchmarked;
- Ensure that remuneration structures are reasonable;
- Consider the results of the evaluation of the performance of the CEO and other executive directors;
- Review incentive schemes/retention schemes to ensure that the incentive schemes/retention schemes are administered in terms of the rules of some schemes;
- Approve proposals on new short-term and long-term incentive schemes and where appropriate make recommendations to the Board for approval by shareholders;
- Consider the appropriateness of the early vesting of share options at the end of employment;
- Support the CEO in the measurement criteria used to measure the performance of Executive Directors in discharging their functions and responsibilities;
- Review the objectives relevant to the setting of the remuneration of the CEO;
- Review the outcomes of implementing the remuneration policy to ensure that the required objectives are being achieved;
- Advise on the remuneration of non-executive directors;
- Ensure that the disclosure of directors' remuneration in the Annual Financial Statements of the Group are accurate, complete and transparent; and
- Oversee the preparation of the Remuneration Committee's report, which includes a background statement, the overall Remuneration Policy and the Implementation Report, which forms part of the Annual Integrated Report.

Composition of the Committee

- Rob Sporen
  - Chairman, Independent Non-executive Director
- Ismail Mamoojee (Appointed 1 July 2018)
  - Independent Non-executive Director
- Pumeza Bam
  - Non-executive Director

Members resigned during the year

- Lucky Khumalo
  - Independent Non-executive Director

The Group Chief Executive Officer (CEO), Group Financial Director and Group Human Resources Director attend committee meetings by invitation.

The Remuneration Committee meets formally at least twice a year. The Chairman of the Board and the Group CEO meet as and when required to discuss the performance of the executive directors.

Background statement

EOH's primary remuneration philosophy is to employ and reward high-calibre and high-performing employees who subscribe to the values and culture of EOH. EOH recognises that people are integral to the achievement of corporate objectives and that they should be remunerated accordingly for their contribution and the value that they deliver. Executive remuneration must be fair and responsible in the context of overall remuneration in the Group.

EOH's remuneration strategy is to use a combination of guaranteed annual salaries (with benefits commensurate with the market place) bonus/commission arrangements and profit incentive arrangements to reward short-term operational performance; and share options (long-term retention mechanism) to retain high-performing individuals.

The Remuneration Policy underpins EOH's Group strategy, and it supports the EOH Philosophies of Best People, Partner for Life, Right 1st Time, Sustainable Transformation and Lead and Grow.

EOH's Remuneration Committee approves the remuneration policies and practices to ensure that they are fair, responsible and transparent. This ensures that the best people are attracted, motivated, rewarded and retained which promotes a high-performance culture across the Group.

The remuneration approach throughout the Group considers EOH's strategic objectives and EOH's role as a responsible corporate citizen in our economically active market place across industries. The following contributing factors were considered when designing the remuneration model:

- Business requirements and skills development;
- Competitive market behaviour and affordability;
- Links between strategy, risk and reward; and
- Performance contributions and the quality of delivery.

Remuneration is set at levels that are competitive and appropriate within the specific markets and industries in which the Group operate.

Governance

The Remuneration Committee is responsible for developing and administering the Remuneration Policy. It plays a significant oversight role relating to the remuneration paid and rewards accruing to EOH management and staff.

The Remuneration Policy is reviewed regularly by the Group CEO, and if deemed appropriate, considered by the Remuneration Committee for recommendation to the Board. Any amendments are formally approved by the Board of Directors.

The responsibility for the fair and equitable implementation of the Remuneration Policy is the responsibility of management with the assistance of Human Resources executives.

The Remuneration Policy and Implementation Report will be published annually as part of the Integrated Annual Report as recommended by King IV.

The Remuneration Policy and Implementation Report will be tabled at each AGM.

CORPORATE GOVERNANCE

EOH Remuneration Policy

EOH's Remuneration Policy aims to ensure sustainable value through sustainable growth; the setting of appropriate policies and structures; by setting strategic targets and objectives; by being the employer of choice; and ensuring good governance.

Sustainable Growth	Policy and Structures	Strategy and Objectives	Employer of Choice	Governance
Shareholder interest	Transparent and understandable	Linked performance-based incentives	Competitive with market norms and benchmarks	Compliant with applicable laws and regulations

Key Principles

The key principles of EOH's Remuneration Policy are:

- To provide appropriate remuneration packages to attract, retain and motivate staff, whilst giving consideration to remuneration levels, both within EOH and benchmarks outside EOH;
- To ensure that packages are competitive as talent is mobile, both locally and globally, and to take advice from external remuneration specialists from time to time to meet these objectives;
- Guaranteed remuneration is targeted broadly at the median position of the relevant market data. Annual salary adjustments are governed by factors such as the consumer price index ('CPI'), retention strategies, the producer price index ('PPI'), industry performance, contractual arrangements and affordability;
- The guaranteed remuneration package is intended to provide all employees with pay which is satisfactory given their responsibilities;
- The annual package includes the cost to EOH of all forms of remuneration, including basic salary, travel and other allowances, and the advice and facilitation of retirement savings, risk insurance, life cover and medical aid;
- Permanent employees are required to belong to a medical aid scheme;
- Permanent employees are members of a defined contribution provident fund scheme – the assets of the provident funds are managed independently and do not form part of EOH's assets;
- Variable pay is often an important component of remuneration and both short-term and long-term performance-based schemes are in place in support of EOH's business strategy;
- The objective is, amongst others, to value and reward individual contributions;
- In applying the above-mentioned principles, remuneration within EOH should remain within the income range associated with the applicable job profile, and in accordance with market trends, qualifications, experience, knowledge and performance of the employee.

In addition to these principles, the following additional principles apply to management and key individuals:

- The Remuneration Committee has approved that the Group CEO is empowered to determine the remuneration packages of senior executives based on the guidelines agreed at the Remuneration Committee meetings;
- Incentive scheme performance measures are assessed by the Remuneration Committee – these measures include corporate performance, individual performances, and financial and non-financial criteria;
- Performance measures are taken into account before issuing share options in terms of the long-term share incentive retention schemes;
- Annual bonuses are based on performance for the financial year.
- A principle underlying variable pay is that senior executives and managers have more influence over the outcome of the overall performance of EOH, its divisions, clusters and/or business units and hence variable pay is linked to the achievement of specified performance criteria and budgets;
- Variable pay is designed to incentivise and reward both team and individual effort, and the share retention schemes serve as a tool to retain management and key staff needed to achieve the goals of a business unit and/or division;
- Executive reward is by its nature individualistic and performance-based. Accordingly, there is a guaranteed component of an executive's remuneration with a variable component specific to each individual's performance.

Retention Schemes

The Group has three share schemes, the EOH Share Trust, the Mthombo Trust and the EOH Share Ownership Plan. Under the terms of the EOH Share Trust, up to 18 000 000 shares are reserved for share options. The share options are equity settled.

The EOH Share Trust

The scheme is governed by a Trust Deed approved by shareholders and is a registered Schedule 14 Share Trust approved by the JSE Limited. The primary objective of the share trust is to retain highly skilled and talented individuals. Should a person leave, any unvested share options are forfeited. Share options are only issued to high-performing individuals based on their contribution to the Group. The option strike price is the share price at the date when share options are offered less a 40% discount.

Share options vest in four tranches, with the first tranche being 24 months after the initial grant date. The vested share options will lapse ten years after grant date.

- 25% of share options after two years
- 25% of share options after three years
- 25% of share options after four years
- 25% of share options after five years

The Mthombo Trust

The scheme is governed by a Trust Deed approved by shareholders and was specifically introduced to promote black economic transformation. It is a B-BBEE scheme with the only participants being qualifying EOH employees. The option strike price is the share price at the date when share options are offered less a 40% discount.

Share options vest in three tranches, with the first tranche being 36 months after the initial grant date. The vested share options will lapse eight years after grant date.

- 33,33% of share options after three years
- 33,33% of share options after four years
- 33,33% of share options after five years

The Share Ownership Plan (SOP)

The Company has reviewed its current share option schemes in the context of local and global practice, shareholder feedback and the pressing need to attract, retain and engage critical talent. The outcome of this process is that a new share plan, the "Share Ownership Plan" (SOP) will replace the existing share option scheme, the EOH Share Trust, as the Company's primary long-term incentive plan. The key objective of this change is to ensure the attraction and retention of key individuals in the Company, to enable a sustainable succession planning strategy and to foster better alignment between executives, staff and shareholders.

The SOP will provide employees with the opportunity of receiving shares in the Company through the award of conditional rights to shares, which vest over a five year period subject to continued employment and the achievement of company performance conditions, where applicable. All awards to executive directors and prescribed officers made in terms of the SOP will be subject to sufficiently stretching company performance conditions as determined to be appropriate by the Committee and disclosed annually in the Remuneration Report. Shares to settle SOP awards will be purchased in the market, and no new shares will be issued in settlement. Compared to the current Option plan, the SOP awards will be less volatile, less dilutive, more aligned with the creation of shareholder value (share price growth and dividends) and the performance conditions will be linked to critical company outcomes for which our executives are accountable, including earnings growth, return on capital, cash flow, and key measures of sustainability.

The SOP will be used as follows:

- Once-off awards of conditional shares to employees with unvested options under the EOH Share Trust to address immediate retention risks. The purpose is to replace the employees' unvested options on a fair value exchange basis. Top-up awards will also be granted to selected employees on a once-off basis; and
- To make annual awards in line with market benchmarks.

Non-executive Director remuneration

The remuneration of non-executive directors is based on proposals from the Remuneration Committee, which are submitted to the Board for approval. Non-executive directors sign engagement letters with the Company which set out their duties and remuneration terms.

The term of office of non-executive directors is governed by the Memorandum of Incorporation, which provides that directors who have served for three years will retire by rotation.

The remuneration of non-executive directors who serve on the Board and its committees is reviewed by the Remuneration Committee on an annual basis and recommended to the Board for approval. Remuneration is compared with that of selected peer companies and is a market-related.

Non-executive remuneration is paid monthly, based on an annual retainer fee.

Fees are approved annually on this basis at the annual general meeting.

Remuneration Implementation Report

Purpose

The purpose of the Implementation Report is to show how the Remuneration Policy has been applied.

The EOH remuneration model structures remuneration in a fair and responsible manner between executives and staff. It is furthermore cognisant of the responsibility, accountability, competencies, institutional IP, performance and scarcity of skills.

The Remuneration Policy has been implemented across the Group at all levels. Excellent performance was rewarded, which ensured the retention of key talent and high performers. Conversely, poor performance was managed.

CORPORATE GOVERNANCE

Types of Remuneration models implemented

The remuneration types are based on the remuneration model below:

Guaranteed Fixed Package

- Fixed
- Guaranteed level of earnings per pay period
- Set around the median of the specific role and responsibilities

Short-term based Incentives

- Variable
- Payable annually for linked achievements per set period
- KPIs aligned to strategic and personal performance

Long-term based Incentives

- Variable
- Payable for sustained corporate performance
- KPIs aligned to strategic and business performance

The details of each of the elements of the remuneration types are summarised below:

Type	Description	Components	Purpose	Eligibility	Authority
Guaranteed Fixed Package	• Fixed • Structured Total Cost to Company (Benchmarked against independent data)	• Basic Salary • Qualified allowances • Retirement related contribution • Medical Aid related contributions • Insurance related contributions • Leave enhancement (MEIBC employees only)	• Reflects the scope and depth of the role • Based on the level of responsibility required and skills and/or experience	• All management and staff	• CEO where appropriate • EXCO • Divisional Director
	• Variable • Performance-based criteria	• Commission • Key Performance Indicators	• Per agreement • Agreed Key Performance Indicators	• Management and Key Individuals	• CEO (if Executive Director) • EXCO where appropriate • Divisional Director
Short-term based Incentives	• Linked to agreed KPIs delivered annually measured against objectives and targets	• Bonus schemes	• Rewards personal performance	• Management and key individuals	• CEO (if Executive Director) • EXCO (where appropriate) • Divisional Director
		• Discretionary bonus payments	• Rewards individuals for specific performance which impacts Group performance	• Management and key individuals	• EXCO
Long-term based Incentives	• Share option retention schemes	The Mthombo Trust	• Employment Equity retention mechanism to promote B-BBEE for top performing individuals	• Qualifying previously disadvantaged employees and key employees	• Approved by CEO • Ratified by Trustees
		The EOH Share Trust	• Retention mechanism for top performing individuals	• Executives • Senior Management • Key employees	• Approved by CEO • Ratified by Trustees
		Share Ownership Plan	• Attraction and retention mechanism for top performing individuals	• Executives • Senior Management • Key employees	• Approved by CEO • Endorsed by Remuneration Committee

Remuneration reviews and increases

The salaries of employees are reviewed each year. Employees' salaries are recommended by the business unit leaders and are approved by the Group CEO. Various macro factors are taken into account including CPI, market and trading conditions, skills shortages in specific areas and salary surveys/benchmarks. Increases are considered based on market information, organisational performance and affordability. Changes in the scope and roles of individuals are specifically considered.

The Group CEO, Group Financial Director and Group HR Director are employed in terms of executive employment contracts with a notice period of six months. Other executive directors and senior management are employed in terms of standard employment contracts with a notice period of three months. All directors sign restraints of trade agreements for a minimum period of 12 months following their resignations as directors.

Bonuses are paid to certain employees based on them meeting pre-determined performance criteria.

In addition to basic remuneration, long-term incentive benefits are allocated to management and key individuals who have met their key performance criteria and EOH wishes to retain over the long-term. A basic formula is applied to calculate share option allocations but discretion is applied to ensure that it is reasonable. See note 36 Directors' interest in shares of the Company; note 37 Directors' remuneration for the period whilst a director; and note 38 Share based payments.

Performance criteria for senior management and executives are set. Criteria are set for short-term incentives based on Divisional and Group performance. Profit before tax ('PBT') calculated net of 'working capital related interest' targets are set and achievement is calculated pro rata between 50% and 100%, thereafter, linear, and capped at 150%. Additional Debtors Days (including work in progress and revenue accruals) incentives are set and measured. The achievement excludes acquisitions and acquisition related costs.

Target setting and weighting of bonuses	Percentage of bonus (weighting) %	Maximum payment* %
Targets are set and bonuses weighted based on certain criteria.		
Achievement of divisional/Group PBT after 'Working Capital related interest'	70	150
Realisation of debtors' days and cash conversion	30	150

** This indicates the maximum that a person can be paid as a percentage of target bonus amount.*

Outcome of implementation of Remuneration Policy

- Fair and responsible remuneration of employees;
- Sustainable growth and profitability of the EOH Group;
- Low staff turnover; and
- The retention of management and key individuals.

CORPORATE GOVERNANCE

Activities during the year

The following areas have been addressed during the year:

- Reviewed and approved the range of average salary increases for the financial year ending 31 July 2019;
- Reviewed non-executive directors' remuneration for the financial year ending 31 July 2019 for approval at the next AGM;
- Reviewed and approved the Remuneration policy;
- Approved a new Share Ownership Plan;
- Reviewed the Remuneration Implementation Report.

Forward-looking statement

The EOH Group went through a significant business transformation process during 2018, resulting in a new business operating model and strategy going forward. In addition, there were significant changes to the leadership of the organisation, both at Board level and the Executive Management level. The new Group CEO took office on 1 September 2018.

Against the back-drop of the organisational changes, and also taking into consideration the feedback received from shareholders in the previous Annual General Meeting which took place on 12 April 2018, where the Remuneration policy was not supported, we have initiated a process to further review our Remuneration policy in more detail. EOH has, subsequent to the Annual General Meeting, also extended an invitation through SENS on 13 April 2018 to all shareholders to engage on the Remuneration policy.

The overall objective of the review is to effectively align our remuneration model with the strategic objectives of the business, as well as to ensure a much stronger link between pay and performance. We will be in a position to provide a detailed update on the review process by end of January 2019.

At its core, our remuneration philosophy going forward will aim to promote the Group's entrepreneurial culture in a decentralised environment, with the aim of achieving sustainable growth within all our businesses. Our philosophy will put emphasis on the fundamental value of all our employees, and their role in attaining sustainable growth through fair and balanced remuneration practices. Within this framework, the Board will determine specific remuneration policy and practices that are designed to offer an equitable remuneration mix that attracts, motivates and retains the appropriate calibre of Talent needed to operate our business.

The key principles that will inform our philosophy are as follows:

- A critical success factor for the Group is its ability to attract, retain and motivate the talent required to achieve operational and strategic objectives. Both short- and long-term incentives will be used to this end.
- Delivery-specific short-term incentives are viewed as strong drivers of performance. A portion of senior management's reward will be variable and determined by the achievement of realistic profit targets together with an individual's personal contribution to the growth and development of their immediate business, the applicable division and the wider Group.
- Long-term incentives align the objectives of management and shareholders for a sustained period.
- Remuneration policies, procedures and practices will be consistent with, and supportive of effective risk management and adherence to good corporate governance.
- Employees will be rewarded on a total rewards basis, which includes fixed, variable, short- and long-term as well as intangible rewards, in line with market practice.
- The option to pay a low or 'no performance' bonus should the performance of the group, division or individual warrant it.

Conclusion

The Remuneration Committee met twice during the 2018 financial year and conducted its affairs in compliance with its Terms of Reference. The Committee is satisfied that the overall principles set out by King IV have been applied and that the Companies Act has been adhered to.

Rob Sporen
Chairman Remuneration Committee
Lead Independent Non-executive Director

13 November 2018

NOMINATIONS COMMITTEE REPORT

The Nominations Committee ('the Committee') identifies and evaluates suitable candidates for appointment to the Board and its sub-committees.

The key function of the Committee is to ensure that the Board and its committees are appropriately structured and resourced to enable them to efficiently fulfil their duties in terms of their Charters or Terms of Reference. The Committee ensures that appointments to the Board and committees are governed by a formal and transparent process.

The Committee acknowledged the need for the Board to be re-constituted to represent a balance between executive and independent directors, further the Committee also sought the required skills and experience.

With regard to potential appointments, consideration is given to their independence, experience, diversity, skills and demographics. All new appointees are subject to confirmation of appointment by shareholders at the next AGM.

Roles and responsibilities of the Nominations Committee

The Committee is responsible for:

- Ensuring that the size and composition of the Board is appropriate to enable it to execute its duties effectively and to annually review such;
- Making recommendations to the Board for the appointment of executive directors and the appointment and re-appointment of non-executive directors;
- Annually reviewing the independence of non-executive directors, taking into account all applicable corporate governance requirements;
- Ensuring that directors undergo proper 'on-boarding'/induction.
- Ensuring that directors receive ongoing training as and when required;
- Ensuring that formal succession plans are in place for members of the Board, the CEO and senior executives; and
- Assisting the Chairman and the Board in evaluating the performance of the Board, its committees and individual directors.

Composition of the Committee

- Rob Sporen
  - Chairman, Independent Non-executive Director
- Asher Bohbot
  - Non-executive Director
- Pumeza Bam
  - Non-executive Director

Members resigned during the year

- Lucky Khumalo
  - Independent Non-executive Director

CORPORATE GOVERNANCE

Activities during the year

The Nominations Committee met twice during the year. The Group CEO, Group Financial Director and Group Human Resources Director attend committee meetings by invitation.

During the year the following persons were appointed to the Board:

Name	Position	Date
Asher Bohbot	Non-executive Chairman	12 March 2018
Tebogo Maenetja	Executive Director (Group HR Director)	12 March 2018
Jesmane Boggenpoel	Independent Non-executive Director	1 July 2018
Ismail Mamoojee	Independent Non-executive Director	1 July 2018
Stephen van Coller	Executive Director (Group CEO)	1 September 2018

The following persons resigned from the Board:

Name	Position	Date resigned
Audrey Mothupi	Independent Non-executive Director	31 August 2017
Grathel Motau	Independent Non-executive Director	12 March 2018
Sandile Zungu	Independent Non-executive Director	12 March 2018
Rob Godlonton	Executive Director	1 July 2018
Brian Gubbins	Executive Director	1 July 2018
Lucky Khumalo	Independent Non-executive Director	1 July 2018
Ebrahim Laher	Executive Director	1 July 2018
Jehan Mackay	Executive Director	1 July 2018
John King	Executive Director (Group Financial Director)	3 October 2018

The Committee has assessed and continues to reassess the composition of the Board and its sub-committees. The Committee fulfilled its duties in compliance with its mandate as per the Terms of Reference.

Conclusion

The Committee is satisfied that the overall principles laid down by King IV have been applied and that the Companies Act and the regulatory and statutory requirements have been adhered to.

Rob Sporen
Chairman Nominations Committee
Lead Independent Non-executive Director

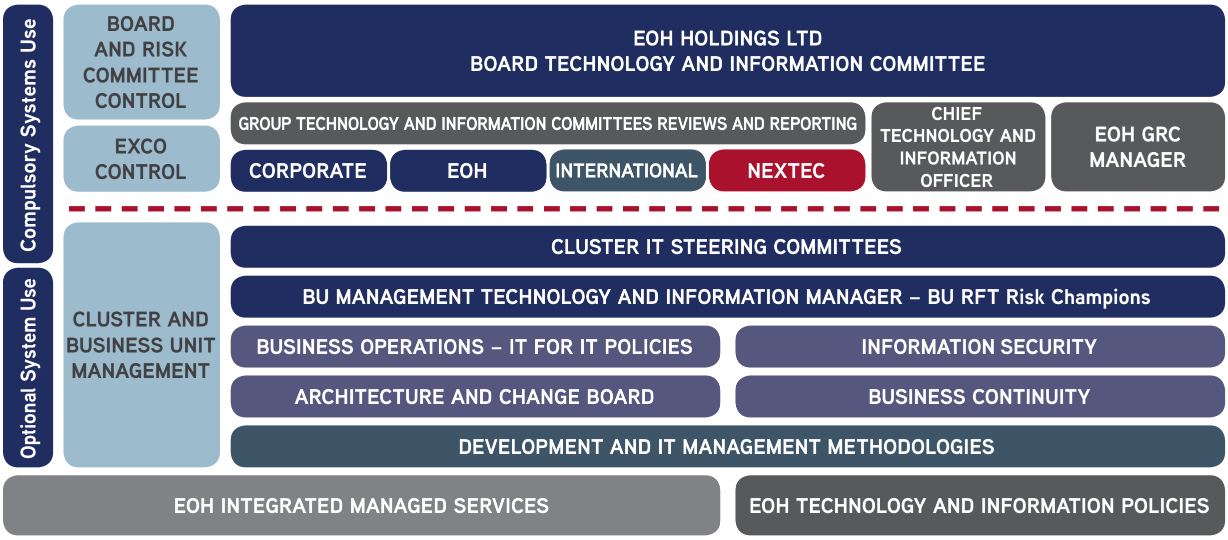
13 November 2018

TECHNOLOGY AND INFORMATION COMMITTEE REPORT

The Board is responsible for the governance and measurement of the Group Technology and Information (T&I) risk impact and mitigating actions taken to meet the strategic and operational objectives of the Group.

The T&I Committee is charged with the responsibility of ensuring that technology and information is managed, appropriately resourced and sufficiently defined to enable the operations to achieve the strategic objectives set.

Technology and Information Management Framework



The Committee is charged with ensuring the effectiveness of the risk and compliance systems relating to Information, Communication and Technology governance (King IV – Principle 12). The EOH EXCO is accountable to the Board and Technology and Information Committee for the adherence to and implementation of the T&I Governance Framework, and the effectiveness thereof, whilst EOH Ambassadors and leadership have a responsibility to communicate and inform the EOH EXCO of associated opportunities and risks.

The Board Committee members changed during the year and EOH was saddened by the passing of the CIO.

Opportunities and risks are considered across the operational and functional areas aligned to the Technology and Information policy framework.

During the past year, the statutory obligations and impact of the Protection of Personal Information and Global Data Protection Regulations was given priority. An Information Security Framework programme and a Compliance Risk Assessment process was initiated across EOH and is ongoing.

Opportunities associated with the advancement of technology and digitisation associated with the 4th Industrial Revolution was considered.

