

# 2016

## REVIEWED CONDENSED CONSOLIDATED RESULTS

*for the year ended 31 July 2016*

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Revenue	▲	31% to R12 762 million
Operating profit	▲	37% to R1 437 million
Profit for the period	▲	34% to R930 million
EPS	▲	25% to 704 cents
HEPS	▲	25% to 719 cents
Cash	▲	17% to R1 949 million
Dividends	▲	23% to 185 cents





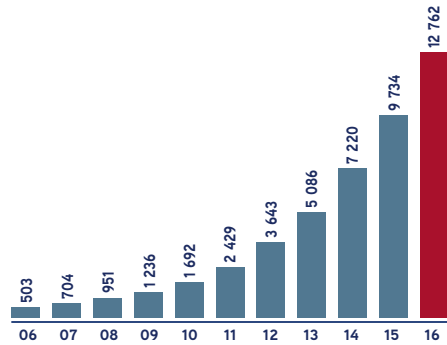
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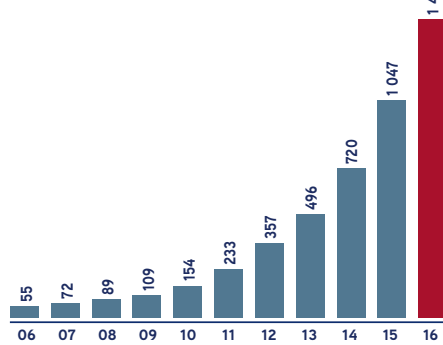
# Financial Highlights

Revenue  
(R millions)



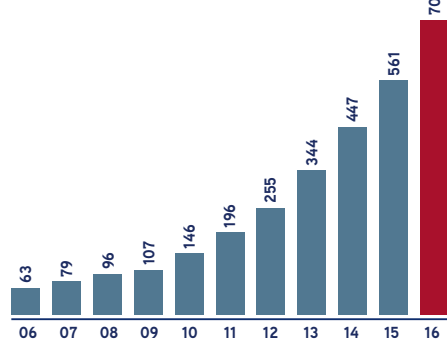
**31%**  
R12 762 million

Operating profit  
(R millions)



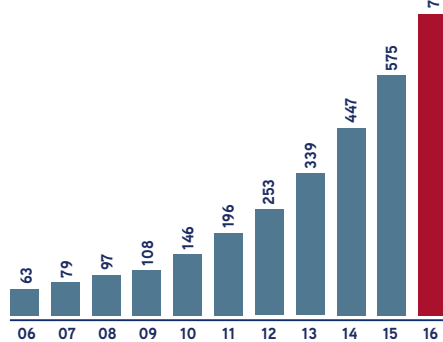
**37%**  
R1 437 million

Earnings per share  
(cents)



**25%**  
704 cents

Headline earnings per share  
(cents)



**25%**  
719 cents



# About EOH

*EOH is the largest technology services provider in South Africa.*

EOH has been listed on the Johannesburg Stock Exchange ('JSE') since 1998 and has consistently delivered strong financial results. EOH is committed to transformation and has the highest BBBEE rating of its peers.

EOH has a wide range of IT services, software, IT infrastructure, Industrial Technologies and Outsourcing ('BPO') solutions. EOH's 11 500 staff members deliver these services to over 5 000 large enterprise customers across all major industries. EOH has over 134 points of presence nationally and has a growing international footprint, with operations in over 50 countries outside of South Africa. EOH remains entrepreneurial despite its size, has a strong brand and continues to develop new products and services and expand into new territories.

## EOH's purpose

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

## EOH's 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 that we operate in whilst remaining entrepreneurial

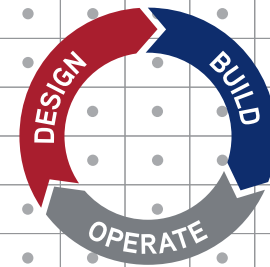
## Operating model

EOH's operating model is two dimensional, focused on key business areas (lines of business) and industry verticals. EOH offers solutions across the spectrum through a simple 'Design, Build and Operate' approach and is able to offer its customers tailored, flexible and robust solutions through its industry specialisation.