Composition of the Committee

- Tshilidzi Marwala
  – Chairperson, Independent Non-executive Director
- Zunaid Mayet (Replaced by Stephen van Coller 1 September 2018)
  – EOH CEO
- Rob Godlonton
  – EOH CEO – ICT
- John King
  – EOH Group Financial Director

Invitee

- Lisa Fielder
  – Acting Chief Information Officer

CORPORATE GOVERNANCE

Responsibilities

The Committee is responsible for ensuring effective oversight:

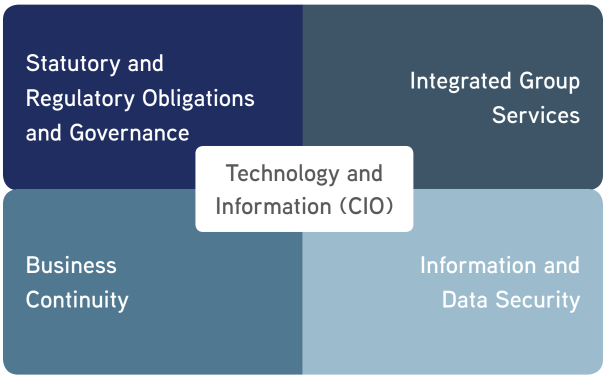
- Ensure the effectiveness of the IT strategy and to ensure that it supports the business strategy.
- Ensure the effectiveness of the integration of people, technologies, information and processes across the businesses.
- Evaluate and ensure that there is appropriate management capacity, resources and IT systems (applications, hardware, software and networks).
- Ensure technology and information risks are incorporated into risk management processes.
- Pro-actively monitor intelligence to identify and respond to incidents, including cyber-attacks and adverse media events;
- Manage the performance of, and the risks pertaining to, third-party and outsourced service providers.
- Review the capital and operating budgets for T&I activities;
- Assess the value delivered to the Group through investments made in technology and information.
- Ensure the effectiveness of governance relating to systems, programming, network and operations activities.
- Ensure effective backup procedures for all material information and the periodic testing of these arrangements through disaster planning and recovery activities to ensure business resilience.
- Ensure the responsible disposal of obsolete technology to preserve and protect confidentiality of information; and in a way that has a minimal impact on the environment.
- Ensure the responsible use of technology and information; and
- Comply with statutory and regulatory obligations.

Governance and Risk overview

The Committee approved the Policy Framework, EOH Group architecture overview and the Information Security framework to effectively discharge the Committee's responsibilities.

The 2019 year will see the development of these frameworks including the communications and change management projects to the community.

Technology and Information process

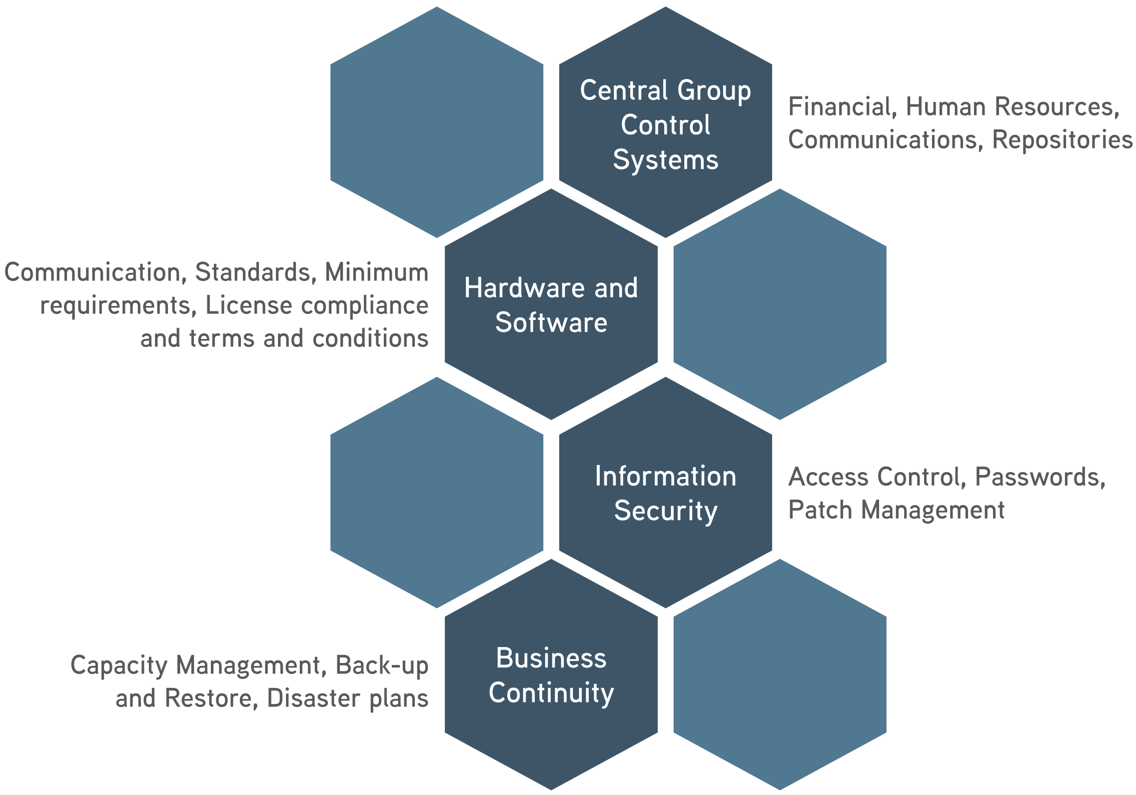


The EOH Technology and Information Committee obligation is an integrated approach where emphasis is placed on strategic and tactical objectives and associated risks.

The strategic objective setting and risk process is the responsibility of EOH EXCO and involves policy setting, system communication, determining roles and responsibilities and the clarification, measurement and review of the overall process.

The tactical objective setting and risk identification process is the responsibility of Divisional and Cluster management.

The following areas were highlighted as part of the recent compliance risk assessment.



Governance and Risk activities and performance

- The Committee met twice during the reporting period.
- Monitored the return on investment of significant IT expenditure.
- Supported the roll-out of projects including operational systems and upgrades for Human Resources and Finance; enhanced reporting systems; consolidation and standardisation of the active directory and EOH domains; network security projects; self-assessing software licensing project; self-assessing compliance risk assessment into personal information protection.
- Assessed the adequacy of the IT risk management framework.
- Reviewed the IT governance policies, procedures and controls to ensure the resilience thereof.
- Reviewed and considered EOH's IT architecture, cost and any required upgrades to enhance the user experience.
- Information Security system certification alignment with ISO 27001 initiated.
- Information Security Steerco was formed. The EOH Security blue print completed.
- Software License audits and validation processes were initiated.

Conclusion

The Committee is satisfied with the structures, procedures and system enhancements implemented to date. The Committee concluded that it has met the requirements and obligations as set out in the Committee's Terms of Reference.

Tshilidzi Marwala
Chairperson, Technology and Information
Independent Non-executive Director

16 November 2018

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee ('the Committee') assists the Board with matters relating to good business practice, ethical conduct and transformative social actions to promote EOH's purpose of being a force for good.

The Committee monitors EOH's activities in terms of legislation, regulation and Codes of Best practice relating to ethics, stakeholder engagement, strategic empowerment and compliance with transformation codes. The Committee applies international best practice to provide guidance to management in respect of its duties relating to social, ethics, transformation and sustainability issues.

Roles and responsibilities of the Social and Ethics Committee

The Committee is responsible for:

- The ethical conduct of the Company, its executives and senior officials in terms of the provisions of EOH's Code of Conduct;
- Approving EOH's Code of Conduct;
- Approving policies relating to anti-bribery and corruption and EOH's Zero-tolerance towards such, B-BBEE initiatives, EE initiatives and programmes, implementation and compliance with the PAIA Manual and the Protection of Personal Information Act ('POPI Act');
- Sustainable transformation strategies, objectives and targets and advising the Board accordingly;
- Approving the overall principles for the development of EOH's EE plan;
- Monitoring the achievement of targets set out in the terms of our B-BBEE initiatives with specific reference to the amended ICT sector code of B-BBEE Act 53 of 2003 as amended by the B-BBEE Act 46 of 2013;
- Good corporate citizenship including the promotion of equality, prevention of unfair discrimination and zero-tolerance towards bribery and corruption;
- Guidance regarding the development of communities and associated sponsorships and donations;
- Monitoring changes in legislation and Codes of Best Practice;
- Social and economic development activities of EOH including health, public safety and environmental issues; and
- Application and implementation of sound labour and employment practices.

Composition of the Committee

- Pumeza Bam
  - Chairperson, Non-executive Director
- Moretlo Molefi
  - Independent Non-executive Director
- Rob Sporen
  - Independent Non-executive Director
- Zunaid Mayet (Replaced by Stephen van Coller 1 September 2018)
  - Group Chief Executive Officer.
- John King
  - Group Financial Director

Invitee

- Isobel Townsend
  - Operations Finance Director

Activities during the year

The Committee met twice during the year and deliberated on all aspects in accordance with section 72 of the Companies Act, read in conjunction with Regulation 43 of the Companies Regulations, 2011.

Key areas of focus during the reporting period included the EE Plan, B-BBEE rating process based on the amended ICT sector code and the training and development of employees.

Transformation initiatives

The Board recognises that social and transformation issues are crucial for the sustainability of the Group and the continued investment in EOH's employees and the communities within which EOH operates is key to EOH's ongoing viability.

EOH continues its drive towards economic and social equity through the process of B-BBEE. Transformation is managed at an operational level and reported and monitored at Group level via EOH's various reporting structures. The best measure of EOH's overall success is reflected in EOH's B-BBEE rating – a Level 1 contributor under the South African Department of Trade and Industry ('DTI') Code of Good Practice – the highest rating of its peers on the JSE.

The Board has continued to monitor the implementation of the transformation program in terms of Employment Equity, ownership, Enterprise Development, and skills development. The Board is continuously assessing options and ownership models to enhance Black Ownership. Subsequent to the financial year-end, the Lebashe's Black Empowerment transaction was approved at the Shareholders meeting held on 18 September 2018. EOH is now the largest majority Black owned Technology company on the continent.

Skills development programme

Skills development is an integral part of human capital management that ensures efficiency and effectiveness and the deployment of the best skills. A workplace skills plan was prepared and submitted to the Services SETA.

Accelerated training for middle and senior management, with a focus on African employees, is in place to facilitate rapid promotion through the ranks.

EOH has various learnerships (employed and unemployed participants) and an internship programme as part of the EOH Youth Job Creation initiative. Unemployed participants obtain the opportunity to receive relevant training and to gain on-the-job experience whilst EOH employees receive additional specific training as part of a defined learnership programme.

Socio-economic development programme

EOH has a comprehensive socio-economic development programme and has partnered with organisations to help realise and support its vision. Some initiatives include the support for the Maths Centre, Afrika Tikkun, SABCOHA and several other programmes.

Additional funding is being made available for pupils who have participated in the Maths and Science programme to be placed on EOH's Learnership programme, whilst completing a graduate programme. EOH is driving this initiative in partnership with the Botihale village and the Belgium Campus.

Enterprise and Supplier Development

The Supplier Development process is continually being enhanced to provide more opportunities for Enterprise Development. This process includes the selection, partnering, development, investment and the subsequent review of such programmes and initiatives.

Preferred suppliers are being sourced by every division and being placed on a centralised technology platform for the benefit of all. All suppliers are vetted/re-accredited before being captured on the centralised technology platform. The Enterprise and Supplier Development process at divisional level has recently been standardised to ensure consistency across EOH.

Employment Equity ('EE') Initiatives

EOH continues to focus on the development of talented employees for promotion. Graduate programmes support EOH's strategy of fast-tracking talented employees.

The 2017 Diversity programme has been rolled out and specific situational training programmes, diversity toolkit and other life skills programmes developed.

Stakeholder Interaction

Together with our Investor Relations advisors, we have increased our engagement with our shareholders through surveys, direct one-on-one engagements, meetings, investor open days and local and international investor roadshows.

Reporting and Compliance Activities

EOH complies with the relevant environmental, social and governance regulatory reporting requirements. Such reporting is guided by the Global Reporting Initiatives ('GRI') guidelines. The Committee reviewed the GRC framework, including the policies relating to Zero-tolerance on bribery and corruption; Occupational Health and Safety; PAIA Manual; POPI Act; Information Security; Communication Strategy; best business practice; and EOH's Code of Conduct.

EOH has a zero-tolerance approach towards unethical behaviour and is committed to ensuring that the Group and its employees uphold EOH's reputation as a responsible and caring corporate citizen.

Conclusion

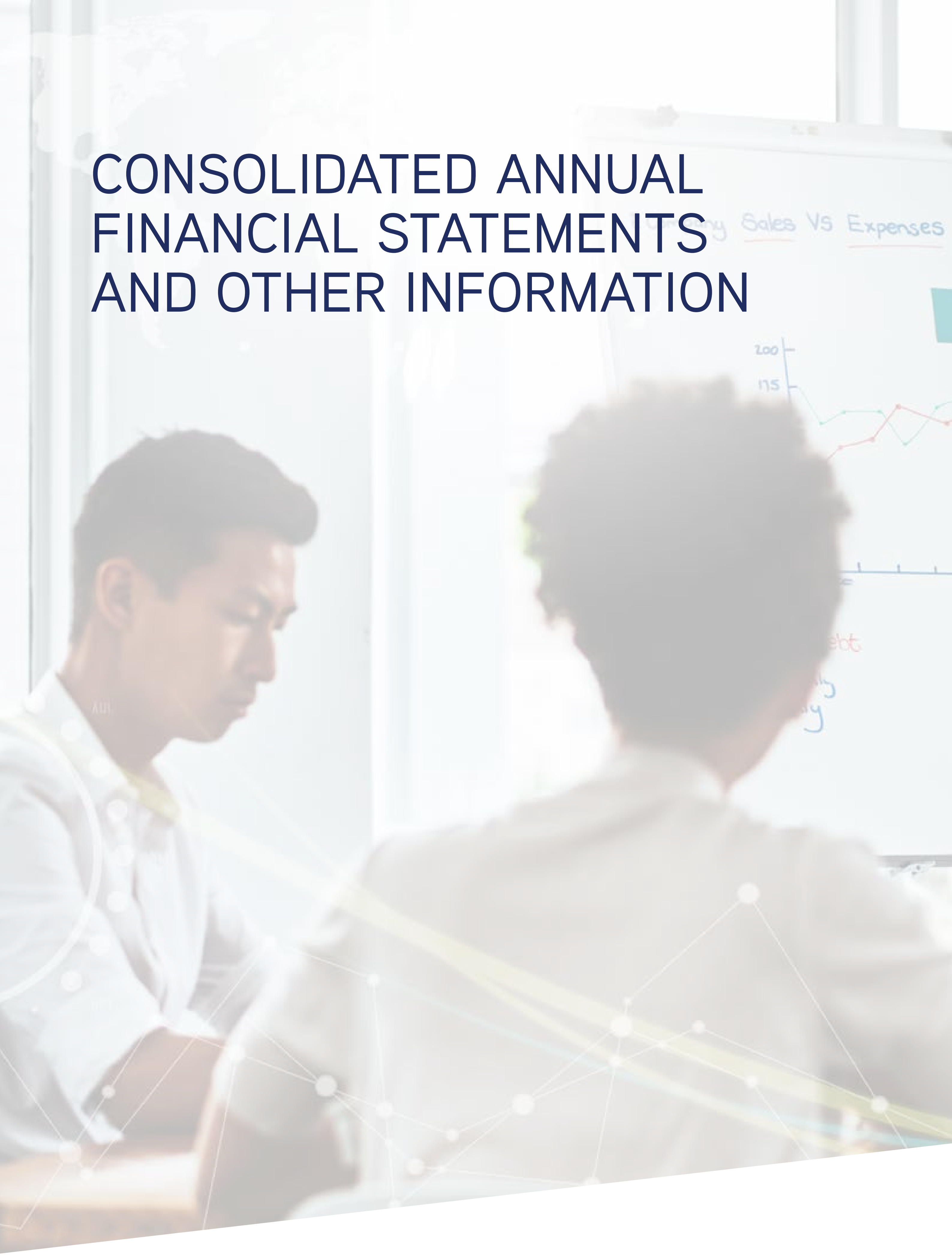
The Committee confirms that EOH gives the necessary attention to its transformation, social and ethics responsibilities and has complied with the required regulatory requirements. Policies and programmes are in place to advance social and economic development, sound ethical behaviour, fair labour practices, responsible environmental practices and good customer relations.

The Committee has conducted its affairs in compliance with its Terms of Reference and has discharged its responsibilities contained therein.

Pumeza Bam
Chairman, Social and Ethics Committee

13 November 2018

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND OTHER INFORMATION



CONTENTS

The reports and statements set out below were prepared under the supervision of John King CA(SA), and comprise the Annual Financial Statements presented to the shareholders.

Level of assurance

These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2018

The directors have pleasure in submitting their report for the year ended 31 July 2018.

Nature of business

EOH Holdings Limited ('EOH or the Company') is a holding company domiciled in South Africa that is listed on the JSE Limited under the category Technology: Software and Computer Services. EOH and its subsidiaries ('the Group'), is the largest technology services company in Africa and has a wide range of solutions in Industry Consulting, IT Services, Software, IT Infrastructure, Industrial Technologies and Business Process Outsourcing.

Directors and Group Company Secretary

The names of the directors and the Group Company Secretary at the date of this report, and who served throughout the current financial year, are detailed on pages 34 to 38.

None of the directors of the Company had an interest in any contract of significance during the financial year.

At the AGM held on 12 April 2018, the following directors were re-elected to the Board as per the Company's Memorandum of Incorporation: Rob Sporen and Lucky Khumalo.

During the year the following persons were appointed to the Board:

- Asher Bohbot (12 March 2018)
  - Non-executive Chairman
- Tebogo Maenetja (12 March 2018)
  - Executive Director
- Jesmane Boggenpoel (1 July 2018)
  - Independent Non-executive Director
- Ismail Mamoojee (1 July 2018)
  - Independent Non-executive Director
- Stephen van Coller (1 September 2018)
  - Group Chief Executive Officer

The following persons resigned from the Board:

- Audrey Mothupi (31 August 2017)
  - Independent Non-executive Director
- Grathel Motau (12 March 2018)
  - Independent Non-executive Director
- Sandile Zungu (12 March 2018)
  - Non-executive Chairman
- Rob Godlonton (1 July 2018)
  - Executive Director
- Brian Gubbins (1 July 2018)
  - Executive Director
- Lucky Khumalo (1 July 2018)
  - Independent Non-executive Director
- Ebrahim Laher (1 July 2018)
  - Executive Director
- Jehan Mackay (1 July 2018)
  - Executive Director
- Johan van Jaarsveld (1 July 2018)
  - Executive Director
- Zunaid Mayet (1 September 2018)
  - Group Chief Executive Officer
- John King (3 October 2018)
  - Group Financial Director

The details of Directors remuneration is included in note 37.

Financial statements and results

The Group's results and financial position are reflected on pages 71 to 72.

Commentary on the financial performance of the Group is provided on pages 16 to 20.

Subsidiaries, joint ventures and associates

Details of the Company's investments in subsidiaries and the Group's investments in associates and joint ventures are set out in note 6 – Equity accounted investments and note 40 – Schedule of investments in subsidiaries.

Acquisition and disposal of businesses

Details are reflected in note 32 – Acquisition of businesses and note 31 – Disposal of subsidiaries.

Stated capital

The authorised and issued stated capital of the Company at 31 July 2018 is set out in note 13 – Stated capital. The Company issued 2 701 826 ordinary shares during the year.

- 494 890 shares were issued during the year as a result of directors, management and employees exercising share options in terms of the EOH share option schemes.
- 919 506 shares were issued during the year as a result of business acquisitions.
- 1 287 430 shares were issued as a result of business meeting profits warranted.

Ordinary shares in issue at 31 July 2018 amounted to 152 797 293. At 31 July 2018, 5 529 990 shares were held by a wholly-owned subsidiary of the Company. These shares will not be cancelled. 40 million unlisted A shares and 14 million ordinary shares have been authorised and issued subsequent to year end as a result of the Lebashe transaction.

Shareholder spread and material shareholders

In terms of the JSE Listings Requirements, EOH complies with the minimum shareholder spread requirements, with 89% (2017: 85%) of ordinary shares being held by the public at 31 July 2018. Details of the Company's shareholder spread and material shareholders are set on page 130 to 131.

The details of the Directors interests in stated capital is included in note 36.

Corporate Governance report

The Corporate Governance reports are set out on pages 32 to 61.

Special resolutions

On 12 April 2018, shareholders approved the following special resolutions at its AGM:

- Financial assistance in terms of section 44 of the Companies Act;
- Financial assistance in terms of section 45 of the Companies Act;
- Remuneration payable to non-executive directors; and
- General approval to acquire shares.

The next AGM is to be held on 20 February 2019. The notice of the AGM is set out on pages 132 to 141.

Borrowing powers

In terms of the memorandum of incorporation, the borrowing powers of the Directors are unlimited and they can, as appropriate, exercise all powers of the Group to borrow funds. The Groups borrowings are set out in note 16.

No change statement

The Annual Financial Statements do not contain any material modification to the reviewed provisional condensed consolidated results published on 3 October 2018.

Subsequent events

Details are reflected in note 42 – Events after the reporting date.

DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements present fairly the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act of South Africa and the Listings Requirements of the JSE Limited.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements. The Annual Financial Statements are prepared in accordance with IFRS and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards to ensure that the Group's business is conducted in a manner that is above reproach.

The focus of risk management in the Group is to identify, assess, manage and monitor all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The Audit Committee performs an oversight role in matters related to financial and internal controls.

The directors are of the opinion that based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the subsequent year and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

Approval of the Annual Financial Statements

The Annual Financial Statements, which have been prepared on the going concern basis, were approved by the Board of Directors on 19 November 2018 and are signed on its behalf by:

Rob Sporen
Lead Independent Non-Executive Director

19 November 2018

Stephen van Coller
Group Chief Executive Officer

19 November 2018

AUDIT COMMITTEE'S REPORT

In terms of section 94 of the Companies Act of South Africa, the report by the Audit Committee, which is chaired by Ismail Mamoojee, is presented below.

During the financial year ended 31 July 2018, in addition to the duties set out in the Audit Committee's Terms of Reference (a summary of which is provided on page 42) the Audit Committee carried out its functions, inter alia, as follows:

- approved the fees to be paid to Mazars (Gauteng) Inc. and its terms of engagement;
- ensured that the appointment of Mazars (Gauteng) Inc. complied with the legislation relating to the appointment of auditors; and
- approved the nature and extent of any non-audit services which Mazars (Gauteng) Inc. provided to the Group.

During the year under review, the Audit Committee pre-approved non-audit services provided by Mazars (Gauteng) Inc., including the review of internal controls within the Group. The Audit Committee has satisfied itself through enquiry that Mazars (Gauteng) Inc. and Miles Fisher, the designated auditor, are independent of the Group.

The committee requested and received from the external auditor, the information detailed in JSE Listing Requirements 22.15(h), as it is required to do annually for every re-appointment. The contents thereof were noted. The committee has reviewed the performance of the external auditor and has nominated, for approval by the shareholders at the forthcoming annual general meeting, Mazars (Gauteng) Inc. as the external auditor for 2019 financial year.

The committee has satisfied itself that the audit firm and the designated auditor are accredited and do not appear on the JSE List of Disqualified Auditors.

The Audit Committee has considered the JSE's most recent report on their proactive monitoring of financial statements, and those of previous periods, and has taken appropriate action where necessary to respond to the findings when preparing the annual financial statements for the year ended 31 July 2018.

The Audit Committee is entirely satisfied with the competence and expertise of the Group Financial Director.

The Audit Committee recommended the Annual Financial Statements for the year ended 31 July 2018 for approval to the Board. The Board has subsequently approved the Annual Financial Statements which will be open for discussion at the forthcoming Annual General Meeting.

Ismail Mamoojee
Chairman of the Audit Committee

19 November 2018

COMPANY SECRETARY COMPLIANCE STATEMENT

The company secretary certified, in accordance with section 88(2)(e) of the Companies Act, that the company had lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as required for a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Adri Els
Group Company Secretary

19 November 2018

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF EOH HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of EOH Holdings Limited ("the group") set out on pages 71 to 129, which comprise the consolidated statement of financial position as at 31 July 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 July 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. .

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated results of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. All key audit matters relate to the consolidated financial statements.

Matter	Audit response
Valuation of goodwill (note 4) Goodwill has been recognised in the consolidated statement of financial position and comprises 26% of the total assets of the group. As required by the applicable accounting standards, the directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models. There are a number of key areas of estimation and judgement made in determining inputs into these models which include among others: • Future revenue; • Operating margins; • Interest rates; • Discount rates applied to projected future cash flows; and • Purchase price allocations ('PPA'). The impairment test performed on goodwill and the subjectivity involved in the PPA is considered to be a key audit matter due to the extent of judgement and estimation involved.	We focused our assessment of the impairment test of goodwill on the key assumptions and judgements made by the directors. Our audit procedures included: • Inspecting the list of cash generating units ('CGUs') to determine whether the new business units have been allocated to the appropriate CGU; • Evaluating whether the model used by the directors to calculate the value in use of the individual cash generating units comply with the requirements of IAS 36 Impairment of Assets; • Assessing the appropriateness of the discount rate used in the cash flow forecast calculation; • Analysing the reasonableness of future projected cash flows used in these models; • Agreeing the cash flows to budgets for 2018 as approved by the directors; • Reviewing the PPA calculation performed by management on new acquisitions for reasonableness and consistency with industry norms, including the tax effect thereof; • Performing audit procedures on a selection of assets acquired through acquisitions to verify fair value with reference to external information; • Re-performing the calculation based on the audited inputs and comparing it to the calculation performed by management; and • Reviewing the adequacy of disclosure as required in terms of IAS 36.

Matter	Audit response
Business combinations and "Vendors for acquisition" ('VFA') liability (notes 14 and 32) The group entered into various business combinations during the financial period. The net asset value acquired through business combinations in the current period account for 2% of the group's net asset value. Liabilities arising as result of new acquisitions, includes a contingent portion. This requires a certain level of judgement. Due to the magnitude of these transactions and the complexity of the accounting at acquisition, especially the subjectivity involved in the valuation of the liability, this is considered a key audit matter.	Our procedures to address the key matters include: • Assessing the validity of the acquisitions by inspecting the sales agreement; • Inspecting the minutes of meetings and SENS announcements to identify new acquisitions, and confirming that the list of new acquisitions includes all acquisitions identified; • Comparing the list of new acquisitions to the VFA schedule; • Evaluating the VFA schedule by determining the individual components which comprise the movement during the financial year, and agreeing the movement to supporting documents and audit evidence obtained in other areas of the audit; • Assessing the estimates made by management for reasonableness; and • Independently re-performing the reconciliation on VFA liability by obtaining anticipated adjustments directly from the purchase agreements.
Recoverability of trade receivables (note 11) The group has recognised significant trade receivables at year end which comprise 25% of the total assets of the group. As required by the applicable accounting standards, the directors assess the recoverability of the trade receivables , if applicable, and raise a provision for doubtful debts. The provision for doubtful debts is considered to be a key audit matter due to the extent of subjectivity and judgement involved.	Our procedures to address the key matters include: • Identifying long outstanding debtors through inspection of the age analysis; • Comparing long outstanding debtors for the current year to long outstanding debtors for the prior period. If the balance in the prior year did not decrease, a meeting was held with the respective financial director to obtain a reason for the non-payment of debt and assess if it was sufficiently provided for; • Assessing the policy for the provision for doubtful debts for reasonability; • Re-performing the calculation based on the audit evidence and comparing it to the calculation performed by management; • Considering the classification of the long outstanding debtors; and • Selecting a sample of material debtors and agreeing these selected amounts to amounts per bank statement received after year end.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, the Shareholder Spread and the Annual Integrated Report, which we obtained prior to the date of this report. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EOH HOLDINGS LIMITED

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars (Gauteng) Inc. has been the auditor of EOH Holdings Limited for 8 years (2 years as PKF Gauteng Inc.).

Mazars (Gauteng) Inc.

Mazars (Gauteng) Inc.
Registered Auditors
Director: **M. Fisher**
20 November 2018
Johannesburg

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 JULY 2018

Figures in Rand thousand	Notes	2018	2017
Continuing operations			
Revenue	20	16 341 024	15 128 062
Cost of sales		(11 523 643)	(10 225 139)
Gross profit		4 817 381	4 902 923
Operating expenses		(4 009 492)	(3 167 381)
Operating profit before interest and equity-accounted profits	21	807 889	1 735 542
Investment income	22	52 750	70 321
Share of equity-accounted profits	6	48 223	39 241
Finance costs	23	(352 145)	(259 614)
Profit before taxation		556 717	1 585 490
Taxation	24	(268 460)	(462 009)
Profit for the year from continuing operations		288 257	1 123 481
(Loss)/profit for the year from discontinued operation	31	(392 450)	49 602
(Loss)/profit for the year		(104 193)	1 173 083
(Loss)/profit attributable to:			
Owners of the EOH Holdings Limited		(100 984)	1 164 234
Non-controlling interest		(3 209)	8 849
		(104 193)	1 173 083
From continuing operations			
Earnings per share (cents)	25	202	794
Diluted earnings per share (cents)	25	196	771
Including discontinued operation			
(Loss)/earnings per share (cents)	25	(70)	825
Diluted (loss)/earnings per share (cents)	25	(68)	801

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2018

Figures in Rand thousand	Notes	2018	2017
(Loss)/profit for the year		(104 193)	1 173 083
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(48 317)	(44 627)
Total comprehensive (loss)/income for the year		(152 510)	1 128 456
Total comprehensive (loss)/income attributable to:			
Owners of the EOH Holdings Limited		(146 267)	1 121 277
Non-controlling interest		(6 243)	7 179

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2018

Figures in Rand thousand	Notes	2018	2017
Assets			
Non-current assets			
Property, plant and equipment	3	742 983	677 719
Goodwill and intangible assets		5 520 501	6 074 699
Goodwill	4	4 255 281	4 625 403
Intangible assets	5	1 265 220	1 449 296
Equity-accounted investments	6	822 204	847 917
Other financial assets	7	681 409	214 156
Deferred taxation	8	327 270	196 764
Finance lease receivables	9	140 511	169 611
		8 234 878	8 180 866
Current assets			
Inventory	10	431 609	599 764
Other financial assets	7	225 950	141 112
Current taxation receivable		88 442	84 383
Finance lease receivables	9	63 307	74 610
Trade and other receivables	11	5 583 044	5 132 697
Cash and cash equivalents	12	1 418 319	2 506 551
		7 810 671	8 539 117
Total assets		16 045 549	16 719 983
Equity and liabilities			
Equity			
Stated capital	13	3 443 223	3 333 678
Shares to be issued to vendors	14	809 975	1 013 809
Other reserves	15	663 122	665 937
Retained earnings		3 184 359	3 491 764
Equity attributable to the owners of EOH Holdings Limited		8 100 679	8 505 188
Non-controlling interest		28 034	56 416
		8 128 713	8 561 604
Liabilities			
Non-current liabilities			
Other financial liabilities	16	3 208 415	3 017 416
Finance lease payables	17	56 388	65 594
Deferred taxation	8	388 042	406 132
		3 652 845	3 489 142
Current liabilities			
Other financial liabilities	16	895 581	1 523 676
Current taxation payable		149 830	148 182
Finance lease payables	17	35 360	41 187
Trade and other payables	18	2 760 283	2 466 647
Deferred income	19	422 937	489 545
		4 263 991	4 669 237
Total liabilities		7 916 836	8 158 379
Total equity and liabilities		16 045 549	16 719 983

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2018

Figures in Rand thousand	Stated capital	Shares to be issued to vendors	Other reserves	Retained earnings	Total attributable to the owners of EOH	Non-controlling interest	Total equity
Group							
Balance at 1 August 2016	2 263 307	1 164 870	603 015	2 544 975	6 576 167	9 678	6 585 845
Profit for the year	–	–	–	1 164 234	1 164 234	8 849	1 173 083
Other comprehensive income	–	–	(42 956)	–	(42 956)	(1 671)	(44 627)
Issue of shares	1 194 809	(562 098)	–	–	632 711	–	632 711
Non-controlling interest acquired	–	–	–	(12 581)	(12 581)	39 560	26 979
Movement in treasury shares	(124 438)	–	10 887	–	(113 551)	–	(113 551)
Remaining shares to be issued to vendors	–	459 242	–	–	459 242	–	459 242
Transfer within equity	–	(48 205)	–	48 205	–	–	–
Share-based payments	–	–	94 991	–	94 991	–	94 991
Dividends	–	–	–	(253 069)	(253 069)	–	(253 069)
Balance at 1 August 2017	3 333 678	1 013 809	665 937	3 491 764	8 505 188	56 416	8 561 604
Profit for the year	–	–	–	(100 984)	(100 984)	(3 209)	(104 193)
Other comprehensive income	–	–	(45 283)	–	(45 283)	(3 034)	(48 317)
Issue of shares	219 751	(207 491)	–	–	12 260	–	12 260
Non-controlling interest acquired	1 000	–	–	(105 484)	(104 484)	(22 139)	(126 623)
Movement in treasury shares	(111 206)	–	(53 094)	–	(164 300)	–	(164 300)
Remaining shares to be issued to vendors	–	288 989	–	–	288 989	–	288 989
EOH shares forfeited (refer to note 31)	–	(74 549)	–	–	(74 549)	–	(74 549)
Transfer within equity	–	(210 783)	–	210 783	–	–	–
Share-based payments	–	–	95 562	–	95 562	–	95 562
Dividends (note 27)	–	–	–	(311 720)	(311 720)	–	(311 720)
Balance at 31 July 2018	3 443 223	809 975	663 122	3 184 359	8 100 679	28 034	8 128 713
Notes	13	14	15				

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2018

Figures in Rand thousand	Notes	2018	2017
Cash generated from operations*	29	1 266 021	1 314 064
Investment income received		51 184	72 681
Finance costs paid		(282 337)	(201 715)
Taxation paid	30	(369 688)	(524 111)
Net cash inflow from operating activities*		665 180	660 919
Net cash outflow from investing activities*		(679 728)	(488 664)
Additions to property, plant and equipment		(261 518)	(231 121)
Proceeds on the sale of property, plant and equipment and intangible assets		63 020	44 306
Intangible assets acquired		(336 591)	(284 419)
Net cash (outflow)/inflow from acquisition of businesses	32	(61 452)	46 037
Cash outflow on acquisition of equity-accounted investments		–	(91 377)
Cash (outflow)/inflow relating to financial assets		(83 187)	27 910
Net cash (outflow)/inflow from financing activities*		(1 060 065)	400 497
Proceeds from the issue of shares	13	10 248	613 213
Proceeds from other financial liabilities		502 849	1 293 455
Repayment of other financial liabilities		(1 070 477)	(1 030 810)
Purchase of treasury shares		(141 295)	(171 941)
Finance lease payments		(49 592)	(50 401)
Dividends paid	28	(311 798)	(253 019)
Net increase in cash and cash equivalents*		(1 074 613)	572 752
Foreign currency translation		(13 619)	(15 600)
Cash and cash equivalents at the beginning of the period*		2 506 551	1 949 399
Cash and cash equivalents at the end of the period		1 418 319	2 506 551

* *Includes cash flows from discontinued operations as per note 31.*

SEGMENT RESULTS

FOR THE YEAR ENDED 31 JULY 2018

The reportable segments of the Group have been identified based on the nature of the business activities. The reportable segments have been modified from previous years to better reflect the major solution clusters in the group, as part of discontinuing certain operations and the disposal of the GCT Group. This basis is representative of the internal structure of the Group for management purposes. In previous years the segments were, IT Services, Software, IT Infrastructure, Industrial Technologies and BPO. Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Management does not assess segment performance based on geographical location as it is not significant.

No individual customer comprises more than 3% of total revenue.

Figures in Rand thousand	ICT*	Industrial Technologies	BPO	Total
2018				
Revenue**	9 468 566	3 916 342	2 956 116	16 341 024
Discontinuing operations	(63 062)			(63 062)
Normalised revenue	9 405 504	3 916 342	2 956 116	16 277 962
EBITDA**	943 473	148 587	298 597	1 390 657
Discontinuing operations	361 181	1 056	16 986	379 223
Normalised EBITDA	1 304 654	149 643	315 583	1 769 880
2017				
Revenue**	8 482 692	3 855 964	2 789 406	15 128 062
EBITDA**	1 298 510	449 093	436 123	2 183 726

* *ICT includes IT Services, Software and IT infrastructure solutions.*

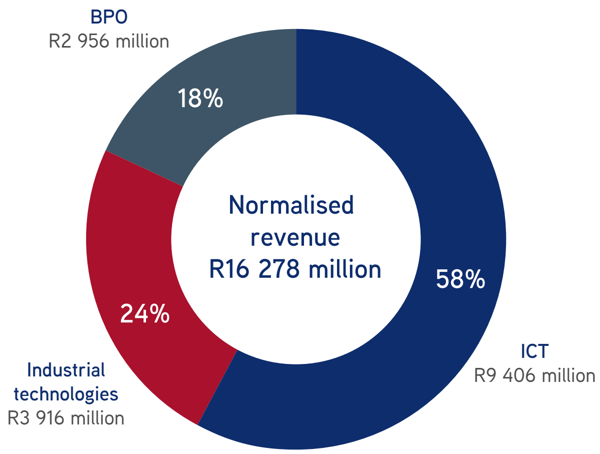
** *Includes continuing operations (refer to note 21).*

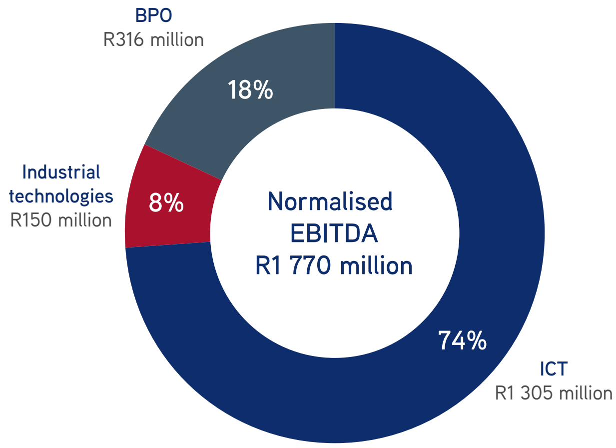
The normalised revenue and EBITDA of EOH ICT and NEXTEC as if the restructuring had already taken place.

	Normalised revenue for the year ended 31 July 2018	Normalised EBITDA for the year ended 31 July 2018	Revenue for the year ended 31 July 2017	EBITDA for the year ended 31 July 2017
NEXTEC	8 040 569	660 171	7 833 148	1 219 895
EOH ICT	8 237 393	1 109 709	7 294 914	963 831
Total	16 277 962	1 769 880	15 128 062	2 183 726

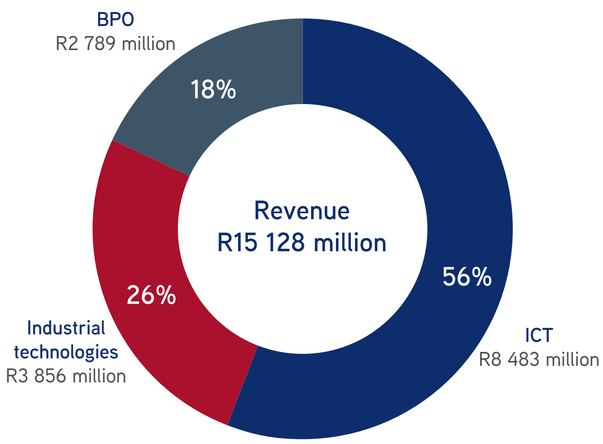
REVENUE AND PROFIT BEFORE TAXATION AND EQUITY-ACCOUNTED INVESTMENTS BY SEGMENT

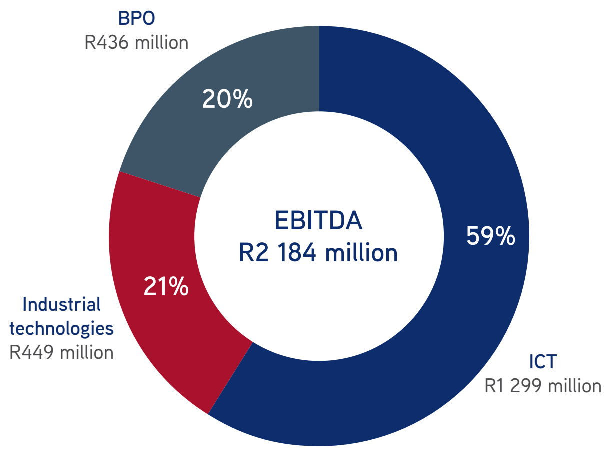
For the year ended 31 July 2018





For the year ended 31 July 2017





NOTES TO THE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting policies

Reporting entity

EOH Holdings Limited ('EOH' or the 'Company') is a holding company domiciled in South Africa that is listed on the JSE Limited under the category Technology: Software and Computer Services. EOH is the largest ICT services provider in South Africa and is committed to providing the technology, knowledge, skills and organisational ability critical to the development and growth of the markets it serves. The consolidated Annual Financial Statements of EOH, as at 31 July 2018 and for the year ended 31 July 2018, comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's investments in associates and joint ventures.

Statement of compliance

The consolidated Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and Interpretations as issued by the IFRS Interpretations Committee ('IFRIC'), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ('FRSC'), the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

Basis of preparation

The Annual Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period as explained in the accounting policies below.

These accounting policies are consistent with the previous period, as there have been no new standards and amendments applicable to the group that impact significantly the accounting policies that are mandatorily effective for the first time in the current year as described in note 2 and the Group has not chosen to early adopt any new standards and interpretations not yet effective.

The Annual Financial Statements are presented in South African Rand, which is the EOH's presentation currency. All financial information has been rounded to the nearest thousand except for when otherwise indicated. The going concern basis has been used in preparing the Annual Financial Statements as the directors have a reasonable expectation that the Group will continue as a going concern for the foreseeable future.

The principal accounting policies are set out below.

1.1 Consolidation

Basis of consolidation

The consolidated Annual Financial Statements incorporate the Annual Financial Statements of the Company and all investees which are controlled by the Company. Control exists when the Group has power over the investee; it is exposed to or has rights to variable returns from its involvement with the investee; and it has the ability to affect those returns through its control over the investee.

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.

Intra-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 in equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for the non-controlling interest.

Transactions that 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.

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 value of assets transferred, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except for the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

1. Accounting policies continued

1.1 Consolidation continued

Business combinations continued

Contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise are not effected against goodwill, unless they are valid measurement period adjustments. If the contingent arrangement is classified as equity, then it is not remeasured and subsequent settlement is accounted for in equity. Subsequent changes in the fair value of other contingent arrangements are recognised in profit or loss.

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. Contingent liabilities are only included in the identifiable assets and 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 and liabilities and reclassifies them where the classification is inappropriate for Group purposes.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The treatment is not an accounting policy choice but is made on a transaction-by transaction basis.

The Group measures goodwill at the acquisition date as:

- Fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, the acquirer reassesses whether it has correctly identified all of the assets and all of the liabilities assumed and ensures that the measurement appropriately reflect consideration of all available information as of the acquisition date. After carrying out the necessary assessments and the negative amount remains, a bargain purchase gain is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from effective date of the acquisition.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is impaired, such impairment is not subsequently reversed.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised through other comprehensive income in the statement of profit or loss and other comprehensive income.

If a business is disposed of, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

A joint venture is an arrangement whereby the parties that have joint control, have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated Annual Financial Statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted subsequently to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

1. Accounting policies continued

1.1 Consolidation continued

Investments in associates and joint ventures continued

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

1.2 Use of significant estimates and judgements

In preparing the Annual Financial Statements, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts represented in the Annual Financial Statements and related disclosures. Use of available information, historical experience 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates, which are considered significant to the Annual Financial Statements include:

Valuation allowances

Judgement is used to write-down inventory to the lower of cost or net realisable value or to zero in the event of obsolescences. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write-down is included in cost of sales.

Consolidated financial statements

No significant judgements or assumptions were necessary in determining whether control over the investments in subsidiaries existed. Control over the investees was established by virtue of the Group's representation on the respective company's board of directors, involvement in the daily operations and majority ownership.

Joint control is established by virtue of the Group's representation on the respective company's board of directors and involvement in the daily operations as governed by a shareholders' agreement. Percentage ownership is also considered.

Revenue

Revenue for projects in progress is recognised by reference to the percentage of completion of the transaction at the end of the reporting period. The percentage of completion is assessed based on surveys and milestones of work performed.

Options granted

Management used the Binomial model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 38 Share-based payments.

Fair value estimation

The fair value of financial instruments for disclosure purposes is established by using valuation techniques. These include the use of recent market observable data, quoted prices in active markets, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs. The Group Financial Director reviews significant unobservable inputs and valuation adjustments and has the overall responsibility for overseeing all significant fair value measurements.

When measuring the fair value of financial instrument, the Group uses market observable data, as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from price)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on 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, intangible and tangible assets.

1. Accounting policies continued

1.2 Use of significant estimates and judgements continued

Impairment testing continued

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 except for goodwill and intangibles with indefinite useful lives which are tested at least annually for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the fair value of goodwill, intangible and tangible assets are inherently uncertain and could materially change over time.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. In different countries in which EOH operates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 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 tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted 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 may be impacted.

Property, plant and equipment and intangible assets

Management has made certain estimates with regard to the determination of estimated useful lives and residual values of items of property, plant and equipment, as disclosed further in accounting policy note 1.3 – Property, plant and equipment and note 1.4 – Goodwill and intangible assets respectively.

1.3 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently at cost less accumulated depreciation and any impairment. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of 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.

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	3 to 6 years
IT equipment	2 to 5 years
Leasehold improvements	Period of the lease
Medical equipment	6 years
Technical equipment	3 to 10 years
Other equipment	5 to 10 years

Land included in land and buildings is not depreciated.

Leased assets under finance leases are depreciated over the asset's useful life. If it is reasonably certain that the Group will not obtain ownership by the end of the lease term, the asset is then depreciated over the period of the lease.

The residual value, useful life and depreciation method of each asset is 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.

1. Accounting policies continued

1.3 Property, plant and equipment continued

The depreciation charge for each period is recognised in either cost of sales or operating expenses.

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 Goodwill and 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; and
- The cost of the asset can be measured reliably.

Goodwill and intangible assets are initially recognised at cost. Intangible assets are subsequently measured at cost less accumulated amortisation and impairments. Goodwill is subsequently measured at cost less impairments.

Expenditure on research for intellectual property and internally generated software (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; and
- The expenditure attributable to the asset during its development can be measured reliably.

The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis and adjustments, where applicable, are accounted for as a change in accounting estimate. Amortisation, charged to profit or loss, is provided to write down the intangible assets, on a straight-line basis, over the finite useful life of the asset, to nil as follows:

Item	Useful life
Contracts purchased	2 to 5 years
Customer relationships	2 to 15 years
Intellectual property	2 to 10 years
Internally generated software	3 to 15 years
Other intangible assets	2 to 13 years
Computer software	2 to 3 years

1.5 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables;
- Financial assets at fair value through profit or loss – designated;
- Financial liabilities measured at amortised cost; and
- Financial liabilities at fair value through profit and loss – designated.

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for financial assets designated as held for fair value through profit or loss, which are not classified out of the fair value through profit or loss category.

1. Accounting policies continued

1.5 Financial instruments continued

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 plus transaction costs where the instrument is subsequently measured at amortised cost otherwise transaction costs are expensed.

Subsequent measurement

After initial recognition loans and receivables are measured at amortised cost, using the effective interest method, less accumulated impairment losses. Cash and cash equivalents and trade and other receivables fall into this category of financial instruments. Other financial assets are subsequently measured at amortised cost, using the effective interest method or at fair value through profit or loss based on appropriate classification. The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are subsequently measured at amortised cost, using the effective interest method or at fair value through profit and loss based on appropriate classification.

For all financial instruments carried at amortised cost where the impact of discounting is not considered to be material based on their short term nature these instruments are not discounted as their original fair values adjusted for transaction costs approximate their amortised cost values.

Derecognition

Financial assets are derecognised if the Group's rights to the cash flows from the financial assets expire.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Impairment of financial assets

At each reporting date the Group assesses all loans and receivables, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses/reversal of impairments 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 does not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss. When such assets are written off, the write-off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written-off are recognised in profit or loss.

Other financial assets

Other financial assets include loans receivable from purchases of businesses disposed, related parties, directors, managers, employees, and other enterprise development partners and other receivables. These financial assets are classified as loans and receivables. Valuation allowances may be raised against loans and receivables. Management determines estimates based on the information available.

Other financial assets that are classified as financial assets at fair value through profit or loss include securities investments, non-controlling interests in unlisted businesses and asset-based investments.