EOH's consulting capability extends beyond the traditional consulting services and focuses on industry specific solutions. With its insight into future business trends and business drivers, together with the enabling technology and know-how needed to support them, EOH has the skills and the ability to deliver end-to-end knowledge services.

By providing technology agnostic business advice, EOH's consultants are able to deliver practical, actionable and tangible business solutions from concept and design, through to the implementation and management of these solutions.

KEY BUSINESS AREAS	INDUSTRY VERTICALS										
	Financial Services	Telecommunications	Retail	Manufacturing	Transport and Logistics	Mining	Health	Energy	Water	Local Government	Central Government
Industry Consulting	•	•	•	•	•	•	•	•	•	•	•
IT Services	•	•	•	•	•	•	•	•	•	•	•
Software	•	•	•	•	•	•	•	•	•	•	•
IT Infrastructure	•	•	•	•	•	•	•	•	•	•	•
Industrial Technologies	•	•	•	•	•	•	•	•	•	•	•
Business Process Outsourcing	•	•	•	•	•	•	•	•	•	•	•



IT Services	Software	IT Infrastructure	Industrial Technologies	BPO
IT managed services	Enterprise Resource planning	Storage	Industrial automation	Human Capital solutions
Application support	Business intelligence	Servers	Data centres and connectivity	Claims and payment solutions
IT management	Information analytics	Network equipment	Energy services	Customer services
Software development and integration	Customer relationship management	Office automation	Water technology	Finance and admin services
Information services	EOH niche software		Transport technology	
Network solutions			Environmental management	
IT security solutions				
Cloud solutions				
Digital solutions				

# Commentary

## Business performance

During the year ended 31 July 2016, revenue increased by 31% to R12 762 million and profit before tax increased by 39% to R1 324 million, when compared with the comparative period. The growth is attributable to a combination of strong organic growth and recent acquisitions. Organic growth contributed 59% of revenue growth. Headline earnings per share ('HEPS') and earnings per share ('EPS') increased by 25% with cash and cash equivalents increasing to R1 949 million at 31 July 2016.

All divisions contributed to EOH's growth. Revenue from services totals R9 815 million and accounts for 77% of EOH's total revenue.

EOH remains a strong and proudly South African company with sales in South Africa accounting for 86% of its total revenue. Revenue from outside of South Africa – Sub-Saharan Africa, North Africa, and the Middle East accounts for about 10% of total revenue with the remaining derived from other countries.

## Businesses joining EOH

During the period under review, EOH continued its strategy to consolidate and complement its existing services with strategic acquisitions. EOH focused on growing its local business offerings and expanding into the rest of Africa and the Middle East.

EOH's international expansion continues through a 'partnering and joint venture' model by acquiring an initial interest of 50% in the companies that it acquires. This de-risks EOH's entry into these regions, whilst it establishes a footprint and gains a better understanding of doing business in these regions.

During the year, two significant businesses joined the EOH family. The GCT group of companies, which focuses on utility management via smart metering solutions and analytical, forensic and investigative software solutions for the security sector and Mehleketo, which

focuses on rail technology. Details of these transactions were included in the results for the six months ended 31 January 2016.

EOH acquired several smaller strategic businesses to enhance its industrial technologies capability, augment its BPO businesses and bolster its IT services and infrastructure businesses.

## Transformation and social responsibility

Transformation is part of EOH's business strategy and is a key philosophy and business objective of EOH. EOH is certified as a Large Enterprise Level 2 Contributor and has the highest rating of its peers with BBBEE Procurement Recognition of 156% (as a Value Adding Vendor). 55% of EOH's staff and 64% of its board members are black. EOH's current black shareholding is 48%.