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1. Accounting policies continued

1.5 Financial instruments continued

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Financial difficulties being experienced by a debtor; the probability that the debtor will enter into bankruptcy or liquidation; breach of contract; and default or delinquency in payments are considered indicators that the receivable is should be considered for impairment. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss within operating expenses. When a receivable is uncollectible, it is written off against the receivables allowance account. Subsequent amounts recovered that were previously written off, are recognised in profit or loss. Trade and other receivables are classified as loans and receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term, highly liquid investments that are readily convertible into cash and there is little likelihood that the value could change.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Other financial liabilities

Other financial liabilities include borrowings that are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for finance charges.

Vendors for acquisition

The amounts due to vendors represent the expected purchase consideration owing in respect of acquisitions which will be settled in cash resources when the relevant profit warranties have been fulfilled. Vendors for acquisition are classified as financial liabilities at fair value through profit or loss, with any gains or losses arising on remeasurement recognised in profit or loss.

1.6 Taxation

Tax assets and liabilities

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.

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or 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, unless 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, associates and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- The parent 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.

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).

1. Accounting policies continued

1.6 Taxation continued

Deferred tax assets and liabilities continued

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, 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 the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

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; 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.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Finance leases – lessor

The Group recognises finance lease receivables in the statement of financial position at an amount equal to the net investment in the lease. Finance lease income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Finance leases – lessee

Finance leases are recognised as assets and 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, at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and the amount to reduce the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as 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 expenses on a straight-line basis over the lease term. Any contingent rents are expensed in the period they are incurred.

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1. Accounting policies continued

1.8 Inventory

Inventory is 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 inventory is based on the first-in, first-out formula or the weighted average costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition.

When inventory is sold, the carrying amount of that inventory is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventory 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 inventory, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

1.9 Deferred income and expenditure

Where costs have been incurred and revenue received prior to the implementation of a project, these are capitalised and recognised in profit or loss over the implementation period of the project, on a percentage-of-completion basis.

1.10 Impairment of non-financial assets

The Group assesses whether there is any indication that a non-financial asset may be impaired at the end of each reporting period. 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 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.

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. 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 Group 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.

1.11 Stated capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Shares in the Company held by its subsidiaries and trusts, are classified in the Group's shareholders' interest as treasury shares. These shares are deducted from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

If the Group re-acquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those treasury shares, is 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 Company's own equity instruments. Consideration paid or received is recognised directly in equity.

1. Accounting policies continued

1.12 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.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are expensed.

The fair value of the equity instrument is measured at grant date using the Binomial model and recognised as an expense with a corresponding increase in equity over the vesting period.

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 can 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 are measured, indirectly, by reference to the fair value of the equity instruments granted.

Vesting conditions which are not market-related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market-related are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount, so that ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value of equity-settled options is not remeasured subsequently.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, those services are recognised as they are rendered by the counterparty during the vesting period on a straight-line basis over the vesting period.

Management re-assesses the number of options that ultimately vest based on non-market vesting conditions.

The impact of the revision to the original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

1.13 Employee benefits

The cost of short-term employee benefits (those expected to be settled before 12 months after the end of the annual reporting period in which the employees render the related service) 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.

1.14 Shareholders for dividends and dividends declared

Dividends payable are recognised as a liability on the date of declaration.

1.15 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is to be made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

Revenue comprises the invoiced value of services rendered and technology and product sales, including completed services provided not yet invoiced, but excluding VAT.

In terms of contracts, where milestones and invoicing dates are not aligned, revenue is recognised according to the percentage of completion. Percentage of completion is measured as the amount of work completed, as a percentage of the agreed work to be done.

Where revenue is received in respect of product development on fixed price contracts and the work has not been performed, the revenue attributed thereto is not recognised and deferred income is shown as a liability in the statement of financial position. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

1. Accounting policies continued

1.16 Cost of sales

The related cost of providing services associated with revenue recognised in the current period is included in cost of sales. Contract costs comprise:

- Costs that relate directly to the specific contract;
- Costs that are indirectly attributable to contract activity; and
- Such other costs as are specifically chargeable to the customer under the terms of the contract.

1.17 Finance charges

Finance charges comprise interest payable on borrowings calculated using the effective interest rate. The interest expense component of finance lease payments is recognised in the statement of profit or loss using the effective interest rate. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Translation of foreign currencies

Functional and presentation currency

Items included in the Annual Financial Statements of each of the Company's 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's 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.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in 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.

Foreign operations

The results and financial position of a foreign operation are translated into the presentation currency using the following method:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and 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 in other comprehensive income and accumulated as a separate component of equity in the foreign currency translation reserve.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through 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 and liabilities arising on the acquisition of that foreign operation are treated as assets and 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.

2. New standards and interpretations

2.1 Adoption of new standards, amendments to standards and interpretations

IAS 7 – Statement of Cash Flows

Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses) (effective 1 January 2017).

2.2 New standards, amendments to standards and interpretations in issue not yet effective

IFRS 9 Financial instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces a new impairment model for financial assets. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement.

The standard establishes three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. Classification of financial assets into these categories is dependent on the entity's business models (which depicts its objectives with respect to the management of financial assets as a whole) and the characteristics of the contractual cash flows of the specific financial assets. The Group does not expect the new guidance to significantly affect the classification and measurement of its financial assets.

There will be no significant impact on the Group's accounting for financial liabilities, The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost loans and receivables (note 7 – Other financial assets); and trade and other receivable financial instruments (note 11 – Trade and other receivables) and contract assets under IFRS 15 Revenue from Contracts with Customers (note 11 – Work in Progress, and note 9 – Finance lease receivables).

The Group is in the process of assessing the impact of IFRS 9 on ECL for relevant financial assets. Based on the assessments undertaken to date, IFRS 9 is likely to have a significant impact on ECL.

The standard is effective for years commencing on or after 1 January 2018. The Group will apply IFRS 9 retrospectively from 1 August 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

IFRS 15 Revenue from contracts with customers

The standard is effective for years commencing on or after 1 January 2018. The standard will be adopted by the Group for the financial reporting period commencing 1 August 2018.

IFRS 15 requires an entity to recognise revenue in such a manner as to depict the transfer of the goods or services to customers, at an amount representing the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard has a 5-step process to be applied to all contracts with customers. The standard provides guidance for identifying the contract with the customer, identification of the deliverables (performance obligations), determination of the transaction price (including the treatment of variability in the transaction price, and significant financing components), how to allocate the transaction price, and when to recognise revenue.

The Group has assessed the significant contracts with customers in line with the new standard. Results of the assessment indicate no material impacts are expected. The standard will result in additional disclosures.

The impact of IFRS 15 will be adjusted for in opening retained earnings in equity.

IFRS 16 Leases

The standard is effective for years commencing on or after 1 January 2019. The standard will be adopted by the Group for the financial reporting period commencing 1 August 2019.

IFRS 16 requires a lessee to recognise a right of use asset and lease obligations for all leases except for short term leases, or leases of low value assets which will leases may be treated similarly to operating leases under the current standard IAS 17 if the exceptions are applied. A lessee measures its lease obligation at the present value of future lease payments, and recognises a right of use asset initially measured at the same amount as the lease obligation including costs directly related to entering into the lease. Right of use assets are subsequently treated in a similar way to other assets such as Property, plant and equipment or intangible assets dependent on the nature of the underlying item.

The Group has various rental agreements in place, and is still in the process of assessing the impact of IFRS 16. Where the Group is a lessee, in accordance with the above, right of use assets and lease obligations associated to these rentals would be recognised in the statement of financial position.

The Group is still to make a decision on the transition method to be applied or the application of exceptions related to short term and low value asset leases.

2.3 Standards and interpretations early adopted

The Group has chosen not to early adopt any new standards or interpretations.

3. Property, plant and equipment

Figures in Rand thousand	2018 Cost	2018 Accumulated depreciation	2018 Carrying value	2017 Cost	2017 Accumulated depreciation	2017 Carrying value
Land and buildings	117 368	(4 871)	112 497	115 708	(3 182)	112 526
Furniture and fixtures	110 468	(44 829)	65 639	87 918	(30 347)	57 571
Motor vehicles	91 973	(30 446)	61 527	100 436	(32 251)	68 185
Office equipment	105 604	(59 986)	45 618	85 871	(45 443)	40 428
IT equipment	616 593	(292 022)	324 571	504 124	(237 166)	266 958
Leasehold improvements	155 808	(106 108)	49 700	126 414	(86 249)	40 165
Technical equipment	69 995	(13 545)	56 450	–	–	–
Other equipment*	38 969	(11 988)	26 981	131 777	(39 891)	91 886
	1 306 778	(563 795)	742 983	1 152 248	(474 529)	677 719

Reconciliation of property, plant and equipment

Figures in Rand thousand	Opening balance	Additions	Additions business combi-nations	Disposals	Transfers	Foreign currency translation	Depreciation	Closing balance
2018								
Land and buildings	112 526	–	1 500	–	–	189	(1 718)	112 497
Furniture and fixtures	57 571	18 069	2 736	(1 995)	1 445	12	(12 199)	65 639
Motor vehicles	68 185	15 506	2 509	(13 790)	–	429	(11 312)	61 527
Office equipment	40 428	23 634	627	(829)	(870)	(19)	(17 353)	45 618
IT equipment	266 958	170 115	2 134	(27 241)	187	(1 833)	(85 749)	324 571
Leasehold improvements	40 165	35 797	661	(6 905)	(34)	(15)	(19 969)	49 700
Technical equipment	–	20 447	2 239	(20 723)	67 469	–	(12 982)	56 450
Other equipment*	91 886	5 902	1 111	(1 398)	(68 197)	(462)	(1 861)	26 981
	677 719	289 470	13 517	(72 881)	–	(1 699)	(163 143)	742 983
2017								
Land and buildings	88 261	1 287	24 781	–	(851)	–	(952)	112 526
Furniture and fixtures	48 513	14 809	3 515	(1 638)	(282)	(34)	(7 312)	57 571
Motor vehicles	55 329	19 955	17 898	(7 061)	(112)	(110)	(17 714)	68 185
Office equipment	36 874	9 288	8 236	(1 909)	606	7	(12 674)	40 428
IT equipment	192 965	170 524	18 922	(30 654)	72	(63)	(84 808)	266 958
Leasehold improvements	27 358	19 970	16 348	(2 841)	1 147	(27)	(21 790)	40 165
Other equipment*	42 921	35 907	42 287	(3 210)	(580)	–	(25 439)	91 886
	492 221	271 740	131 987	(47 313)	–	(227)	(170 689)	677 719

** Includes medical equipment.*

Buildings were pledged as security against other financial liabilities with a carrying value of R5 million (2017: R21 million). The pledge is limited to the carrying value of the related liability (refer to note 16).

Additions of R20 million (2017: R41 million) relate to finance leases (refer to note 17). The profit or loss on disposal of items of property, plant and equipment is included in operating expenses as per note 21. For more details relating to additions through business combinations please refer to note 32.

Property, plant and equipment subject to finance leases shown at carrying value

Figures in Rand thousand	2018	2017
Motor vehicles	27 289	24 607
Buildings	10 508	13 961
IT and office equipment	48 572	58 230
Other equipment	–	4 762
	86 369	101 560

4. Goodwill

	2018			2017		
Figures in Rand thousand	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Goodwill	4 358 312	(103 031)	4 255 281	4 643 724	(18 321)	4 625 403

Reconciliation of goodwill

Figures in Rand thousand	Opening balance	Additions business combinations	Foreign currency translation	Impairment	Derecognised on disposal	Closing balance
2018						
Goodwill	4 625 403	340 255	9 268	(84 710)	(634 935)	4 255 281
2017						
Goodwill	3 894 720	743 561	(12 878)	–	–	4 625 403

The aggregate carrying amounts of goodwill were allocated to the following cash-generating units ('CGU'):

Figures in Rand thousand	2018	2017
ICT	2 055 379	1 835 359
Technology Cluster	410 901	224 491
Information services	286 097	286 097
Construction and mining technologies	241 144	241 144
Financial and telecommunication solutions	225 689	224 608
Managed Services	217 757	217 757
Other	673 791	641 262
Industrial Technologies	1 184 240	1 149 670
Energy cluster	293 977	290 959
Water technologies	281 151	279 651
Transport	244 670	264 005
Digital Infrastructure	160 900	160 900
Infrastructure Management	113 701	44 314
Other	89 841	109 841
BPO	1 015 662	1 640 374
Health Cluster	379 053	397 825
Learning & Development	158 840	158 840
Payroll	132 719	132 278
Staffing & Recruitment	127 410	125 807
Consulting & advisory services	125 359	128 750
Security and Defence cluster *	–	604 593
Other	92 281	92 281
	4 255 281	4 625 403

** Security and defence, related to the GCT group that was disposed of (refer to note 31 for further details) and the related goodwill was derecognised.*

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4. Goodwill continued

Impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units (CGU). Impairment tests were based on fair value less costs of disposal and were determined by discounting the future cash flows to be generated from the continuing operations of each cash-generating unit. Cash-generating units have been identified to reflect the various solution clusters in EOH. Comparatives have been aligned to this structure and cash-generating units have been reassessed to align new acquisitions to the best suited cash-generating units.

The carrying amounts of certain cash-generating units were less than their recoverable amounts, thus an impairment loss of R85 million was recognised. The operating segments affected were ICT (R40 million) and Industrial Technologies (R45 million). The carrying amounts of the remaining cash generating units were greater than the recoverable amounts. In the prior year, the carrying amounts of all cash-generating units were greater than their recoverable amounts.

The impairment of the CGU within the ICT operating segment resulted from a number of unprofitable projects which are being concluded and the re-alignment of the CGU to focus on core outsourcing competencies. Similarly, the transport technologies CGU was impaired by R25 million and a smaller CGU, Industry Consulting (included in Other), was impaired by R20 million.

Key assumptions used in discounted cash flow projection calculations

The assumptions below have been applied to calculate the recoverable amount of cash-generating units based on a Level 3 fair value less costs of disposal calculation. The discount rates used in the discounted cash flow models are calculated using the principles of the Capital Asset Pricing model, taking into account current market conditions.

A pre-tax weighted-average cost-of-capital rate was used in discounting the projected cash flows depending on the nature of business and operating markets (including country specific factors). The cash flow projections were based on 2019 budgeted results and a reasonable growth rate applied for a further four years based on market conditions and historic trends. A perpetuity growth rate was applied based on conservative historical market trends and operating markets (including country specific factors). The rates ranged between:

	ICT		Industrial Technologies		BPO	
	2018	2017	**2018**	2017	**2018**	2017
Pre-tax weighted average cost of capital rate*	**17,7% – 19,8%**	17,1% – 21,6%	**19,0% – 20,4%**	16,3% – 21,6%	**18,2% – 19,5%**	18,6% – 20,8%
Perpetuity growth rate*	**4,5%**	5,1%	**4,5%**	5,1%	**4,5%**	5,1%

* *These ranges exclude international rates.*

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on past experience and both external and internal data.

Changes in key assumptions, as well as the actual cash flows achieved against forecasts, may result in further impairments to the cash generating units impaired during the year ended 31 July 2018. The forecast cash flows of these CGUs are reliant on a certain level of anticipated improvement within the forecast period.

Sensitivity analysis on fair value less costs of disposal

	ICT		Industrial Technologies		BPO	
Figures in Rand thousand	**2018**	2017	**2018**	2017	**2018**	2017
Headroom	**4 284 087**	5 456 929	**879 488**	2 036 288	**510 875**	870 513
Impact on headroom of a 0,5% change in forecast:						
Revenue growth	**84 114**	86 263	**21 803**	37 877	**19 377**	22 496
Profit before interest and tax (% of revenue)	**333 112**	367 542	**162 909**	183 568	**91 946**	108 627

Water technologies, Consulting and advisory services, Staffing and recruitment and a smaller cash generating unit (included in Other, with goodwill of R31million) would be considered for impairment if the forecast profit before interest and tax were to decrease by more than 1,5% (2017: 9,5%).

5. Intangible assets

Figures in Rand thousand	2018 Cost	2018 Accumulated amortisation	2018 Carrying value	2017 Cost	2017 Accumulated amortisation	2017 Carrying value
Contracts purchased	143 958	(108 186)	35 772	359 408	(272 130)	87 278
Customer relationships	392 713	(179 896)	212 817	572 059	(277 417)	294 642
Intellectual property	177 288	(93 643)	83 645	379 964	(58 273)	321 691
Internally generated software	1 009 281	(335 334)	673 947	585 168	(96 500)	488 668
Computer software	520 057	(340 867)	179 190	189 604	(47 000)	142 604
Other intangible assets	103 185	(23 336)	79 849	213 371	(98 958)	114 413
	2 346 482	(1 081 262)	1 265 220	2 299 574	(850 278)	1 449 296

Reconciliation of intangible assets

Figures in Rand thousand	Opening balance	Additions	Additions business combi-nations	Disposals*	Impair-ments	Transfers	Foreign currency translation	Amorti-sation	Closing balance
2018									
Contracts purchased	87 278	–	23 165	(37 310)	–	–	–	(37 361)	35 772
Customer relationships	294 642	–	71 075	(115 414)	–	–	518	(38 004)	212 817
Intellectual property	321 691	139	2 950	(224 742)	–	1 562	306	(18 261)	83 645
Internally generated software	488 668	175 049	2 401	(7)	–	110 925	1 328	(104 417)	673 947
Computer software	142 604	161 403	361	(9 393)	–	(55 523)	–	(60 262)	179 190
Other intangible assets	114 413	–	41 849	(3 794)	(8 665)	(56 964)	(2 577)	(4 413)	79 849
	1 449 296	336 591	141 801	(390 660)	(8 665)	–	(425)	(262 718)	1 265 220
2017									
Contracts purchased	139 336	–	33 921	–	–	–	–	(85 979)	87 278
Customer relationships	294 728	–	65 755	–	–	–	–	(65 841)	294 642
Intellectual property	335 537	940	10 998	–	–	–	(20)	(25 764)	321 691
Internally generated software	391 638	105 575	19 515	–	–	(8 170)	–	(19 890)	488 668
Computer software	–	86 141	35 647	–	–	67 815	4 395	(51 394)	142 604
Other intangible assets	88 283	91 763	20 400	–	–	(59 645)	1 352	(27 740)	114 413
	1 249 522	284 419	186 236	–	–	–	5 727	(276 608)	1 449 296

* *The disposals for 2018 includes the disposal of GCT intangibles of R374 million.*

For more details relating to additions through business combinations refer to note 32.

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6. Equity-accounted investments

Figures in Rand thousand	2018	2017
Equity-accounted joint venture investments	369 595	400 623
Equity-accounted associate investments	452 609	447 294
	822 204	847 917
Share of profits of equity-accounted joint venture investments	38 454	27 955
Share of profits of equity-accounted associate investments	9 769	11 286
Share of profits of equity-accounted investments	48 223	39 241

Aggregate information of equity accounted investments that are not individually material:

Joint venture investments

Figures in Rand thousand	2018	2017
The Group's share of total comprehensive income	38 454	27 955
Aggregate carrying amount of the Group's interests in these joint ventures	369 595	400 623

Reconciliation of the carrying amount of the interest in joint venture investments:

Figures in Rand thousand	2018	2017
Balance at beginning of the year	400 623	165 979
Additions	–	219 678
Foreign currency translation reserve	(55 844)	(12 989)
Share of results after taxation	38 454	27 955
Dividends received	(3 638)	–
Impairment loss	(10 000)	–
Balance at the end of the year	369 595	400 623

As a result of the downturn in the Turkish market and delayed execution in certain key initiatives, the carrying value of the joint venture investment was impaired through profit and loss (R10 million) based on the fair value less cost of disposal of the investment which was determined by discounting future cash flows from continuing operations.

Associate investments

Figures in Rand thousand	2018	2017
The Group's share of total comprehensive income	(4 976)	(1 341)
Aggregate carrying amount of the Group's interests in these associates	33 141	32 477

6. Equity-accounted investments continued

The Group has the following material associate:

Associate name:	Twenty Third Century Systems (Private) Limited ('TTCS')
Principal activity:	IT applications and business solutions provider
Country of incorporation:	Zimbabwe
Effective interest in issued ordinary share capital:	49%
Year end*:	31 December
Effective date of acquisition:	1 July 2015

* *Aligned with the statutory requirements in Zimbabwe.*

TTCS brings to the EOH Group a staff complement of over 500 diverse, highly skilled IT experts in finance, logistics, human capital management, analytics, mobility, cloud and database technologies and provides solutions across the spectrum. Its operations are underpinned by timely and effective systems integration, product delivery, maintenance and support. TTCS has a presence across the African continent with offices in Zimbabwe, Zambia, Malawi, Kenya, Uganda, Rwanda, Tanzania, Ghana, Botswana and Nigeria and projects in several other countries including Namibia, Ethiopia and Cameroon.

Reconciliation of the carrying amount of TTCS:

Figures in Rand thousand	2018	2017
Balance at beginning of the year	414 817	420 497
Foreign currency translation reserve	(10 094)	(18 307)
Share of results after taxation	20 589	12 627
Net change in fair value of identified assets	(5 844)	–
Balance at the end of the year*	419 468	414 817

* *The carrying amount of TTCS includes goodwill (R287 million) and intangible assets which arose on acquisition.*

Summarised financial information of the material associate

The latest available IFRS-compliant financial statements of TTCS was at 31 December 2017 (stated in USD) and included a restatement for 31 December 2016 where capital contributions to subsidiaries previously reported as current loans were reclassified as non-current investments. The 31 July 2017 comparative current assets and non-current assets have been updated accordingly. The preparation of the financial statements at 31 July 2018 by TTCS is impractical. Appropriate adjustments have been made to the Group's interest and share of results for the effects of significant transactions and events that occurred for the six months up to the reporting date. Management accounts, converted to South African Rand, for the twelve months to 31 July 2018, were used to calculate the share of profits at the reporting date.

During the twelve months to 31 July 2018, TTCS has been developing revenue, judicial and related financial management intellectual property solutions which have been capitalised and included in non-current assets. These solutions are expected to be completed during the 2019 calender year.

Figures in Rand thousand	2018	2017
Current assets	729 396	636 707
Non-current assets	207 455	73 013
Current liabilities	(717 624)	(504 285)
Non-current liabilities	(661)	(872)
Total net assets recognised by the Group	218 566	204 563
Proportion of the Group's ownership interest	107 097	100 236
Revenue	302 746	355 295
Total comprehensive income for the year	42 018	25 769

7. Other financial assets

Figures in Rand thousand	Reviewed at 31 July 2018	Audited at 31 July 2017
Non-current other financial assets	681 409	214 156
Current other financial assets	225 950	141 112
	907 359	355 268
Financial assets carried at fair value through profit or loss	138 788	118 421
Other financial assets carried at fair value through profit or loss	89 020	78 959
Other financial assets relate to investments for which the fair value is determined by reference to the performance of indices in an active market.		
Investment in 9% of Gibela Rail Transport Consortium Proprietary Limited	39 462	39 462
The investment is measured at fair value through profit and loss and is classified as a level 3 investment. The fair value of the investment is determined based on a discounted cash flow model which has been adjusted for risk inherent in the investees' nature of operations.		
Cell captive investment	10 306	–
The investment is measured at fair value through profit and loss and is classified as a level 3 investment. The fair value of the investment is determined based on a valuation of the asset value attributable to the investment.		
Loans and receivables	768 571	236 847
Enterprise development loans	76 733	92 201
The loans' maturity dates range between one and five years.		
Vendor loans and receivables	59 819	58 270
The loans' maturity dates range between one and five years.		
CA Incorporated Limited – multi-year contracts	2 320	3 477
The loans' maturity dates range between one and two years.		
Loans to related parties	167 569	82 624
These loans are interest free and payable on demand.		
Loans repayable in three to five years bearing interest at a rate of 10% per annum	277 675	–
The loan is interest bearing at a rate of 10% per annum (refer to note 31).		
Share based GCT consideration receivable	18 644	–
Loans receivable		
Interest-free loan receivable and secured by inventory.	128 000	–
Bid bond	33 338	–
The bid bond deposit will be released within the next 12 months.		
Consideration receivable	4 200	
The consideration is receivable within the next 12 months.		
Other loans and receivables	273	275
The loans are unsecured, interest free and have no fixed terms of repayment. The loans and receivables consist of a number of smaller loans to unrelated parties.		
	907 359	355 268

Measurement of loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method. The present value of loans and receivables is calculated using a risk adjusted discount rate. The carrying value may be affected by changes in the credit risk of the counterparties. During the year an impairment of R16 million (2017: R9 million) was recognised against loans and receivables due to the Directors' determination of the recoverability of the loans related to enterprise development loans and vendors loans and receivable.

Loans and receivables are unsecured and interest free unless specified above.