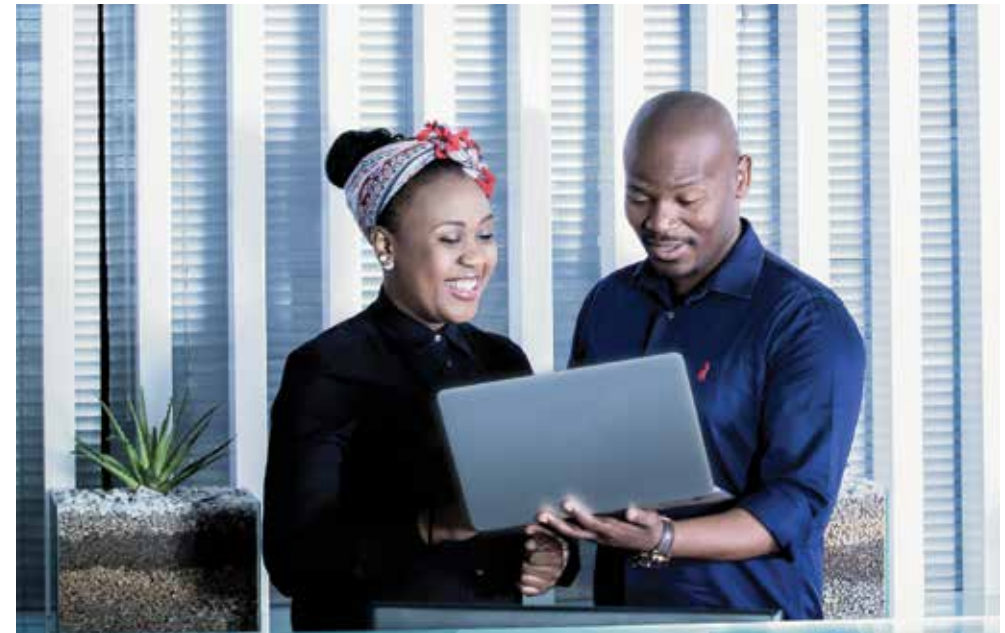
## Enterprise development

EOH has several enterprise development ('ED') initiatives aimed at developing black-owned companies by providing both financial and non-financial support.

## Corporate Social Investment

EOH understands that youth development is paramount to a prosperous South Africa. To this end, EOH's Corporate Social Investment ('CSI') programme includes:

- Financial support for the Maths Centre which focuses on teaching mathematics, science, technology and entrepreneurship. The centre's primary objective is to equip teachers, learners and parents with learning materials and programmes to improve their competency in these subjects.
- EOH provides support to the child and youth development programmes of Afrika Tikkun with the objective of providing a future for children living in townships.



- In the health field, EOH and the South African Business Coalition on Health and AIDS (SABCOHA) partnered to make a difference in the lives of thousands of South Africans through comprehensive health screening and intervention programmes.

## The EOH Youth Job Creation Initiative

EOH believes that business has the responsibility to help solve the problem of unemployment. In 2012, EOH launched its 'EOH Youth Job Creation Initiative' with the aim of working with business partners, customers and the Government to stimulate job creation. So far, more than 10 000 jobs have been created country wide and together with its partners.

As part of this programme, EOH launched its Internal Learnership Programme. To date more than 2 000 interns have participated in these programmes and more than 70% of these learners have been permanently employed by EOH. Another 700 learners are participating in the 2016 programme and we expect the number of participants to increase in the future.

In partnership with the radio station, 702, EOH is challenging all CEO's and government organisations to take at least 3% of their current staff complement as interns and learners each year. Through this and other initiatives, we are aiming to create 100 000 jobs by 2020.

## Future plans

EOH is able to provide end-to-end solutions across industry verticals and has the widest offerings in the industry. Driven by our design, build and operate approach, EOH will continue to develop new solutions, new lines of business, enhance its industry-specific businesses and expand its service offerings into new territories.

EOH is a Pan-African company and will continue to expand in Sub-Saharan Africa, North Africa and the Middle East.

EOH sees its involvement in the public sector as both a business opportunity and as a responsibility. EOH intends to further increase its involvement in all tiers of government to improve public sector service delivery.

EOH continues to develop and acquire strategic industry specific niche IP/software solutions. EOH intends to intensify its efforts to distribute its products internationally.