8. Deferred taxation

Figures in Rand thousand	2018	2017
Aggregate of deferred taxation assets	327 270	196 764
Aggregate of deferred taxation liabilities	(388 042)	(406 132)
	(60 772)	(209 368)
Analysis of deferred taxation balances		
Deferred cost	(122 723)	(132 684)
Prepaid expenses	(37 260)	(12 631)
Leases	(32 922)	(17 246)
Intangibles	(209 748)	(306 397)
Property, plant and equipment	(19 183)	(8 639)
Valuation allowances	30 841	33 864
Other payroll accruals	167 712	114 885
Deferred income	130 877	172 845
Assessed losses	109 778	39 979
Other fair value adjustments	(78 144)	(93 344)
	(60 772)	(209 368)
Deferred taxation movement		
Balance at the beginning of the year	(209 368)	(178 754)
Acquired in business combinations	(36 389)	(33 014)
Disposals	90 239	21 755
Movement through profit or loss	91 730	(16 149)
Foreign currency translation	3 016	(3 206)
Balance at the end of the year	(60 772)	(209 368)

9. Finance lease receivables

Figures in Rand thousand	2018	2017
Gross investment in leases due		
– within one year	85 924	96 865
– within two to five years	164 805	193 810
– beyond five years	393	1 317
	251 122	291 992
Less: unearned finance income	(47 304)	(47 771)
	203 818	244 221
Present value of minimum lease payments due		
– within one year	63 307	74 610
– within two to five years	140 135	168 421
– beyond five years	376	1 190
	203 818	244 221

The Group entered into finance leasing arrangements for certain IT safety and security access equipment.

The lease terms are generally three to seven years and the average effective lending rate is 1,75% to 7% (2017: 1,25% to 6,75%) above prime lending rates.

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10. Inventory

Figures in Rand thousand	2018	2017
Finished goods	404 295	568 024
Consumables	8 831	23 308
Work in progress	34 234	28 396
	447 360	619 728
Write-down of inventory	(15 751)	(19 964)
	431 609	599 764

Cost of goods sold during the year amounted to R2 751 million (2017: R2 478 million).

11. Trade and other receivables

Figures in Rand thousand	2018	2017
Financial instruments	5 263 885	4 867 742
Trade debtors	4 066 043	3 416 075
Work in progress	1 107 926	1 368 571
Other receivables	89 916	83 096
Non-financial instruments	319 159	264 955
Prepayments	237 396	218 411
VAT receivable	25 797	24 724
Other receivables	55 966	21 820
	5 583 044	5 132 697

Trade debtors amounting to R3 917 million (2017: R2 624 million) are pledged to the Group's bankers for facilities as per note 16.

Trade and other receivables past due, but not impaired

Trade and other receivables that are neither past due nor impaired are considered to be of good credit quality and no significant default in payment is expected. This assessment is based on the fact that the vast majority of these debtors are established large enterprises and public sector entities. The average credit terms across the Group range from 30 days to 120 days. Trade and other receivables that are aged 90 days or less are not considered for impairment unless there is objective evidence to suggest otherwise. Debtors outstanding for 120 days or more, generally relate to retention debtors on longer term projects and amounts owing from public sector enterprises. At 31 July 2018, R1 509 427 (2017: R909 453) debtors were past due but not impaired, as there have not been any significant changes in the credit quality and the amounts are considered recoverable.

	Group	
Figures in Rand thousand	2018	2017
The ageing of amounts past due but not impaired is as follows:		
30 days	335 306	240 266
60 days	21 896	16 518
90 days	98 711	157 652
120 days and over	1 053 514	495 017
	1 509 427	909 453
Reconciliation of trade and other receivables impairment allowance		
Opening balance	86 225	90 982
Additions through business combinations	6 320	7 241
Utilised	(35 769)	(12 546)
Charged to profit or loss	181 998	548
	238 774	86 225

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables above. The Group does not hold any collateral as security.

12. Cash and cash equivalents

Figures in Rand thousand	2018	2017
Cash on hand	3 630	3 136
Bank balances and short-term deposits	1 414 689	2 503 415
	1 418 319	2 506 551

Cash and cash equivalents amounting to R792 million (2017: R1 691 million) have been included in a cession in security agreement for the interest bearing secured facilities as per note 16.

The total amount of undrawn facilities available for future operating activities and commitments is R596 million (2017: R555 million).

13. Stated capital

Figures in Rand thousand	2018	2017
Opening balance	3 333 678	2 263 307
Shares issued for cash*1	–	580 904
Shares issued as a result of the acquisition of businesses*2	210 503	581 598
Specific shares issued to the Group share incentive schemes*3	10 248	32 307
Treasury shares*4	(111 206)	(124 438)
	3 443 223	3 333 678

*1 *At fair value;*
*2 *In terms of purchase and sale agreements;*
*3 *In terms of the Group share incentive schemes;*
*4 *Average price paid for treasury shares amounts to R110,02 per share.*

	2018	2017
Authorised		
500 000 000 ordinary shares of no par value		
Reconciliation of the number of shares in issue:		
Opening balance	150 095	140 752
Shares issued for cash	–	3 757
Shares issued as a result of the acquisition of businesses	2 207	4 160
Specific shares issued to the Group share incentive schemes	495	1 426
Shares in issue at year end	152 797	150 095
Treasury shares held in the Group share incentive schemes	(2 367)	(2 066)
Treasury shares held by wholly owned subsidiaries of the Company that will not be cancelled*	(5 530)	(4 494)
	144 900*1	143 535

* *1.6 million shares (2017: 1.5 million) were repurchased by the company during the year for an average price of R86,53 per share.*

*1 *40 million A shares and 14 million ordinary shares were authorised and issued to Lebashe post year-end in terms of a BEE transaction (refer to note 42).*

Unissued

347 202 707 (2017: 349 904 533) unissued ordinary shares are under the control of the directors in terms of the resolution of members passed at the last Annual General Meeting subject to the provisions of section 38 of the Companies Act of South Africa and the JSE Listings requirements. The directors are authorised to issue up to an aggregate maximum of 5% of the issued number of shares for cash until the next Annual General Meeting.

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14. Shares to be issued to vendors

Figures in Rand thousand	2018	2017
Opening balance	1 013 809	1 164 870
Current year acquisitions	219 561	397 979
New acquisitions: Business combinations	188 409	325 222
New acquisitions: Equity-accounted investments	–	61 328
Acquisition of non-controlling interest	31 152	11 429
Shares issued relating to previous acquisitions	(423 395)	(549 040)
Shares issued: Business combinations (based on profits warranted)	(120 979)	(487 467)
Shares issued: Equity-accounted investments (based on profits warranted)	(17 084)	(13 368)
Transfer within equity following the settlement of profit warrants	(210 783)	(48 205)
Consideration – EOH Shares forfeited GCT (refer to note 31)	(74 549)	–
	809 975	1 013 809

15. Reserves

Figures in Rand thousand	2018	2017
Reserves are made up as follows:		
Foreign currency translation reserve	(11 049)	34 234
Share-based payments reserve	402 281	306 719
Treasury share reserve	271 890	324 984
	663 122	665 937

16. Other financial liabilities

Figures in Rand thousand	2018	2017
Non-current financial liabilities	3 208 415	3 017 416
Current financial liabilities	895 581	1 523 676
	4 103 996	4 541 092
Interest bearing liabilities	3 404 595	3 298 497
Interest bearing bank loans secured by a cession in security of trade receivables as per note 11 and cash and cash equivalents as per note 12.	2 841 518	2 681 237
Maturity dates range between 3 and 5 years with interest rates between 9,1% and 9,8%.		
Unsecured interest bearing bank loans.	537 844	544 578
Maturity dates range between 1 and 2 years with interest rates between 1,9% and 2,3% above JIBAR.		
Interest bearing bank loans secured by certain finance lease receivables with a carrying value of R24 million (2017: R52 million).	19 906	51 443
Maturity dates range between 3 and 7 years with interest rates at 1,0% above the prime lending rate.		
Interest bearing bank loans secured by certain property with a carrying value of R12 million (2017: R81 million).	5 327	21 239
Maturity dates range between 3 and 9 years with interest rates between 8,5% and 12,0%.		
Non-interest bearing liabilities	699 401	1 242 595
Vendors for acquisition	633 709	1 167 453
The amounts due to vendors represent the expected purchase consideration owing in respect of the acquisition of businesses. The liability will be settled out of cash reserves when the relevant profit warranty conditions have been fulfilled. This is classified as fair value through profit or loss.		
Other non-interest bearing liabilities	65 692	75 142
This balance consists of a number of smaller loans, payable to previous shareholders of businesses acquired, that are unsecured, interest free and have no fixed terms of repayment.		
	4 103 996	4 541 092
Reconciliation of other financial liabilities		
Balance at the beginning of the year	4 541 092	3 615 681
Raised through business combinations	201 053	627 440
Proceeds from other financial liabilities	502 849	1 293 455
Repayment of other financial liabilities	(1 070 477)	(1 030 810)
Acquisitions of non-controlling interests	67 839	14 279
Disposal of subsidiaries	(155 362)	–
Other non-cash items	17 002	21 047
	4 103 996	4 541 092
Financial instruments		
Measured at amortised cost	3 470 287	3 373 639
Financial liabilities carried at fair value through profit or loss (refer to note 41)	633 709	1 167 453
	4 103 996	4 541 092
Vendors for acquisition		
Non-current financial liabilities	62 666	230 616
Current financial liabilities	571 043	936 837
	633 709	1 167 453

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17. Finance lease payables

Figures in Rand thousand	2018	2017
Present value of minimum lease payments due		
– within one year	35 360	41 187
– within two to five years	56 388	65 594
	91 748	106 781
Minimum lease payments due		
– within one year	43 565	45 067
– within two to five years	63 761	70 767
	107 326	115 834
Less future finance charges	(15 578)	(9 053)
	91 748	106 781

The Group enters into finance leasing arrangements for certain motor vehicles, IT equipment and office equipment. The years of maturity range from 2019 to 2023 and the leases bear interest at rates up to prime plus 4% (2017: prime plus 4%). The Group's obligations under these finance leases are secured by the leased assets as per note 3.

18. Trade and other payables

Figures in Rand thousand	2018	2017
Financial instruments	1 951 216	1 758 664
Trade payables	1 245 207	1 113 313
Other accrued expenses	693 164	643 839
Other payables	12 845	1 512
Non-financial instruments	809 067	707 983
VAT	149 472	119 645
Payroll accruals	659 595	588 338
	2 760 283	2 466 647

19. Deferred income

Figures in Rand thousand	2018	2017
Deferred income	422 937	489 545

20. Revenue

Figures in Rand thousand	2018	2017
Sale of goods	2 919 279	2 748 460
Rendering of services	13 284 512	12 289 512
Financing element of revenue	137 233	90 090
	16 341 024	15 128 062

21. Operating profit before interest and equity-accounted profits

Figures in Rand thousand	2018	2017
EBITDA from continuing operations		
Operating profit before interest and equity-accounted profits from continuing operations	807 889	1 735 542
Equity-accounted profits	48 223	39 241
Amortisation from continuing operations	251 924	231 742
Depreciation from continuing operations	162 114	167 417
Impairment of assets	120 507	9 784
	1 390 657	2 183 726
Operating profit before interest after taking into account the following:		
Amortisation	262 718	276 608
Amortisation included in cost of sales	38 474	20 257
Amortisation not included in cost of sales	224 244	256 351
Auditors' remuneration	18 937	17 295
Audit fee	14 815	13 568
Fees for other services	4 122	3 727
Depreciation	163 143	170 689
Depreciation included in cost of sales	71 305	69 431
Depreciation not included in cost of sales	91 838	101 258
Employee costs	5 817 828	5 314 775
Employee costs included in cost of sales	3 498 051	3 338 117
Employee costs not included in cost of sales	2 224 215	1 881 667
Share-based payments expense	95 562	94 991
Operating lease charges	280 087	231 540
Operating lease charges on immovable property	259 865	211 575
Operating lease charges on movable property	20 222	19 965
Impairment of assets	120 507	9 784
Foreign exchange (profit)/loss	(32 338)	20 720
Fair value gain on remeasurement of contingent consideration	(9 156)	(35 764)
Fair value gain through profit or loss	(15 456)	(20 089)
Loss on disposal of subsidiaries and property, plant and equipment	392 880	3 007
Gain on bargain purchase on businesses acquired	(7 528)	–

22. Investment income

Figures in Rand thousand	2018	2017
Interest income		
Banks	38 649	47 796
Other interest received	14 101	22 525
	52 750	70 321

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23. Finance costs

Figures in Rand thousand	2018	2017
Other financial liabilities	322 784	246 632
Finance lease payables	10 745	7 116
Banks	18 284	5 724
Other interest paid	332	142
	352 145	259 614

24. Taxation

Figures in Rand thousand	2018	2017
Current taxation from continuing operations	360 190	445 859
Local income taxation – current year	333 756	452 608
Local income taxation – prior years	24 758	(43 746)
Foreign income taxation – current year	1 676	36 997
Deferred taxation	(91 730)	16 150
Originating and reversing temporary differences	(86 957)	(35 557)
Prior year adjustments	(4 773)	51 707
	268 460	462 009

Reconciliation of rate of taxation	%	%
South African normal rate of taxation	28,0	28,0
Reduction in rate for the year, due to:		
Exempt income	(5,2)	(2,3)
Foreign taxation rate difference	(0,8)	(0,3)
Share of profits of equity-accounted investments	(2,4)	(0,6)
Effect of utilised/not utilised on estimated tax losses	–	(0,6)
Increase in rate for the year, due to:		
Disallowable expenditure	2,6	4,3
Disallowable loss on disposal	19,4	–
Prior year adjustments to over/under provision of deferred taxation/current taxation	1,0	0,5
Effect of utilised/not utilised on estimated tax losses	5,4	–
Capital gains taxation	0,2	0,1
	48,2	29,1

Unrecognised deferred taxation assets		
Deferred taxation assets not recognised in respect of taxation losses	762 630	578 781

The deductible temporary differences do not expire under the current taxation legislation.

In 2018, R399 million (2017: R145 million) of previously unrecognised taxation losses were recognised as management considered it probable that future taxable profits would be available against which they can be utilised in the next three years.

Deferred taxation assets have not been recognised in respect of these items because management does not yet consider it probable that future profit will be available against which the Group can utilise the benefits therefrom in the next three years.

25. Earnings per share

	2018	2017
Earnings per share		
(Loss)/profit including discontinued operations attributable to owners of EOH Holdings Limited (R000)	(100 984)	1 164 234
Weighted average number of shares in issue (000s)	144 597	141 072
(Loss)/earnings per share including discontinued operation (cents)	(70)	825
Earnings per share from continuing operation (cents)	202	794
Diluted earnings per share		
Diluted (loss)/earnings including discontinued operations attributable to owners of EOH Holdings Limited (R000)	(100 984)	1 164 234
Diluted weighted average number of shares in issue (000s)	148 450	145 300
Diluted (loss)/earnings per share including discontinued operation (cents)	(68)	801
Diluted earnings per share from continuing operation (cents)	196	771
Reconciliation between weighted average number of shares and diluted weighted average number of shares in issue		
Weighted average number of shares in issue	144 597	141 072
Dilutive impact of share options	573	1 916
Dilutive impact of shares to be issued to vendors	3 280	2 312
Diluted weighted average number of shares in issue	148 450	145 300

26. Headline earnings per share

	2018	2017
Headline earnings per share (cents)		
Headline earnings including discontinued operation (R000)	409 260	1 173 444
Weighted average number of shares in issue (000s)	144 597	141 072
Headline earnings per share including discontinued operation (cents)	283	832
Headline earnings per share from continuing operations (cents)	278	797
Diluted headline earnings per share (cents)		
Diluted headline earnings including discontinued operation (R000)	409 260	1 173 444
Diluted weighted average number of shares in issue (000s)	148 450	145 300
Diluted headline earnings per share including discontinued operation (cents)	276	808
Diluted headline earnings per share from continuing operations (cents)	271	773

Reconciliation between earnings, headline earnings and diluted headline earnings including discontinued operation

	2018			2017		
Figures in Rand thousand	Gross	Tax	Net	Gross	Tax	Net
Profit attributable to owners of EOH Holdings Limited	(100 984)		(100 984)	1 164 234		1 164 234
Adjusted for:						
Loss/(profit) on disposal of subsidiaries and property, plant and equipment	392 880	11 608	404 488	3 007	(842)	2 165
Impairment of assets	25 797	(7 223)	18 574	9 784	(2 739)	7 045
Impairment of goodwill	84 710	–	84 710	–	–	–
Impairment of equity accounted investments	10 000	–	10 000	–	–	–
Gain on bargain purchase	(7 528)	–	(7 528)	–	–	–
Headline earnings	404 875	4 385	409 260	1 177 025	(3 581)	1 173 444

27. Dividends

Figures in Rand thousand	2018	2017
Dividend declared	326 819	265 003
Dividend on treasury shares held by wholly owned subsidiaries of the Company	(10 092)	(7 010)
Dividend on treasury shares held through the Group share incentive schemes	(5 007)	(4 957)
Dividend paid to non-controlling interest	–	33
	311 720	253 069
Dividend per share (cents)	0	215

The Board has decided that no dividend will be declared for the year ended 31 July 2018. The 2017 comparative has been shown for information purposed and relates to the dividend declared after 31 July 2017.

28. Dividends paid

Figures in Rand thousand	2018	2017
Amounts owing at the beginning of the year	(175)	(125)
Amounts charged to retained earnings	(311 720)	(253 069)
Amounts owing at the end of the year	97	175
Dividends paid	(311 798)	(253 019)

29. Cash generated from operations

Figures in Rand thousand	2018	2017
Profit before taxation from	180 556	1 635 181
Continuing operations	556 717	1 585 490
Discontinued operations	(376 161)	49 691
Adjusted for:		
Amortisation of intangible assets	262 718	276 608
Depreciation of property, plant and equipment	163 143	170 689
Foreign exchange (profit)/loss	(30 359)	20 720
Impairment of assets	120 507	9 784
Loss on disposal of subsidiaries and property, plant and equipment	392 880	3 007
Gain on bargain purchase on acquisition of businesses	(7 528)	–
Fair value gain on remeasurement of contingent consideration	(9 156)	(35 764)
Fair value gain through profit or loss	(15 456)	(20 089)
Share-based payments expense	95 562	94 991
Investment income	(51 220)	(72 743)
Share of profits of equity accounted investments	(48 223)	(39 241)
Finance costs	353 026	258 549
Other non-cash items	4 072	(3 372)
Cash generated before changes in working capital	1 410 522	2 298 320
Working capital changes net of effects of disposal of subsidiaries	(144 501)	(984 256)
(Increase) in inventories	(411)	(97 177)
(Increase) in trade and other receivables	(606 744)	(527 870)
Decrease/(increase) in work in progress receivables	260 644	(508 336)
Increase in payables	258 429	314 377
(Decrease) in deferred income	(56 419)	(165 250)
Cash generated from operations	1 266 021	1 314 064

30. Taxation paid

Figures in Rand thousand	2018	2017
Amounts owing at the beginning of the year	(63 799)	(97 517)
Current taxation for the year	(360 190)	(467 704)
Capital gains taxation on movement in treasury shares	(10)	(1 209)
Adjustment in respect of businesses acquired and sold during the year, including exchange rate movements	(13 739)	(22 633)
Foreign currency effects	6 662	1 153
Amounts owing at the end of the year	61 388	63 799
	(369 688)	(524 111)

31. Disposal of subsidiaries

The Group disposed of the GCT Group of companies ('GCT'), namely, Grid Control Technologies Proprietary Limited, Forensic Data Analysts Proprietary Limited and Investigative Software Solutions Proprietary Limited to BVI (the former shareholders) on 31 October 2017.

The Group disposed of GCT primarily as a result of under achievements of profit warranted. The unwinding involved selling back the companies to the former shareholders for a net amount of R365 million, which is equal to the cash originally paid and the value adjusted EOH shares originally transferred. The unwinding resulted in a non-cash, once off reduction in consolidated earnings of R386 million. This once off loss has been recognised in the statement of profit or loss.

The profit/(loss) for the period from the discontinued operation is analysed as follows:

Figures in Rand thousand	3 months ended 31 October 2017	12 months ended 31 July 2017
Profit for the period	7 290	49 602
Non-cash, once off, accounting loss on disposal of subsidiaries	(399 740)	–
Accounting loss on disposal	(386 288)	–
Capital gains taxation	(13 452)	–
	(392 450)	49 602

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31. Disposal of subsidiaries continued

Figures in Rand thousand	3 months ended 31 October 2017	12 months ended 31 July 2017
The results of the GCT group for the relevant periods		
Revenue	84 327	361 462
Cost of sales	(40 009)	(184 347)
Gross profit	44 318	177 115
Operating expenses	(31 782)	(130 911)
Investment income	(1 530)	2 422
Finance costs	(881)	1 065
Profit before taxation	10 125	49 691
Taxation	(2 835)	(89)
Profit for the period	7 290	49 602
The net cash flows incurred by the GCT Group for the relevant periods		
Operating activities	(39 145)	45 896
Investing activities	1 990	(12 835)
Financing activities	(1 965)	1 668
Net cash	(39 120)	34 729

The net assets of the GCT Group disposed of	
Net assets	345 025
Goodwill	604 593
	949 618
Consideration receivable	
Return of EOH shares issued to former shareholders	87 575
Cash receivable from former shareholders	277 675
Receivable from former shareholders	365 250
EOH shares forfeited	74 549
Vendors for acquisition released	123 531
	563 330

32. Acquisition of businesses

Figures in Rand thousand	LSD 2018	Other 2018	Total 2018	Total 2017
Fair value of assets and liabilities acquired				
Property, plant and equipment	77	13 440	13 517	131 987
Intangible assets	77 571	64 230	141 801	186 236
Other financial assets	–	7 029	7 029	12 764
Finance lease receivables	–	–	–	614
Inventory	–	9 645	9 645	34 195
Trade and other receivables *	9 215	142 641	151 856	381 905
Cash and cash equivalents	19 826	24 269	44 095	226 984
Other financial liabilities	(3 570)	(43 788)	(47 358)	(67 506)
Finance lease payables	–	(967)	(967)	(57 468)
Net deferred taxation liabilities	(21 654)	(14 735)	(36 389)	(33 014)
Net current taxation payables	(1 984)	(172)	(2 156)	(22 633)
Trade and other payables	(9 038)	(62 474)	(71 512)	(268 119)
Deferred income	–	(33 794)	(33 794)	(56 018)
Net assets acquired	70 443	105 324	175 767	469 927
Non-controlling interests measured at fair value	–	2 854	2 854	(51 885)
Amount capitalised	70 443	108 178	178 621	418 042
Gain on bargain purchase	–	(7 528)	(7 528)	–
Goodwill	170 649	169 606	340 255	743 561
Purchase price	241 092	270 256	511 348	1 161 603
Consideration payable				
Cash paid	(37 500)	(68 046)	(105 546)	(180 947)
Shares issued **	(45 172)	(18 526)	(63 698)	(95 501)
Cash to be paid	(68 076)	(85 619)	(153 695)	(559 934)
Shares to be issued	(90 344)	(98 065)	(188 409)	(325 221)
Total consideration	(241 092)	(270 256)	(511 348)	(1 161 603)

** The gross contractual value of trade and other receivables for all acquisitions was R158 million.*

*** Shares are issued at fair value at the effective date.*

	LSD 2018	Other 2018	Total 2018	Total 2017
Contribution to trading results for the period				
Revenue	110 192	641 501	751 693	1 018 100
Profit before taxation*	23 567	91 517	115 084	162 902
Contribution had the effective date been 1 August 2017				
Revenue	144 100	644 936	789 036	1 665 867
Profit before taxation*	29 670	91 748	121 418	230 971

* *Shown before the effect of amortisation on identifiable assets of R25 million in 2018 (2017: R22 million) and other related charges incurred by the group of R52 million (2017: R42 million).*

32. Acquisition of businesses continued

Acquisition related costs of R20 million (2017: R25 million) are included in operating expenses in the statement of profit or loss and other comprehensive income.

During the year under review, EOH continued to consolidate and complement its existing services with strategic acquisitions. The total purchase consideration for these acquisitions is R511 million, consisting of R259 million in cash and 2 618 317 EOH shares. In all instances 100% of the shares were acquired.

Effective 1 December 2017, the EOH Group acquired a 100% interest in LSD Information Technology, a company specialising in open source technology, for a consideration of R241 million (R105 million in cash and R136 million in shares), payable in tranches based on profits warranted.

The contribution to the trading results of the Group, made by all acquisitions, has been accounted from the effective date of the business combination. In determining the purchase consideration paid, the profit history of the relevant business and its growth prospects in the EOH group are considered. The fair value of shares issued as part of the purchase price was determined based on the share price at the effective date. The accounting of these subsidiaries and businesses is based on best estimates and provisional fair values. The Group has not yet completed its assessment of the fair value of all identifiable assets, liabilities and/or contingent liabilities. The fair values will be finalised within twelve months from the date of acquisition. Goodwill relates mainly to future profits of these businesses and the anticipated synergies that the businesses bring to the group.

33. Contingencies

There are 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 makes appropriate provisions for impairment or credit note allowances.

There are certain claims from clients which, in the opinion of the directors, are not substantiated and are defendable. Where there is a perceived risk of an award, these incidents have been reported to the Group indemnity insurers. The directors are of the opinion that the resolution of these claims will have no material impact on the business.

34. Commitments

Figures in Rand thousand	2018	2017
Approved, but not yet contracted capital expenditure, relates to property, plant and equipment which will be financed from internally generated funds.	(125 000)	(200 000)
Operating leases		
Minimum operating lease payments due – as lessee		
– within one year	(139 851)	(138 724)
– within two to five years	(265 386)	(383 801)
– beyond five years	(1 406)	(5 003)
	(406 643)	(527 528)

Operating lease payments represent rentals payable for certain office premises and equipment rental. No contingent rent is payable. Average escalation percentages, already taken into account in the above amounts, are between 7% and 10%. Comparative figures have been changed to take into account a multiplication error made in calculating annualised rental amounts (R747 million). This error has no impact on the results reported for the years ended 31 July 2017 and 2018.

35. Retirement benefits

The Group is a member of a corporate defined contribution retirement scheme to which employees elect to make retirement contributions on an income sacrifice basis. The Group makes no additional contribution and is under no obligation to cover any other benefits. Employees are however eligible and obliged to become members of the Group risk benefit scheme, providing certain minimum death and disability benefits.

At 31 July 2018, the membership of the fund was 6 478 (2017: 6 056) employees.

36. Directors' interest in shares of the Company

	2018			2017		
Number of shares	Beneficial direct interest	Beneficial indirect interest	Total	Beneficial direct interest	Beneficial indirect interest	Total
Executive directors						
John King	9 000	272 765	281 765	305 542	272 765	578 307
Zunaid Mayet	273 389	105 000	378 389	273 389	–	273 389
Non-executive directors						
Pumeza Bam	23 477	–	23 477	23 477	–	23 477
Asher Bohbot	6 539 625	–	6 539 625	6 539 625	–	6 539 625
Tshilidzi Marwala	14 900	–	14 900	9 900	–	9 900
Rob Sporen	–	90 000	90 000	–	85 000	85 000
	6 860 391	467 765	7 328 156	7 151 933	357 765	7 509 698

Since the year-end, the newly appointed CEO Stephen van Coller purchased 250 000 shares on the market. There have been no other changes in the Directors' interests in share of the Company between year end and the date of approval of the Annual Financial Statements.

Shareholding of Directors who resigned during the year:

	2018			2017		
Number of shares	Beneficial direct interest	Beneficial indirect interest	Total	Beneficial direct interest	Beneficial indirect interest	Total
Rob Godlonton	619 364	–	619 364	619 364	4 500	623 864
Ebrahim Laher	652 259	63 331	715 590	652 259	63 331	715 590
Grathel Motau	5 000	–	5 000	–	–	–
Jehan Mackay	165 000	1 700 187	1 865 187	29 692	7 143 859	7 173 551
Johan Van Jaarsveld	–	197 653	197 653	–	206 200	206 200
Lucky Khumalo	15 000	–	15 000	10 000	–	10 000
Sandile Zungu	1 200	–	1 200	1 200	–	1 200
	1 457 823	1 961 171	3 418 994	1 312 515	7 417 890	8 730 405

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37. Directors' remuneration

Directors' remuneration is only reflected from the date upon which an appointment commences and up to the date of resignation. Performance bonuses reflect the amount paid during the year under review.

The share-based payments charge is recognised in the statement of profit or loss and other comprehensive income of the Group for share options granted to the respective director. This amount is not included in the remuneration amount for the director.

For details of the EOH Remuneration Policy please refer to the Remuneration Committee report on pages 48 to 54 of this Annual Integrated Report.

Figures in Rand thousand	Remuneration	Bonuses	For services as directors	Total	Share-based payments charge
2018					
Executive directors					
Rob Godlonton (Resigned 1 July 2018)	2 811	2 100		4 911	3 556
Brian Gubbins (Resigned 1 July 2018)	2 596	2 000		4 596	3 415
John King (Resigned 3 October 2018)	2 840	1 265		4 105	2 547
Ebrahim Laher (Resigned 1 July 2018)	2 969	1 500		4 469	2 490
Jehan Mackay (Resigned 1 July 2018)	2 973	1 155		4 128	2 471
Tebogo Maenetja (Appointed 12 March 2018)	1 256	–		1 256	82
Zunaid Mayet	3 834	1 393		5 227	2 443
Johan Van Jaarsveld (Resigned 31 July 2018)	3 040	1 280		4 320	3 518
Non-executive directors					
Asher Bohbot (Appointed 12 March 2018)*			246	246	2 475
Pumeza Bam			272	272	414
Jesmane Boggenpoel (Appointed 1 July 2018)			20	20	
Lucky Khumalo (Resigned 1 July 2018)**			1 073	1 073	
Ismail Mamoojee (Appointed 1 July 2018)			21	21	
Tshilidzi Marwala**			1 097	1 097	
Moretlo Molefi			172	172	
Grathel Motau (Resigned 12 March 2018)			98	98	
Audrey Mothupi (Resigned 31 August 2017)					
Rob Sporen**			1 256	1 256	
Sandile Zungu (Resigned 12 March 2018)			374	374	703
	22 319	10 693	4 629	37 641	24 114
Less: Paid by subsidiaries	(22 319)	(10 693)	(4 629)	(37 641)	–
	–	–	–	–	24 114

* *Asher Bohbot also received a consultancy fee of R1 102 711.*

** *The non-executive service fee consists of an approved payment of remuneration in cash (equivalent to the value of 5 000 EOH shares) to members of the Audit Committee. This was approved at the Annual General Meeting held on 11 February 2015.*

37. Directors' remuneration continued

Figures in Rand thousand	Remuneration	Bonuses	For services as directors	Total	Share-based payments charge
2017					
Executive directors					
Pumeza Bam (resigned 1 March 2017)	1 134	750		1 884	348
Asher Bohbot (resigned 30 June 2017)	2 859	2 300		5 159	3 734
Rob Godlonton (appointed 12 May 2017)	596	–		596	793
Brian Gubbins (appointed 12 May 2017)	555	–		555	735
John King	2 543	1 800		4 343	2 627
Ebrahim Laher (appointed 12 May 2017)	660	–		660	585
Jehan Mackay (appointed 12 May 2017)	654	–		654	551
Zunaid Mayet (appointed 12 May 2017)	553	–		553	477
Dion Ramoo (resigned 12 May 2017)	1 521	586		2 107	704
Jane Retief (née Thomson) (resigned 12 May 2017)	1 668	1 393		3 061	958
Johan Van Jaarsveld (appointed 12 May 2017)	578	–		578	791
Non-executive directors					
Pumeza Bam (appointed 1 March 2017)			33	33	251
Lucky Khumalo			201	201	
Danny Mackay (resigned 12 May 2017)			130	130	
Tshilidzi Marwala			215	215	
Moretlo Molefi (appointed 12 May 2017)			26	26	
Grathel Motau (appointed 1 March 2017)			92	92	
Audrey Mothupi (resigned 31 August 2017)			161	161	
Rob Sporen			320	320	
Sandile Zungu			590	590	995
	13 321	6 829	1 768	21 918	13 549
Less: Paid by subsidiaries	(13 321)	(6 829)	(1 768)	(21 918)	–
	–	–	–	–	13 549

38. Share-based payments

The Group currently has two share incentive schemes, the EOH Share Trust and the Mthombo Trust. Inclusion in the schemes allows directors, executive management and employees to benefit from the EOH share price performance. For both trusts, the participant needs to be in the employ of the Group in order to exercise vested options. The Mthombo Trust restricts participation to qualifying previously disadvantaged directors, executive management and employees.

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

The EOH Share Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. Refer to page 51 for details of the trust.

A reconciliation of the movement of all share options in The EOH Share Trust is detailed below:

	The EOH Share Trust			
	Number of options		Weighted average strike price (cents)	
	2018	2017	2018	2017
Opening balance	7 171 180	6 884 634	66,48	44,86
Granted during the year	1 769 400	2 247 450	28,51	95,63
to management	1 769 400	2 032 450	28,51	96,11
to directors	–	215 000	–	91,05
Forfeited during the year	(419 648)	(140 890)	65,22	65,28
Exercised during the year	(95 071)	(1 820 014)	27,37	21,95
Options granted but shares not issued up to the end of the year	8 425 861	7 171 180	59,04	66,48
Vesting of share options				
Number of options exercisable at year end	4 077 840	2 704 535	52,24	39,27
Exercise date within one year	1 654 362	1 630 970		
Exercise date between two and five years	2 693 659	2 835 675		
	8 425 861	7 171 180		

The Mthombo Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. Refer to page 51 for details of the trust.

38. Share-based payments continued

A reconciliation of the movement of all share options in the Mthombo Trust is detailed below:

	The Mthombo Trust			
	Number of options		Weighted average strike price (cents)	
	2018	2017	2018	2017
Opening balance	2 577 831	1 928 857	69,07	52,85
Granted during the year	864 000	954 450	29,49	93,62
to management	784 000	954 450	28,51	93,62
to directors	80 000	–	39,14	–
Forfeited during the year	(346 419)	(84 545)	74,40	67,91
Exercised during the year	(16 666)	(220 932)	45,34	34,00
Options granted but shares not issued up to the end of the year	3 078 746	2 577 830	57,48	69,07
Vesting of share options				
Number of options exercisable at year end	1 048 684	642 740	44,57	35,72
Exercise date within one year	576 273	510 284		
Exercise date between two and five years	1 453 789	1 424 806		
	3 078 746	2 577 830		

Basis of valuation

	The EOH Share Trust		The Mthombo Trust	
	2018	2017	2018	2017
Fair value was determined by using the Binomial model. The inputs were as follows:				
Weighted average share price (Rand)	47,52	159,25	49,29	158,37
Option strike price (Rand)	28,51	95,55	29,57	95,02
Expected volatility (%)	33,1	25,8	38	25,4
Expected dividend yield (%)	1,4	1,4	1,4	1,4
Weighted average expected life (years)	3,7	3,7	4,1	4,1
Weighted average fair value of options granted (Rand)	25,24	81,98	26,68	83,38
Expiry date from grant (years)	10	10	8	8

The volatility of the share price at grant date was determined using the share trading history of EOH prior to grant date.

The after tax risk-free rate applied was the zero-swaps curve at the grant date of the option.

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38. Share-based payments continued

The analysis of share options granted to directors is detailed below:

Figures in Rand thousand	At 31 July 2017 or date of appointment	Weighted average strike price at 31 July 2017 (Rand)	Granted during the year	Weighted average strike price at 31 July 2018 (Rand)	At 31 July 2018
Executive directors					
John King	232 500	74,39		74,39	232 500
Currently exercisable	80 000	54,65		54,65	80 000
Exercisable in one year	61 250	74,43		74,43	61 250
Exercisable between two and five years	91 250	91,66		91,66	91 250
Tebogo Maenetja			30 000	38,40	30 000
Currently exercisable					
Exercisable in one year					
Exercisable between two and five years			30 000	38,40	30 000
Zunaid Mayet	396 667	62,95		62,95	396 667
Currently exercisable	150 000	35,54		35,54	150 000
Exercisable in one year	60 000	54,23		54,23	60 000
Exercisable between two and five years	186 667	87,79		87,79	186 667
Non-executive directors					
Asher Bohbot	1 100 000	47,23		47,23	1 100 000
Currently exercisable	656 250	73,87		73,87	656 250
Exercisable in one year	175 000	69,43		69,43	175 000
Exercisable between two and five years	268 750	83,66		83,66	268 750
Pumeza Bam	52 500	74,03		74,03	52 500
Currently exercisable	22 500	63,68		63,68	22 500
Exercisable in one year	15 000	70,93		70,93	15 000
Exercisable between two and five years	15 000	92,65		92,65	15 000

38. Share-based payments continued

Executive directors that resigned during the year

Figures in Rand thousand	At 31 July 2017 or date of appointment	Weighted average strike price at 31 July 2017 (Rand)	Weighted average strike price at 31 July 2018 (Rand)	At resignation date
Rob Godlonton	492 500	56,66	56,66	492 500
Currently exercisable	245 000	34,04	34,04	245 000
Exercisable in one year	95 000	69,11	69,11	95 000
Exercisable between two and five years	152 500	85,25	85,25	152 500
Brian Gubbins	287 500	74,10	74,10	287 500
Currently exercisable	66 250	47,38	47,38	66 250
Exercisable in one year	78 750	72,78	72,78	78 750
Exercisable between two and five years	142 500	87,24	87,24	142 500
Ebrahim Laher	413 333	63,82	63,82	413 333
Currently exercisable	133 333	36,32	36,32	133 333
Exercisable in one year	76 667	54,79	54,79	76 667
Exercisable between two and five years	203 333	85,25	85,25	203 333
Jehan Mackay	346 667	71,68	71,68	346 667
Currently exercisable	66 667	49,66	49,66	66 667
Exercisable in one year	76 667	54,81	54,81	76 667
Exercisable between two and five years	203 333	85,25	85,25	203 333
Johan Van Jaarsveld	335 000	69,14	69,14	335 000
Currently exercisable	92 500	41,96	41,96	92 500
Exercisable in one year	92 500	69,44	69,44	92 500
Exercisable between two and five years	150 000	85,72	85,72	150 000

Non-Executive directors that resigned during the year

Figures in Rand thousand	At 31 July 2017 or date of appointment	Weighted average strike price at 31 July 2017 (Rand)	Granted during the period	Exercised during the period	Weighted average exercise price (Rand)	Weighted average strike price at resignation date (Rand)	At resignation date
Sandile Zungu	100 000	94,47	50 000	(100 000)	94,47	39,58	50 000
Currently exercisable	33 333	94,47		(33 333)	94,47		–
Exercisable in one year	33 333	94,47		(33 333)	94,47		–
Exercisable between two and five years	33 334	94,47	50 000	(33 334)	94,47	39,58	50 000

39. Related party transactions

The Group entered into various transactions with related parties. These transactions occurred under terms and conditions no more favourable to those entered into with third parties except for loans receivable from related parties which are interest free.

Figures in Rand thousand	2018	2017
Transactions with equity-accounted investments		
Sale of products and services	103 389	96 500
Purchases of products and services	20 494	8 911
Trade receivables balances with related parties	57 765	131 737
Trade payables balances with related parties	1 157	916
Loans receivable from equity-accounted investments	167 569	82 624
Twenty Third Century Systems (Private) Limited	87 087	26 640
BC Skills SARL	15 010	15 968
Virtuoso Consulting	39 608	32 505
aSay Enerji Inşaat Sanayi ve Ticaret Anonim Şirketi	8 460	756
EOH SEAL Limited	2 250	6 116
TCD MENA (Proprietary) Limited (Egypt)	668	639
Bessertec	6 436	–
Mondia Tech FZ-LLC	6 296	–
Cözümevi Yönetim Danişmanliği ve Biligisayar Yazlim Ticaret Şirketi	1 754	–
These loans are interest free and payable on demand. Please refer to note 7.		
Transactions between the holding company and subsidiaries		
Dividends received	(526 531)	(265 900)
Professional fees to associates		
Professional fees have been paid to associates of non-executive directors. The transactions were conducted at market-related rates prevailing at the time of entering into the transactions.	6 300	7 417
Vendors loans and receivables		
Refer to note 7	59 819	58 270
Advances		
Advances to key management and employees.	5 772	(15 326)

40. Schedule of investments in subsidiaries

All the subsidiaries below are incorporated in South Africa unless otherwise indicated.

Figures in Rand thousand	Effective interest 2018 %	Effective interest 2017 %	Carrying amount of investment in shares 2018	Carrying amount of investment in shares 2017	Loans owing by subsidiaries 2018	Loans owing by subsidiaries 2017
Direct subsidiaries						
CA Southern Africa Proprietary Limited	100	100	14 924	12 511	(40 879)	78 110
Enterprise Softworks Proprietary Limited	100	100	15 997	13 465	9 943	50 542
EOH Abantu Proprietary Limited	100	100	904 396	917 237	351 829	347 677
EOH Consulting Proprietary Limited	100	100	52 759	52 701	1 194	13 710
NEXTEC Industrial Technologies Proprietary Limited	100	100	691 321	646 898	115 815	116 537
EOH International Proprietary Limited	100	100	446 401	381 751	64 061	19 006
EOH Mthombo Proprietary Limited	100	100	1 513 622	1 230 683	1 645 525	1 253 544
Intellient Proprietary Limited	100	100	9 913	9 451	(395)	26 355
Mthombo IT Services Proprietary Limited	100	100	43 157	43 157	(735)	–
V55 Investments Proprietary Limited	100	100	–	–	(23 919)	(44 908)
			3 692 490	3 307 854	2 122 439	1 860 573

Figures in Rand thousand	Effective interest 2018 %	Effective interest 2017 %	Loans owing by subsidiaries 2018	Loans owing by subsidiaries 2017
Indirect subsidiaries				
2Identify Proprietary Limited	100	100	–	–
4Water Supplies Proprietary Limited	100		–	
8 Bit Platoon Proprietary Limited	100	100	–	–
About Time Software Proprietary Limited	100	100	–	–
Afiswitch Proprietary Limited	100	100	–	–
Afon Pte Ltd, registered in Singapore	100	100	–	
Afon IT Pte Ltd, registered in Singapore	100	100	–	
Afon Systems Pte Ltd, registered in Singapore	100	100	–	
Afon Technologies Pte Ltd, registered in Singapore	100	100	–	
Allos Consulting Proprietary Limited	100			
Allos S.r.l – incorporated in Italy	100			
Amber Moon Trading 5 Proprietary Limited	100	100	–	–
Aptronics Proprietary Limited	100	100	–	
Arete Global FZ LLC, registered in Dubai	100	100	–	
Arete Global S.A.E, registered in Egypt	100	100	–	
Arete Business Consulting Ltd, registered in India	100	100	–	
Ashreq Environmental and Occupational Hygiene Consultants Proprietary Limited	100	100	–	–
Edgeo Proprietary Limited	100	100	–	–
Asset Gulf FZ-LLC, registered in Dubai, United Arab Emirates	75	70	–	
Asset Technology Group, registered in Egypt	75	70	–	

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40. Schedule of investments in subsidiaries continued

Figures in Rand thousand	Effective interest 2018 %	2017 %	Loans owing by subsidiaries 2018	2017
Blick Properties SA Proprietary Limited	100	100	–	–
CCS Mining and Industrial Proprietary Limited	100	100	–	–
Censeo Botswana Proprietary Limited – incorporated in Botswana	100	100	–	–
EOH Forensic Services Proprietary Limited	100	100	–	–
CES Mozambique Limitada – incorporated in Mozambique	98	98	–	–
Change Logic CS Proprietary Limited	100	100	–	–
Civec Civil Engineering Consultants Proprietary Limited	100	100	–	
Clearline Infrastructure Solutions Proprietary Limited	100	100	–	–
Clearline IS Proprietary Limited	100	100	–	–
Coastal and Environmental Services Proprietary Limited	100	100	–	–
Combined Systems Proprietary Limited	100	100		
Comitant Solutions Proprietary Limited	100	100	–	–
Compu-Power Proprietary Limited	100	100	–	–
Computerised Health and Environment Surveillance Systems Proprietary Limited	100	65	–	–
Construction & Project Management Limited – incorporated in the United Kingdom	100	100	–	–
Construction Computer Software (Asia) Limited – incorporated in Hong Kong	100	100	–	–
Construction Computer Software (Aus) Proprietary Limited – incorporated in Australia	100	100	–	–
Construction Computer Software (Gulf) LLC – incorporated in United Arab Emirates	100	100	–	–
Construction Computer Software Proprietary Limited	100	100	–	–
Cool Ideas 1016 Proprietary Limited	100	100	–	–
Cornastone Enterprise Services Proprietary Limited	100	100	–	–
Cornastone Enterprise Systems Proprietary Limited	100	100	–	–
Cornastone Enterprise Management Systems Proprietary Limited	100	100	–	–
Cornastone Managed Services Proprietary Limited	100	100	–	–
Cornastone Telecommunications Proprietary Limited	100	100	–	–
Cortez Trading Proprietary Limited	100	100	–	–
CSV Water Consulting Engineers Proprietary Limited	100	100	–	–
Cybercare Proprietary Limited	100	100	–	–
Data World Information Systems Pvt Limited – incorporated in India	100		–	–
DataWorld Proprietary Limited	100		–	–
Dcode Mobility Proprietary Limited	100	100	–	–
Deixis Proprietary Limited	100	100	–	–
Denis Insurance Administrators Proprietary Limited	100	100	–	–
Denis Underwriting Managers Proprietary Limited	100	100	–	–
Dental Information Systems Holdings Proprietary Limited	100	100	–	–
Dental Information Systems Proprietary Limited	100	100	–	–
Dihlase Consulting Engineers Proprietary Limited	100	100	–	–
E-business Systems Limitada – incorporated in Mozambique	80	80	–	–
ECDOH's Differentiated Amenities Proprietary Limited	100	100	–	–
Educos Vision S.A.R.L – Luxembourg	100	100	–	–
Educos Vision Services S.A.R.L – Luxembourg	100	100	–	–
Electronic Business Manager Investment Company Proprietary Limited	100	100	–	–
Emerald Sky Trading 730 Proprietary Limited	100	100	–	–

40. Schedule of investments in subsidiaries continued

Figures in Rand thousand	Effective interest 2018 %	Effective interest 2017 %	Loans owing by subsidiaries 2018	Loans owing by subsidiaries 2017
Employers Mutual Protection Service Proprietary Limited	100	100	–	–
Enablemed Proprietary Limited	100	100	–	–
Enablemed Services Proprietary Limited	100	100	–	–
Energy Cybernetics Proprietary Limited	100	100	–	–
Energy Insight Proprietary Limited	100	100	–	–
Enerweb Proprietary Limited	100	100	–	–
Emid Proprietary Limited	100	100	2 099	–
EOH Advisory Services Proprietary Limited	100	100	–	5 239
EOH Employee Benefits Proprietary Limited	100	100	–	–
EOH Europe Limited – incorporated in the United Kingdom	100	100	–	–
EOH Financial Solutions Proprietary Limited	100	100	–	–
EOH Human Capital Solutions Proprietary Limited	100	100	–	2 000
EOH Information Technology Namibia Proprietary Limited	100		–	–
EOH Legal Services Proprietary Limited	100	100	–	501
EOH Linkstate Services Proprietary Limited	100	100	(40)	–
EOH Managed Services PS Proprietary Limited	100	100	–	–
EOH Microsoft Coastal Proprietary Limited	100	100	–	–
EOH Middle East FZ LLC– incorporated in Dubai	100	100	–	–
EOH Mthombo Mozambique Limitada – incorporated in Mozambique	95	95	–	–
EOH Power Systems Proprietary Limited	100	100	–	–
EOH Rwanda Limited – incorporated in Rwanda	100	100	–	–
EOH Security and Building Technologies Proprietary Limited	100	100	–	519
EOH Singapore Private Limited – incorporated in Singapore	100	100	–	–
EOH Turkey Software Services Consulting	100	100	–	–
EOH Wealth Proprietary Limited	100	100	–	–
Evaluations Enhanced Property Appraisals Proprietary Limited	100			
Exigo Sustainability Proprietary Limited	100	100	–	–
Ezobuchwepheshe Business Solutions Proprietary Limited	100	100	–	–
Faculty Training Institute Proprietary Limited	100	100	73	92
Faranani Sapremo Proprietary Limited	100	100	–	–
Forensic Data Analysts Proprietary Limited		100		–
Freethinking Business Consultants Proprietary Limited	100	100	–	–
Global Access Health Network (DRC) – incorporated in Democratic Republic of Congo	56	56	–	–
Global Access Health Network (Isle of Man) Limited – incorporated in Isle of Man	70	70	–	–
GLS Consulting Proprietary Limited	100	100	–	–
GLS Software Proprietary Limited	100	100	–	–
Grid Control Technologies Proprietary Limited		100		–
Healthshare Health Solutions Proprietary Limited	100	100	–	–
Healthshare Result Oriented Solutions Limited	100	100	–	–
HCI Financial Services Proprietary Limited	100	100	–	–
Highveld Wealth Management Proprietary Limited	100	100	–	–
Hlanganani Blick Proprietary Limited	100	100	–	–
Hoonar Tekwurks Consulting South Africa Proprietary Limited	100	100	–	–