EOH is committed to further advancing its transformation efforts through increased black ownership, enterprise development and increasing its spend on skills development.

EOH has exciting opportunities in South Africa and internationally and is recognised for the quality of its people and its strong delivery capability. By continually driving its philosophy of recruiting and retaining the best people and its 'Right 1st Time' quality initiatives, EOH expects to maintain and in time, to increase its operating margins. EOH has the people, the scale, the offerings, the financial resources, the agility and the know-how to continue to grow aggressively.

### Stated capital

During the period under review, 4 938 996 shares were issued as a result of businesses joining the group (initial payments and profit warrant payments) and 1 282 097 shares were issued in terms of the Groups' share incentive schemes.

### Subsequent events and capital commitments

There have been no significant events and no significant capital expenditure authorised since 31 July 2016.

### Directorate

At the AGM held on 19 February 2016, the directors who were eligible for re-election, being Sandile Zungu, Tshilidzi Marwala and Danny Mackay were re-elected. Rob Sporen, Tshilidzi Marwala and Lucky Khumalo were elected to the Audit Committee until the next AGM. Tebogo Skwambane resigned as a director with effect from 19 February 2016 and Audrey Mothupi was appointed on 27 July 2016. Thoko Mnyango resigned on 27 July 2016 to pursue her own personal interests. There have been no other changes to the Board.

### Dividend declaration

Notice is hereby given that a gross dividend of 185 cents (2015: 150 cents) per ordinary share ('the dividend') has been declared in respect of the year ended 31 July 2016 and is payable to shareholders recorded in the books at the close of business on Friday, 4 November 2016. Shareholders are advised that the last day to trade cum-dividend will be Tuesday, 1 November 2016. The shares will trade ex-dividend as from Wednesday, 2 November 2016. Payment will be made on Monday, 7 November 2016. Share certificates may not be dematerialised or rematerialised during the period Wednesday, 2 November 2016 to Friday, 4 November 2016, both days inclusive.

- The dividend should be treated as an income payment and is being paid out of income reserves.
- The local dividend tax rate is 15%.
- The gross local dividend is 185 cents per share for shareholders exempt from paying Dividend Tax.
- The net local dividend amount is 157,25 cents per share for shareholders liable to pay Dividend Tax.
- EOH's tax reference number is 9248321847.
- There are 140 751 613 ordinary shares in issue.

### Appreciation

We are very proud of our achievements over many years and would like to thank our people and their families, our customers, partners, vendors and the investment community for their support and significant contribution to EOH's success.

#### Asher Bohbot

*Chief executive officer*  
12 September 2016



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 July 2016

<i>Figures in Rand thousand</i>	Reviewed at 31 July 2016	Audited at 31 July 2015
<b>Assets</b>		
<b>Non-current assets</b>	<b>6 790 469</b>	<b>4 009 826</b>
Property, plant and equipment	492 221	412 159
Goodwill and intangible assets	5 144 242	2 989 582
Equity-accounted investments	626 085	351 852
Other financial assets	162 038	18 437
Deferred taxation	162 110	107 337
Finance lease receivables	203 773	130 459
<b>Current assets</b>	<b>6 398 152</b>	<b>4 362 881</b>
Inventory	468 392	195 665
Other financial assets	207 212	61 467
Current taxation receivable	21 694	47 955
Finance lease receivables	87 122	86 955
Trade and other receivables	3 664 333	2 307 021
Cash and cash equivalents	1 949 399	1 663 818
<b>Total assets</b>	<b>13 188 621</b>	<b>8 372 707</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>6 585 845</b>	<b>4 508 624</b>
Equity attributable to the owners of EOH Holdings Limited	6 576 167	4 499 952
Non-controlling interest	9 678	8 672
<b>Non-current liabilities</b>	<b>2 819 198</b>	<b>1 227 417</b>
Other financial liabilities	2 451 968	1 068 477
Finance lease payables	26 366	21 010
Deferred taxation	340 864	137 930
<b>Current liabilities</b>	<b>3 783 578</b>	<b>2 636 666</b>
Other financial liabilities	1 163 713	869 485
Current taxation payable	119 210	57 344
Finance lease payables	25 406	20 915
Trade and other payables	1 876 472	1 424 414
Deferred income	598 777	264 508
<b>Total liabilities</b>	<b>6 602 776</b>	<b>3 864 083</b>
<b>Total equity and liabilities</b>	<b>13 188 621</b>	<b>8 372 707</b>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 July 2016