40. Schedule of investments in subsidiaries continued

Figures in Rand thousand	Effective interest 2018 %	2017 %	Loans owing by subsidiaries 2018	2017
Hospitality Professionals South Africa Proprietary Limited	100	100	–	–
Hymax SA Proprietary Limited	100	100	–	–
Hymax Talking Solutions Proprietary Limited	100	100	–	–
Imaging Solutions (Pvt) Limited – incorporated in Zimbabwe	75	75	–	–
Impact Human Resources Proprietary Limited	100	100	–	–
Impression Signatures Proprietary Limited	100		–	
IMQS Software Proprietary Limited	100	100	–	–
In The Cloud Internet Services Proprietary Limited	100	100	–	–
Industrial Logistic Systems Proprietary Limited	100	100	–	–
Infrastructure System Integrators Proprietary Limited	100	100	–	–
Integrators of Systems Technology Proprietary Limited	100		–	
Intelligens IT Solutions Proprietary Limited	100	100	–	–
Investigative Software Solutions Proprietary Limited		100	–	–
Isilumko Staffing Proprietary Limited	100	100	–	–
iSquared Technologies Proprietary Limited	100		–	
iThemba Governance and Statutory Solutions Proprietary Limited		100	–	–
ITS Technologies Proprietary Limited	100	100	–	–
Joat Consulting Proprietary Limited	100	100	–	–
Joat Sales & Services EC Proprietary Limited	100	100	–	–
Joat Sales & Services GP Proprietary Limited	100	100	–	–
Joat Sales & Services Proprietary Limited	100	100	–	–
LSD Information Technology Proprietary Limited	100		–	
Managed Integrity Evaluation Proprietary Limited	100	100	–	–
Managed Print Solutions Proprietary Limited	100	100	–	–
Mars Holdings Proprietary Limited	100	100	–	–
MBAT Proprietary Limited	100	100	–	–
Medical Services Organisation International Proprietary Limited	70	70	–	–
Medical Services Organisation South Africa Proprietary Limited	100	100	395	395
Medical Services Organisation – incorporated in Nigeria	60	60	–	–
Mehleketo Resourcing Proprietary Limited	100	100	–	–
Mikros Systems Proprietary Limited	50	50	–	–
Mikros Traffic Monitoring Proprietary Limited	100	100	–	–
Mikros Traffix Monitoring (KZN) Proprietary Limited	100	100	–	–
MPC Recruitment Proprietary Limited	100	100	–	–
New Africa Rail Proprietary Limited	100	100	–	–
Paterson Candy International (South Africa) Proprietary Limited	100	100	–	–
PharmaLTx Proprietary Limited	100	100	–	–
PiA Solar SA Proprietary Limited	100	100	–	–
Prehab Testing Proprietary Limited	100	100	–	–
Process Contracting International Nigeria Limited – incorporated in Nigeria	100	100	–	–
Railco Proprietary Limited	100	100	–	–
Regro Technology Proprietary Limited	100	100	–	–
Riccla 1715 Proprietary Limited	100	100	–	–
Rinedata UK Limited – incorporated in United Kingdom	100	100	–	–
Rinedata SA Proprietary Limited	100	100	–	–
Riverbend Trade and Invest 38 Proprietary Limited	100	100	–	–
Ronbel 117 Proprietary Limited	100	100	–	–

40. Schedule of investments in subsidiaries continued

Figures in Rand thousand	Effective interest 2018 %	Effective interest 2017 %	Loans owing by subsidiaries 2018	Loans owing by subsidiaries 2017
Rosstone Consulting Proprietary Limited	100	100	–	–
Sabela Learning Academy Proprietary Limited	100	100	–	
Sanyati Mehleketo Construction Proprietary Limited	100	100	–	
ScanRF Projects Proprietary Limited	100	100	–	
Scientia Healthcare Group Schemes Proprietary Limited	100	100	–	–
Scientia Optimate Financial Services Proprietary Limited	100	100	–	–
Shandon Business Solutions Proprietary Limited	100	100	–	–
SI Analytics Proprietary Limited	100	100	–	–
Siyanqoba Seminars Proprietary Limited	100	100	–	–
Siyaya Skills Institute Proprietary Limited	100	100	–	–
Sizabantu Background Checks Proprietary Limited	100	100	–	–
Sortit Proprietary Limited	100	100	–	–
Sukema IP CO Proprietary Limited	51	51	–	–
SWX Investments Proprietary Limited	100	100	–	–
Sybrin Kenya Limited – incorporated in Kenya	90	90	–	–
Sybrin Limited (Guernsey) – incorporated in Guernsey	100	100	–	–
Sybrin Mozambique Limitada – incorporated in Mozambique	75	75	–	–
Sybrin Systems Proprietary Limited	100	100	–	–
Symplexity Proprietary Limited	100	100	–	–
Synergy Bus. Intelligence (Switzerland) GmbH – incorporated in Switzerland	100	100	–	–
Syntell Proprietary Limited	100	100	–	–
Syntell Ghana Proprietary Limited	100	100	–	–
Syntell Namibia Proprietary Limited	100	100	–	–
Syntell Southern Cape Proprietary Limited	100	100	–	–
Syntell Systems Proprietary Limited	50	50	–	–
Telebo Construction Proprietary Limited	100	100	–	–
Tifozi Trading Proprietary Limited	100	100	–	–
Tintswalo Training Proprietary Limited	100	100	–	–
Trackstar Trading 308 Proprietary Limited	100	100	–	–
TCD Outcomes Research Proprietary Limited	100	100	–	–
Triclinium Clinical Development Proprietary Limited	100	100	–	–
EOH Afrika Proprietary Limited	80	100	–	–
TSS Optimisation Solutions Proprietary Limited	100	100	–	–
Twenty Third Century Systems (Kenya) Limited – incorporated in Kenya	100	100	–	–
Umbane Systems Proprietary Limited	100	100	–	–
V & V Consulting Engineers Proprietary Limited	100	100	–	–
V & V Holdings Proprietary Limited	100	100	–	–
V & V Software Development Proprietary Limited	100	100	–	–
Veritek Proprietary Limited	100	100	–	–
Vilt Brasil Sistemas de Informacao LTDA – incorporated in Brasil	100	65	–	–
Vilt, Portugal, S.A. – incorporated in Portugal	100	65	–	–
Vilt, SGPS, S.A. – incorporated in Portugal	100	65	–	–
Vilt Espana Sistemas de Informacio SL – incorporated in Spain	100	65	–	–
Vista Imaging Proprietary Limited	100			–
WRP Consulting Engineers Proprietary Limited	100	100	–	–
Xcallibre Proprietary Limited	100		–	
XI Data Services Proprietary Limited	100	100	–	–
Xolowethu Sonke (Xcallibre Africa) Proprietary Limited	100		–	

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40. Schedule of investments in subsidiaries continued

Figures in Rand thousand	Effective interest 2018 %	2017 %	Loans owing by subsidiaries 2018	2017
Xpert Decisions Systems Proprietary Limited	100	100	–	–
Yes Accounting Proprietary Limited	100	100	–	–
Zenaptix Proprietary Limited	100	100	–	–
Zusiza Proprietary Limited	100	100	–	–
Trusts				
The EOH Share Trust	100	100	–	–
The Mthombo Trust	100	100	–	–
Indirect trust				
EOH Enterprise Development Trust	100	100	–	–
			2 527	8 746

* *Intercompany loans are unsecured, interest free and have no fixed terms of repayment. The maximum exposure of EOH Holdings Limited at year end is limited to the cost of the investment in shares and the balance owing by subsidiaries, as above.*

41. Risk management

Financial risk management

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out centrally and management identifies, evaluates and analyses financial risks where necessary in close co-operation with the Group's operating business units. The Governance and Risk Committee oversees how management monitors compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's normal operations expose it to the following financial risks from its use of financial instruments:

- Capital risk
- Liquidity risk
- Interest risk
- Credit risk and
- Currency risk

41. Risk management continued

The following table summarises the carrying amount of financial instruments recorded at 31 July 2018:

Figures in Rand thousand	2018	2017
Financial assets		
Loans and receivables		
Other financial assets	768 571	236 847
Finance lease receivables	203 818	244 221
Trade and other receivables	5 263 885	4 867 742
Cash and cash equivalents	1 418 319	2 506 551
Fair value through profit or loss		
Other financial assets – level 1	89 022	78 959
Other financial assets – level 3	49 768	39 462
	7 793 383	7 973 782
Financial liabilities		
Measured at amortised cost		
Other financial liabilities	3 470 287	3 373 639
Finance lease payables	91 748	106 781
Trade and other payables	1 951 216	1 758 664
Fair value through profit or loss		
Vendors for acquisition – level 3	633 709	1 167 453
	6 146 960	6 406 537

The Group does not have any financial instruments that are subject to offsetting.

Financial assets

Fair value through profit or loss

Financial assets measured at fair value through profit or loss, in terms of the hierarchy, are classified as level 1 based on quoted prices in active markets for identical assets that the Group can access at the measurement date and as level 3 where the valuation technique used is based on unobservable inputs for the asset.

Other financial assets (level 1) relate to investments for which the fair value is determined by reference to the performance of indices in an active market.

Other financial assets (level 3) relate to non-controlling interests in an unlisted business and a cell captive. The valuation is based on a discounted cash flow model which has been adjusted for risk inherent in the investees' nature of operations and the cell captive is valued based on the asset value reported by the service provider. At 31 July 2018, the carrying value of the level 3 financial asset, based on the directors' evaluation, is R50 million (2017: R40 million).

41. Risk management continued

	2018		2017	
Figures in Rand thousand	Level 3	Level 1	Level 3	Level 1
Other financial assets				
Balance at the beginning of the year	39 462	78 959	–	165 529
Transfer from loans and receivables	5 774	–	25 983	–
Disposal of financial assets	–	–	–	(94 659)
Net changes in fair value	4 532	10 061	13 479	8 089
Balance at the end of the year	49 768	89 020	39 462	78 959

Financial Liabilities

Financial liabilities measured at fair value through profit or loss, in terms of the hierarchy, are classified as level 3 as the valuation techniques used are based on unobservable inputs for the liability.

Vendors for acquisition

The vendors for acquisition balance relates to the contingent consideration associated with business combinations where profit warranties are applicable. The profit warranties allow for a defined adjusted value to the consideration payable in the event that the warranted profit after tax is not achieved, or in the event that is exceeded, an agreed sharing in the surplus. The fair value of the contingent arrangement is initially estimated by applying the income approach assuming that the relevant profit warrant will be achieved. Subsequent measurement uses the income approach to calculate the present value of the expected settlement payment using the latest approved budgeted results and reasonable growth rates for the remainder of the relevant warranty periods taking into account any specific circumstances.

Profit warrant periods normally extend over a 24-month period.

Upwardly revised performance expectations would result in an increase in the related liability limited to the terms of the applicable warranty agreement.

Unobservable inputs include budgeted results based on margins and revenue growth rates historically achieved by the various segments. Changing such inputs to reflect reasonably possible alternative assumptions does not significantly change the fair value of the vendors for acquisition liability.

EOH has an established control framework with respect to the measurement of fair values. This includes a valuation team that reports directly to the Group Financial Director who oversees all significant fair value measurements.

Reconciliation of vendors for acquisition

Figures in Rand thousand	2018	2017
Balance at the beginning of the year	1 167 453	1 284 763
Raised through business combinations	153 695	559 934
Raised as investments in Joint Ventures and Associates	–	152 203
Acquisitions of remaining non-controlling interests	67 839	14 279
Foreign exchange effects	(20 071)	(10 812)
Net changes in fair value	(9 156)	(35 764)
Discharged to vendors*	(726 051)	(797 150)
Balance at the end of the year	633 709	1 167 453

* *Includes a release of R123 million relating to the disposal of the GCT Group (refer to note 31).*

Capital risk management

The Group's objective is to safeguard its ability to continue as a going concern and to maintain an appropriate capital structure while growing the business. This is consistent with previous years.

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

41. Risk management continued

The debt to equity ratios

	2018	2017
Total debt (R000's)	4 195 744	4 647 873
Total equity (R000's)	8 100 679	8 505 188
Debt to equity ratio (%)	51,8	54,6

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by reviewing future commitments and credit facilities to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the date of the statement of financial position to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Figures in Rand thousand	Less than 1 year	Between 2 and 5 years
At 31 July 2018		
Other financial liabilities	874 991	3 896 626
Finance lease payables	43 565	63 761
Trade and other payables	1 951 216	–
At 31 July 2017		
Other financial liabilities	1 465 155	1 925 092
Finance lease payables	45 067	70 767
Trade and other payables	1 758 664	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above. There were no defaults or breaches of any of the borrowing terms or conditions.

Interest risk

The cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate owing to changes in the market interest rate. The fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in the market interest rates. The Group assumes exposure to the effects of the fluctuations in the prevailing levels if the market interest rates on both the fair value and cash flow risks fluctuate.

Interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group policy is to maintain most of its borrowings in variable rate instruments. The variable rates are influenced by movements in the prime borrowing rates. During the reporting period, the Group's borrowings at variable rates were denominated in Rands.

The Group analyses its interest rate exposure on an ongoing basis. The Group is not highly geared and does not hedge against fluctuations in interest rates.

At 31 July 2018, if the interest rate on Rand-denominated borrowings had been 1% higher with all other variables held constant, pre-tax profit for the year would have been R35 million (2017: R34 million) lower, mainly as a result of a higher interest expense on floating rate borrowings.

41. Risk management continued

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's other financial assets, finance lease receivables, trade and other receivables and cash and cash equivalents.

Trade receivables and finance lease receivables comprise a widespread customer base, spread across diverse industries and geographical areas. The Group has a general policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Management evaluates credit risk relating to customers on an ongoing basis, taking into account its financial position, past experience and other relevant factors. If customers are independently rated, these ratings are also considered. The Group only deposits cash with major banks with high quality credit standing.

The carrying amount of financial assets, which are net of impairment losses, represents the maximum credit exposure. Financial assets exposed to credit risk at year end were as follows:

Figures in Rand thousand	2018	2017
Other financial assets	768 571	236 847
Finance lease receivables	203 818	244 221
Trade and other receivables	5 263 885	4 867 742
Cash and cash equivalents	1 418 319	2 506 551

At the reporting date, the Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

Currency risk

The Group operates internationally but has limited exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, the Euro, the British Pound and the Arab Emirates Dirham.

To manage foreign exchange risk arising from commercial transactions and recognised assets and liabilities, management uses forward exchange contracts when considered appropriate.

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities that are denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has limited investments in foreign operations, where the assets are exposed to foreign currency translation risk. Currency exposure arising from net assets of the Group's foreign operations will have no effect on the post-tax profit as the effect of the translation is recognised directly in the foreign currency translation reserve. As at 31 July 2018, if the foreign entities local currencies had weakened or strengthened by 5% against the rand, with all other variables held constant, the impact on equity for the Group would have amounted to R26 million (2017: R21 million).

41. Risk management continued

Foreign currency financial instruments are analysed by currency as follows:

	2018				
	Financial assets			Financial liabilities	
Figures in Rand thousand	Other financial assets	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Trade and other payables
British Pound	–	57 926	24 024	(131)	(26 153)
US Dollar*	1 333	391 624	71 534	(5 785)	(121 918)
Arab Emirates Dirham	24 874	146 232	15 232	(4 244)	(98 200)
Euro	392	187 745	21 990	(42 742)	(71 795)
Indian Rupee	–	29 127	2 033	(846)	(2 832)
Singapore Dollar	–	41 999	12 017	–	–
Other	–	76 459	70 848	(539)	(33 993)

* *Cash and cash equivalents includes a Zimbabwean USD dominated bank account of R60 million.*

Foreign currency financial instruments

	2017				
	Financial assets			Financial liabilities	
Figures in Rand thousand	Other financial assets	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Trade and other payables
Arab Emirates Dirham	–	138 933	16 963	(1 459)	(35 531)
British Pound	–	34 918	48 814	(166)	(32 276)
Euro	258	116 345	38 356	(50 325)	(107 692)
Singapore Dollar	6 780	10 963	55 041	(9 998)	(42 674)
US Dollar	4 619	167 554	10 407	(371)	(64 811)
Other	–	63 737	50 760	(300)	(24 554)

The majority of trade and other receivables and trade and other payables are fixed in the company's functional currency.

Exchange rates used for conversion of foreign amounts to the South African Rand were:

	2018	2017
Arab Emirates Dirham	4,02	4,04
British Pound	17,44	17,50
Euro	15,57	15,69
Indian Rupee	0,20	0,21
Singapore Dollar	10,34	10,42
US Dollar	13,27	13,32

42. Events after the reporting date

The EOH Group signed a long-term partnership with Lebashe, a 100% black-owned investment holding company. This BEE transaction was concluded following the approval of shareholders on 18 September 2018. Lebashe will invest R1 billion in EOH over 12 months of which R500 million has already been injected.

Stephen van Coller was appointed as CEO of EOH Holdings Limited. Zunaid Mayet resigned as the CEO of the EOH Holdings Limited to take up the position of the CEO of NEXTEC on 1 September 2018 and John King resigned as Group Financial Director on 3 October 2018.

The Board has decided that no dividend will be declared for the 2018 financial year.

SHAREHOLDER SPREAD

	31 July 2018				31 July 2017			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Analysis of shareholdings								
Holdings								
1 – 10 000	9 495	71,43	2 938 557	1,92	12 561	70,48	4 405 839	2,94
10 001 – 50 000	3 072	23,11	9 489 282	6,21	4 350	24,41	12 989 352	8,65
50 001 – 100 000	578	4,35	17 677 575	11,57	732	4,10	22 458 196	14,96
100 001 – 1 000 000	122	0,92	34 794 513	22,77	159	0,89	45 935 114	30,60
1 000 001 and more	25	0,19	87 897 366	57,53	21	0,12	64 306 966	42,85
	13 292	100,00	152 797 293	100,00	17 823	100,00	150 095 467	100,00
Shareholder categories								
Banks	83	0,62	23 805 850	15,58	80	0,45	23 625 281	15,74
Close corporations	109	0,82	361 410	0,24	163	0,91	379 958	0,25
Endowment funds	80	0,60	481 934	0,32	183	1,03	1 836 615	1,22
Individuals	10 858	81,69	23 168 040	15,16	13 334	74,81	25 086 388	16,71
Insurance companies	43	0,32	6 071 732	3,97	62	0,35	5 459 551	3,64
Investment companies	7	0,05	112 592	0,07	10	0,06	1 794 592	1,20
Medical schemes	8	0,06	293 823	0,19	7	0,04	130 405	0,09
Mutual funds	139	1,05	50 063 855	32,76	259	1,45	34 850 629	23,21
Other corporations	86	0,65	501 459	0,33	92	0,52	578 180	0,39
Own holdings (Treasury shares)	2	0,02	5 329 990	3,49	2	0,01	4 493 817	2,99
Private companies	326	2,45	4 693 377	3,07	561	3,15	8 147 278	5,43
Public companies	4	0,03	276 204	0,18	8	0,04	931 263	0,62
Retirement funds	90	0,68	20 556 041	13,46	144	0,81	22 089 870	14,71
Trusts	1 457	10,96	17 080 986	11,18	2 918	16,37	20 691 640	13,80
	13 292	100,00	152 797 293	100,00	17 823	100,00	150 095 467	100,00

Major shareholders

According to the records of the Company, the only shareholders registered at 31 July 2018 holding 3% or more of the Company's shares were:

	31 July 2018		31 July 2017	
	Number of shares	%	Number of shares	%
Government Employee Pension Fund	16 354 595	10,70	16 693 332	11,12
State Street Bank & Trust Co (Custodian)	11 853 294	7,76	4 657 897	3,10
Foord	9 487 310	6,21	4 189 182	2,79
PSG Konsult	8 303 558	5,43	4 886 789	3,26
Fidelity	7 355 244	4,81	11 221 448	7,48
Bejaled Trust	6 539 625	4,28	6 539 625	4,36
Alexander Forbes Investments	6 193 580	4,05	1 559 372	1,04
V55 Investments	5 329 990	3,49	4 493 817	2,99
Fairtree Capital	5 041 272	3,30	406 205	0,27
Tactical Software Systems Proprietary Limited	1 700 187	1,11	7 143 859	4,76
	78 158 655	51,14	61 791 526	41,17

	31 July 2018		31 July 2017	
	Number of shares	%	Number of shares	%
Shareholder spread				
Public shareholders	135 715 192	88,82	127 295 076	84,81
Non-public shareholders	17 082 101	11,18	22 800 391	15,19
Directors, associates and management of the Company	9 385 166	6,14	16 240 103	10,82
EOH share trusts	2 366 945	1,55	2 066 471	1,38
EOH treasury shares	5 329 990	3,49	4 493 817	2,99
	152 797 293	100,00	150 095 467	100,00
Shares in issue				
Total number in issue	152 797 293		150 095 467	
Share trusts	(2 366 945)		(2 066 471)	
Treasury shares	(5 329 990)		(4 493 817)	
Effective number of shares in issue	145 100 358		143 535 179	

SHAREHOLDER DIARY

Results announcements

Announcement of annual results for the year ended 31 July 2018	Wednesday, 3 October 2018
Posting of the Annual Integrated Report for the year ended 31 July 2018	Friday, 30 November 2018
Announcement of interim results for the half-year ended 31 January 2019	Tuesday, 26 March 2019

Annual General Meeting	Wednesday, 20 February 2019

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' or 'the Group')

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 advisor.

Notice is hereby given that the 20th Annual General Meeting of shareholders of EOH will be held at 14h00 on Wednesday, 20 February 2019 in the boardroom of the Company, EOH Office Park, Ground Floor, Block D, EOH Office Park, 1 Osborne Lane, Bedfordview, 2007 for the purpose of considering, and, if deemed fit, passing with or without modification, the ordinary and special resolutions set out hereunder.

Purpose and general information

The purpose of the AGM is to transact the business set out in the agenda below and to discuss other matters raised by shareholders at the meeting, provided that, in the sole discretion of the chairman of the meeting, such matters directly concern the business of the Company and may lawfully be dealt with at an annual general meeting.

Agenda

1. Presentation of financial statements (non-voting agenda point)

The audited financial statements of the Company for the year ended 31 July 2018, including the directors' report, the independent auditor's report and various sub-committee reports, to be presented at the meeting as required in terms of section 30(3)(d) of the Companies Act, No.71 of 2008, as amended ("the Companies Act") are hereby presented.

2. Ordinary Resolutions

The minimum percentage of voting rights required for each of the resolutions set out in items 4 to 12 below to be adopted is more than 50% (fifty percent), unless otherwise specifically indicated, of the voting rights exercised by shareholders present or represented by proxy at the AGM in respect of each of the resolutions.

3. Ordinary Resolution number 1: Appointment of executive and non-executive directors

The following director appointments were made by the board of directors ('the Board') since the last annual general meeting, and are hereby ratified and confirmed, in accordance with the Company's MOI and the Companies Act.

Upon recommendation by the Company's nominations committee, it is proposed that shareholders pass the following ordinary resolutions:

"RESOLVED, by way of individual stand-alone resolutions, to appoint the following directors:

1.1 Asher Bohbot (Non-executive Director and Chairman);
1.2 Tebogo Maenetja (Executive Director);
1.3 Jesmane Boggenpoel (Non-executive Director);
1.4 Ismail Mamoojee (Non-executive Director); and
1.5 Stephen van Coller (Executive Director and Group Chief Executive Officer).

Refer to Annexure A of this Annual Integrated Report (of which this notice forms part) for a brief résumé of each director.

4. Ordinary Resolutions numbers 2.1 to 2.4: Appointment of Audit Committee members

The Companies Act and JSE Listings Requirements stipulate that each public listed company must, each year at its annual general meeting, appoint an audit committee, comprising at least three non-executive directors who are independent and, as a collective body, are suitably qualified, skilled and experienced.

The Nominations Committee and the Board are satisfied that the below-mentioned proposed members are suitably skilled and experienced independent non-executive directors and that they collectively meet the criteria required to fulfil their duties, and accordingly have recommended that shareholders pass the following ordinary resolutions:

"RESOLVED to and herewith appoint, by way of individual stand-alone resolutions, the following independent non-executive directors as members of the Company's Audit Committee until the next AGM:

2.1 Ismail Mamoojee as a member and Chairperson of the Audit Committee;
2.2 Jesmane Boggenpoel as a member of the Audit Committee;
2.3 Tshilidzi Marwala as a member of the Audit Committee; and
2.4 Rob Sporen as a member of the Audit Committee".

Refer to Annexure A of this Annual Integrated Report (of which this notice forms part) for a brief résumé of each director.

5. Ordinary Resolution number 3: Re-appointment of independent external auditors

The Companies Act, JSE Listings Requirements and the MOI stipulate that the Company must each year at its AGM, appoint or re-appoint an eligible auditor.

"RESOLVED to re-appoint Mazars (Gauteng) Inc., as the independent auditors of the Company, with Miles Fisher 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. The Audit Committee and the Board have evaluated the performance of Mazars (Gauteng) Inc. and recommend their re-appointment as the external auditors of the Company."

6. Ordinary Resolution number 4: Signature of documents

"RESOLVED that each director of 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 the resolutions adopted at the AGM."

7. Conditions applicable to the issue of shares for cash

Ordinary Resolutions 5, 6 and 7 are subject to the following:

- Any general authority to issue shares for cash will be valid until the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- 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 securities which are the subject of a general issue for cash may not exceed 10% (ten percent) of the number of listed securities, excluding treasury shares and any shares in terms of the JSE listing requirements as at the date of this notice, being 159 800 626 securities. Any securities issued under this authority will be deducted from the aforementioned 15 980 063 listed securities. In the event of a sub-division or a consolidation, the authority will be adjusted to represent the same allocation ratio;
- In determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- If any issue of shares is greater than 5%, an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing between the issuer and the parties subscribing for the securities, an explanation, including supporting documents (if any), of the intended use of the funds will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- Whenever the Company wishes to use repurchased shares, held as treasury shares 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; and
- The issue of shares for cash in terms of ordinary resolutions 5, 6 and 7 combined will not exceed 10%.

NOTICE OF ANNUAL GENERAL MEETING

8. Ordinary resolution 5: General approval to issue ordinary shares for cash

"RESOLVED that the directors of EOH and/or any of its subsidiaries be and are hereby authorised, by way of a general authority, to:

Allot and issue, or to issue any options in respect of a maximum of 5% (five percent) of the issued ordinary shares in the capital of the Company, being 7 990 031 shares, at the date of this notice, for cash, to such entity or 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, the MOI of the Company and its subsidiaries and the JSE Listings Requirements."

The capital raised by the Company from shares issued under a general issue for cash would be utilised by the Company for key and strategic acquisitions.

Any issue of shares for cash is subject to the JSE Listings Requirements as set out in paragraph 7 hereto, entitled 'Conditions applicable to the issue of shares for cash'. The issue of shares for cash in terms of ordinary resolutions 5, 6 and 7 combined will not exceed the aforementioned 10% threshold.

Under the JSE Listings Requirements, ordinary resolution number 5 must be passed by a 75% (seventy-five percent) majority of votes cast in favour of the resolution by all members present or represented by proxy at the AGM.

9. Ordinary resolution 6: Approval to issue ordinary shares for cash for B-BBEE purposes

"RESOLVED that, the directors of EOH and/or any of its subsidiaries be and are hereby authorised, by way of a general authority, to:

Allot and issue, or to issue any options in respect of, a maximum of 10% (fifteen percent) of the issued ordinary shares in the capital of the Company, being 15 980 063 shares, at the date of this notice, for cash, to such Broad-Based Black Economic Empowerment ('B-BBEE') entity or person/s on such terms and conditions and at such times as the directors may in their discretion deem fit, subject to the Companies Act, the MOI of the Company and its subsidiaries and the JSE Listings Requirements."

Any issue of shares for cash is subject to the JSE Listings Requirements as set out in paragraph 7 hereto, entitled 'Conditions applicable to the issue of shares for cash'. The issue of shares for cash in terms of ordinary resolutions 5, 6 and 7 combined will not exceed the aforementioned 10% threshold.

Under the JSE Listings Requirements, ordinary resolution number 6 must be passed by a 75% (seventy-five percent) majority of votes cast in favour of the resolution by all members present or represented by proxy at the AGM.

10. Ordinary resolution 7: Approval to sell treasury shares for cash

"RESOLVED that the directors of EOH and/or any of its subsidiaries be and are hereby authorised, by way of a general authority, to:

Sell or otherwise dispose of, transfer, or issue any options to a maximum of 5% (five percent) of the issued ordinary shares in the capital of the Company, being 7 990 031 shares, at the date of this notice, for cash, to such person/s on such terms and conditions and at such times as the directors may in their discretion deem fit, subject to the Companies Act, the MOI of the Company and its subsidiaries and the JSE Listings Requirements."

Any issue of shares for cash is subject to the JSE Listings Requirements as set out in paragraph 7 hereto, entitled 'Conditions applicable to the issue of shares for cash'. The issue of shares for cash in terms of ordinary resolutions 5, 6 and 7 combined will not exceed the aforementioned 10% threshold.

Under the JSE Listings Requirements, ordinary resolution number 7 must be passed by a 75% (seventy-five percent) majority of votes cast in favour of the resolution by all members present or represented by proxy at the AGM.

11. Ordinary resolution 8: Endorsement of the Company's remuneration policy and implementation report (non-binding advisory vote)

The King Report on Corporate Governance for South Africa 2016™ ('King IV™') recommends that shareholders, by way of separate non-binding advisory votes, consider the Remuneration Policy and Remuneration Implementation Report of the Company every year to inform themselves how staff members and senior executives within EOH are remunerated. The Company's Remuneration Policy and Implementation Report are set out in the Annual Integrated Report on pages 50 to 53.

Upon recommendation by the Company's Remuneration Committee, it is proposed that shareholders pass the following resolutions by way of stand-alone non-binding advisory votes:

"RESOLVED to and herewith endorse, by way of stand-alone non-binding votes the Company's:

8.1 Remuneration Policy; and
8.2 Remuneration Implementation Report.

12. Special Resolutions

Special Resolutions to be adopted at this AGM require approval from at least 75% (seventy-five percent) of the voting rights exercised on each special resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution concerned.

13. Special Resolution number 1: Financial assistance in terms of section 44 of the Companies Act

"RESOLVED that the Board may to the extent required, in terms of and subject to Section 44 of the Companies Act, as the case may be, and the Company's MOI, authorise the Company to provide, by way of special resolution, financial assistance by way of a loan, guarantee, the provision of security or otherwise, to its subsidiaries and inter-related companies (excluding any director or prescribed officer of the Company, or a person related to such director or prescribed officer), for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, subject to the terms and conditions of section 44 of the Companies Act. No such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this Special Resolution."

The purpose of this Special Resolution number 1 is to grant the Board the authority to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security, or otherwise to its subsidiaries and inter-related companies (excluding any director or prescribed officer of the Company, or a person related to such director or prescribed officer), for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company as contemplated in section 44 of the Companies Act.

The directors undertake that prior to the Company providing the financial assistance as contemplated in section 44 of the Companies Act, the Company will have satisfied the solvency and liquidity test as set out in section 4 of the Companies Act and that the terms under which the financial assistance is proposed are fair and reasonable.

NOTICE OF ANNUAL GENERAL MEETING

14. Special Resolution number 2: Financial assistance in terms of section 45 of the Companies Act

"RESOLVED that the Board may to the extent required, in terms of and subject to section 45 of the Companies Act, as the case may be, and the Company's MOI, authorise the Company to provide, by way of special resolution, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation as contemplated in section 45 of the Companies Act) to a related or inter-related company or corporation (excluding any director or prescribed officer of the Company, or person related to such director or prescribed officer) on such terms as the Board deems fit, subject to the terms and conditions of section 45 of the Companies Act. No such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this Special Resolution."

The purpose of the Special Resolution number 2 is to grant the Board the authority to authorise the Company to provide direct or indirect financial assistance to a related or inter-related company or corporation, as contemplated in section 45 of the Companies Act.

The directors undertake that prior to the Company providing the financial assistance as contemplated in section 45 of the Companies Act, the Company will have satisfied the solvency and liquidity test as set out in section 4 of the Companies Act and that the terms under which the financial assistance is proposed are fair and reasonable.

15. Special Resolution number 3: Remuneration payable to non-executive directors

In terms of Section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing tax year by means of a special resolution passed by shareholders of the Company. All fees will be paid on a pro-rata basis, based on meeting attendance.

Having compared and benchmarked the directors' remuneration independently with the Company's peers in the market and it was evident that the fees were below other similar sized listed entities, the Company's remuneration committee has recommended an adjustment, and the Board has endorsed such recommendation, that the below mentioned remuneration for payment to non-executive directors of the Company which is more reflective of their specific roles for the ensuing year be presented to shareholders for their approval, by passing the following special resolution:

	Fee for the period 1 March 2019 to 28 February 2020 (Rand value excl VAT)			Fee for the period 1 March 2018 to 28 February 2019 (Rand value excl VAT)
	Annual fee	Annual fee includes Retainer	Annual fee paid per meeting	Total annual fee
Board				
Chairperson	850 000			636 694
Member	300 000	50 000	62 500	165 541
Audit Committee				
Chairperson	150 000		50 000	50 936
Member	75 000		25 000	25 468
Risk and Governance Committee				
Chairperson	100 000		50 000	38 202
Member	50 000		25 000	19 100
Nominations Committee				
Chairperson	60 000		30 000	38 202
Member	30 000		15 000	19 100
Remuneration Committee				
Chairperson	100 000		50 000	38 202
Member	50 000		25 000	19 100
Social and Ethics Committee				
Chairperson	100 000		50 000	31 835
Member	50 000		25 000	15 918
Technology and Information Committee				
Chairperson	100 000		50 000	31 835
Member	50 000		25 000	15 918

16. Special Resolution number 4: General approval to acquire shares

The purpose of this Special Resolution number 4 is to obtain an authority for, and to authorise the Company and the Company's subsidiaries, by way of a general authority, to acquire some of the Company's issued ordinary shares. It is the intention of the directors of the Company to use such authority should prevailing circumstances, in their opinion, warrant it.

"RESOLVED that by way of a general approval, the Company and/or any of its subsidiaries be and are hereby authorised to acquire ordinary shares in the Company in terms of Sections 46 and 48 of the Companies Act, the Company's MOI and that of its subsidiaries and the JSE Listings Requirements.

Special resolution number 4 is subject to the following:

- 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 counterparty;
- This general authority shall only be valid until the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date of authorising this Special Resolution;
- In determining the price at which the Company's ordinary shares are acquired 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 five business days immediately preceding the date on which the transaction is effected;
- At any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf;
- The acquisition of ordinary shares in the aggregate in any one financial year may not exceed 10% (ten percent) of the Company's issued ordinary share capital;
- The Company may only effect repurchases on the basis that the solvency and liquidity test ('test') has been completed and passed, and that since the test was done there have been no material changes to the financial position of the Group;
- 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.
- At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase, and for a period of twelve months thereafter, that there is adequate working capital. Such will be determined by ensuring that:
  - 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.
- Information required in terms of paragraph 11.26 of the JSE Listings Requirements with regard to the general authority for the Company or any of its subsidiaries to repurchase the Company's securities are disclosed in the Annual Financial Statements.
  - Major shareholders of the Company – page 130; and
  - Share capital of the Company – page 99.

Other than the facts and developments reported on in the Annual Integrated Report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

NOTICE OF ANNUAL GENERAL MEETING

Voting and proxies

A shareholder entitled to attend and vote at the AGM 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 attached hereto. 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 AGM, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the AGM 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 public holidays, before the time of the AGM. Any form of proxy not delivered by this time may be handed to the Chairperson of the AGM immediately before the appointed proxy exercises any of the shareholders' votes at the AGM.

Record date

The Board of Directors of the Company ('Board') has determined, in terms of section 62(3)(a), as read with section 59 of the Companies Act of South Africa (the 'Companies Act') that Friday, 15 February 2019 be the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM. Accordingly, the last day to trade EOH shares in order to be recorded in the register to be entitled to vote will be Tuesday, 12 February 2019.

Kindly note that participants (including shareholders and proxies) at the AGM meeting are required to provide satisfactory identification before being entitled to attend or participate in the AGM proceedings. Forms of identification include valid identity documents, driver's licences and passports.

Statement by the directors

The directors of the Company whose names appear on pages 34 to 35 of the Annual Integrated Report of which this notice forms part, collectively and individually, accept full responsibility for the accuracy of the information pertaining to this notice and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the JSE Listings Requirements.

By order of the Board

Adri Els
Group Company Secretary

19 November 2018

ANNEXURE A

CURRICULUM VITAE OF DIRECTORS NOMINATED FOR ELECTION AND RE-ELECTION

Asher Bohbot

Position: Non-executive Director and Chairman
Qualifications:
BSc (Industrial Engineering)

Brief Background:
Asher is the founder of EOH which was listed in 1998. Before he started at EOH he held various executive positions at PSG Bison Group. Asher was the Group CEO of EOH Holdings Limited until 15 May 2017. Asher has been instrumental in growing EOH successfully over 20 years. EOH started with approximately 20 people and is now the largest ICT company in Africa with over 11 500 employees. Asher brings a wealth of knowledge and deep understanding of the diverse businesses of EOH to the board.

Jesmane Boggenpoel

Position: Independent Non-executive Director
Qualifications:
BCom, BAcc, CA(SA), MPA (Harvard)

Brief Background:
Jesmane is an experienced business executive and former Head of Business Engagements for Africa at the World Economic Forum based in Switzerland. She has 16 years' work experience mainly in investments, private equity and has served as a non-executive director on the boards of various major institutions in South Africa. Jesmane co-founded an investment holding company that undertook investments in the financial services and information technology sectors.

Ismail Mamoojee

Position: Independent Non-executive Director and Chairman of the Audit Committee
Qualifications:
B Com, BCompt (Hons), CA(SA), Tax Law Cert (Unisa), CAIB(SA)

Brief Background:
Ismail is a seasoned business executive. He was the Chief Financial Officer for Liberty Life (Africa Division) and for the last seven years has served as Liberty Life's Group Chief Compliance, Public and Competition Officer. Prior to Ismail joining Liberty, he was a partner at Ernst and Young South Africa heading up the Public Sector Advisory Practice. He was the Accountant-General (Group Chief Financial Officer) of the Republic of South Africa within National Treasury. He headed up the shared services centre responsible for National and Provincial Governments financial systems; and owned his own Fast Moving Consumer Goods business.

Tshilidzi Marwala

Position: Independent Non-executive Director and Chairman of the Technology and Information Committee
Qualifications:
BSc (Mechanical Engineering), MSc (Engineering), PhD (Artificial Intelligence), PLD, AMP

Brief Background:
Tshilidzi currently chairs EOH's Technology and Information Committee and is a member of the Board, Audit and Risk and Governance Committees.

Tshilidzi Marwala is the Vice Chancellor and Principal of the University of Johannesburg. He was formerly the Deputy Vice Chancellor: Research and Internationalisation and Executive Dean of the Faculty of Engineering and the Built Environment at the University of Johannesburg. He has held various leadership positions at the University of the Witwatersrand and South African Breweries. He is a registered professional engineer, a Fellow of TWAS, the World Academy of Sciences, the Academy of Science of South Africa, the African Academy of Sciences and the South African Academy of Engineering. He has an extensive track record in human capacity development, having supervised Masters and PhD students. He has published 14 books in artificial intelligence, over 280 papers and holds five patents.

Rob Sporen

Position: Independent Non-executive Director and Lead Independent Director

Brief Background:
Rob is a Dutch national who came to South Africa in the early 1970s to assist with the introduction of television manufacturing. Thereafter he established a manufacturing software agency in the 1980s, and from 1987, presented 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 served as Executive Director for Business Development on the EOH Board from its inception until his retirement in 2007.

ANNEXURE A

CURRICULUM VITAE OF DIRECTORS NOMINATED FOR ELECTION AND RE-ELECTION

Tebogo Maenetja

Position: Executive Director Human Resources
Qualifications:
BA (Social Work) Hons, MA (Industrial Social Work)

Brief Background:
Tebogo is the Group Executive Director for Human Resources and Transformation at EOH. She also serves as a Non-executive Director at Telesure Investment Holdings. Tebogo is a seasoned HR professional with extensive hands-on experience in senior and executive roles in the Human Resources Management field. She has worked in various industries, including Financial Services, NGO, Information Technology, and Oil & Gas. Tebogo has a Certificate in Executive Development from the Gordon Institute of Business Science (GIBS).

Stephen van Coller

Position: Executive Director and Chief Executive Officer
Qualifications:
BCom (Hons), HDip Acc, CA(SA), CMA(UK)

Brief Background:
Prior to joining EOH, Stephen served as the Vice President of Digital Services, Data Analytics and Business development at MTN Group Limited from 1 October 2016. He previously worked for a decade at Barclays Africa Group Limited, of which, 7 years was as Chief Executive of Corporate and Investment Banking. Prior to that he spent 10 years at Deutsche Bank leaving as the Managing Director of Investment Banking in South Africa. Stephen's excellent financial acumen, business knowledge and experience, coupled with his experience in Africa and technology companies positions him to lead EOH Holdings into the future.

NOTES

NOTES

EOH Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1998/014669/06)
Share code: EOH ISIN: ZAE000071072
('EOH' or 'the Company' or 'the Group')

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 20th annual general meeting of shareholders of the Company ("AGM") to be held in the boardroom of the Company, EOH Office Park, Ground Floor, Block D, Gillooly's View, 1 Osborne Lane, Bedfordview, 2007, at 14h00 on Wednesday, 20 February 2019 and any adjournment thereof.

Dematerialised shareholders holding shares other than with 'own-name' registration who wish to attend the AGM must inform their Central Securities Depository Participant ('CSDP') or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the relevant letter of representation to attend the AGM in person or by proxy and vote. If they do not wish to attend the AGM 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.

Name of beneficial shareholder

Name of registered shareholder

Address

Telephone work/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 AGM.

as my/our proxy to attend and act for me/us on my/our behalf at the AGM of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ('resolutions') and at each postponed or adjournment thereof and to vote for and/ or against such resolutions, and or abstain from voting, in respect of the 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
Ordinary Resolutions				
1	**Ordinary Resolution number 1:** Appointments of executive and non-executive directors			
1.1	To ratify and confirm the appointment of Asher Bohbot			
1.2	To ratify and confirm the appointment of Tebogo Maenetja			
1.3	To ratify and confirm the appointment of Jesmane Boggenpoel			
1.4	To ratify and confirm the appointment of Ismail Mamoojee			
1.5	To ratify and confirm the appointment of Stephen van Coller			
2	**Ordinary Resolution number 2:** Appointment of Audit Committee members			
2.1	To appoint Ismail Mamoojee as Chairperson and member of the Audit Committee			
2.2	To appoint Jesmane Boggenpoel as member of the Audit Committee			
2.3	To appoint Tshilidzi Marwala as member of the Audit Committee			
2.4	To appoint Rob Sporen as member of the Audit Committee			
3	**Ordinary Resolution 3:** Re-appointment of independent external auditors			
4	**Ordinary Resolution 4:** Signature of documents			
5	**Ordinary Resolution 5:** General approval to issue ordinary shares for cash			
6	**Ordinary Resolution 6:** Approval to issue ordinary shares for cash for B-BBEE purposes			
7	**Ordinary Resolution 7:** Approval to sell treasury shares for cash			
8	**Ordinary Resolution 8:** Non-binding endorsement of the Company's remuneration policy and implementation report			
8.1	To approve the Remuneration Policy			
8.2	To approve the Remuneration Implementation Report			

Special Resolutions				
1	**Special Resolution 1:** Financial assistance in terms of section 44 of the Companies Act			
2	**Special Resolution 2:** Financial assistance in terms of section 45 of the Companies Act			
3	**Special Resolution 3:** Remuneration payable to non-executive directors			
3.1	Chairperson of the Board			
3.2	Members of the Board			
3.3	Chairperson of the Audit Committee			
3.4	Members of the Audit Committee			
3.5	Chairperson of the Risk and Governance Committee			
3.6	Members of the Risk and Governance Committee			
3.7	Chairperson of the Nomination Committee			
3.8	Members of the Nomination Committee			
3.9	Chairperson of the Remuneration Committee			
3.10	Members of the Remuneration Committee			
3.11	Chairperson of the Social and Ethics Committee			
3.12	Members of the Social and Ethics Committee			
3.13	Chairperson of the Technology and Information Committee			
3.14	Members of the Technology and Information Committee			
4	**Special Resolution 4:** 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 AGM 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 2019

Signature

Assisted by (if applicable)

Please read notes on the reverse hereof

NOTES TO THE PROXY

1. Summary of Rights Contained in section 58 of the Companies Act:
   - A shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
   - A proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - Irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - If an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii);
   - Delivering a copy of the revocation instrument to the proxy and to the Company; and
   - A proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).
2. 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".
3. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM 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.
4. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the Company) of the share.
5. 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 AGM 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 shareholders 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.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM 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 notice 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 AGM.
7. If a shareholder does not indicate on this form 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 AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. The Chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A shareholder's authorisation to the proxy including the Chairperson of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. Documentary evidence establishing the authority of a person signing the 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 AGM.
12. 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.
13. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy; and
    - 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).
14. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

Hand deliveries to:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue Rosebank, Johannesburg, 2196
Postal deliveries to:	Computershare Investor Services Proprietary Limited PO Box 61051 Marshalltown, 2107
Email to:	Computershare Investor Services Proprietary Limited proxy@computershare.co.za

15. To be received 48 hours before the AGM meeting scheduled for 20 February 2019. Any form of proxy not delivered by this time may be handed to the Chairperson of the AGM immediately before the appointed proxy exercises any of the shareholders' votes at the AGM.
16. 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.
17. If the instrument appointing the proxy or proxies as been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
18. The completion of a form of proxy does not preclude any shareholder from attending the AGM.

CORPORATE INFORMATION

EOH Holdings Limited

Incorporated in the Republic of South Africa
Registration number: 1998/014669/06
JSE share code: EOH
ISIN code: ZAE000071072

Directorate

Non-executive

Asher Bohbot (Chairman) (appointed 12 March 2018)
Rob Sporen* Lead Independent Non-executive Director
Pumeza Bam
Tshilidzi Marwala
Moretlo Molefi
Jesmane Boggenpoel (appointed 1 July 2018)
Ismail Mamoojee (appointed 1 July 2018)
** (Dutch)*

Audrey Mothupi (resigned 31 August 2017)
Lucky Khumalo (resigned 1 July 2018)
Grathel Motau (resigned 12 March 2018)
Sandile Zungu (resigned 12 March 2018)

Executive

Stephen van Coller (appointed as Group Chief Executive Officer effective 1 September 2018)
Zunaid Mayet (resigned as Group Chief Executive Officer effective 31 August 2018)
Tebogo Maenetja (appointed 12 March 2018)

Rob Godlonton (resigned 1 July 2018)
John King (resigned as Group Financial Director effective 3 October 2018)
Ebrahim Laher (resigned 1 July 2018)
Jehan Mackay (resigned 1 July 2018)
Johan Van Jaarsveld (resigned 1 July 2018)
Brian Gubbins (resigned 1 July 2018)

Group Company Secretary

Adri Els

Registered address

Block D, EOH Business Park
Osborne Lane
Bedfordview, 2007

PO Box 59, Bruma, 2026

Telephone

+27 (0) 11 607 8100

Website

www.eoh.co.za

Investor e-mail

debbie.millar@eoh.com

Auditors

Mazars (Gauteng) Inc.
Registration number: 2000/026635/21
Erasmus Forum A, 434 Rigel Avenue South,
Erasmusrand, Pretoria, 0181

Sponsor

Merchantec Capital
Registration number: 2008/027362/07
2nd Floor, North Block, Hyde Park Corner Office Towers
Corner 6th Road and Jan Smuts Avenue
Hyde Park, 2196

PO Box 41480, Craighall, 2024

Transfer secretaries

Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

PO Box 61051, Marshalltown, 2107

GREYMATTER & FINCH # 12444

Technology *makes it possible...*
People *make it happen*