<i>Figures in Rand thousand</i>	Reviewed for the year ended 31 July 2016	%	Audited for the year ended 31 July 2015
		change	
<b>Revenue</b>	<b>12 761 810</b>	31	<b>9 733 992</b>
Cost of sales	(8 656 183)		(6 532 019)
Gross profit	4 105 627		3 201 973
Operating expenses	(2 343 285)		(1 925 957)
Depreciation	(106 539)		(114 685)
Amortisation of intangible assets	(218 790)		(114 726)
<b>Operating profit before interest and impairments</b>	<b>1 437 013</b>		<b>1 046 605</b>
Investment income	49 379		37 785
Impairment of goodwill and intangible assets	(20 514)		(25 000)
Share of profits of equity-accounted investments	72 510		10 736
Finance costs	(214 467)		(118 799)
<b>Profit before taxation</b>	<b>1 323 921</b>	39	<b>951 327</b>
Taxation	(393 554)		(259 533)
<b>Profit for the period</b>	<b>930 367</b>	34	<b>691 794</b>
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations	35 955		27 144
<b>Total comprehensive income for the year</b>	<b>966 322</b>		<b>718 938</b>
<b>Profit attributable to:</b>			
Owners of EOH Holdings Limited	927 354		690 692
Non-controlling interest	3 013		1 102
	<b>930 367</b>		<b>691 794</b>
<b>Total comprehensive income attributable to:</b>			
Owners of EOH Holdings Limited	963 877		717 342
Non-controlling interest	2 445		1 596
	<b>966 322</b>		<b>718 938</b>
<b>Earnings per share</b>			
Earnings per share (cents)	704	25	561
Diluted earnings per share (cents)	668	25	534

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2016

<i>Figures in Rand thousand</i>	Stated capital	Shares to be issued to vendors	Reserves	Retained earnings	Non-controlling interest	Total equity
<b>Audited balance at 1 August 2014</b>	627 006	371 066	349 106	1 270 985	10 647	<b>2 628 810</b>
Total comprehensive income for the year			26 650	690 692	1 596	<b>718 938</b>
Issue of shares	964 689					<b>964 689</b>
Non-controlling interest arising on business combination					865	<b>865</b>
Non-controlling interest acquired				(7 684)	(4 436)	<b>(12 120)</b>
Movement in treasury shares	(58 532)		71 701			<b>13 169</b>
Remaining shares to be issued		292 395				<b>292 395</b>
Share-based payments			42 848			<b>42 848</b>
Dividends				(140 970)		<b>(140 970)</b>
<b>Audited balance at 31 July 2015</b>	<b>1 533 163</b>	<b>663 461</b>	<b>490 305</b>	<b>1 813 023</b>	<b>8 672</b>	<b>4 508 624</b>
Total comprehensive income for the year			36 523	927 354	2 445	<b>966 322</b>
Issue of shares	894 015					<b>894 015</b>
Non-controlling interest acquired				(1 062)	(1 439)	<b>(2 501)</b>
Movement in treasury shares	(163 871)		20 290			<b>(143 581)</b>
Shares issued to vendors		(554 537)				<b>(554 537)</b>
Remaining shares to be issued to vendors		1 055 946				<b>1 055 946</b>
Share-based payments			55 897			<b>55 897</b>
Dividends				(194 340)		<b>(194 340)</b>
<b>Reviewed balance at 31 July 2016</b>	<b>2 263 307</b>	<b>1 164 870</b>	<b>603 015</b>	<b>2 544 975</b>	<b>9 678</b>	<b>6 585 845</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 July 2016

<i>Figures in Rand thousand</i>	Reviewed for the year ended 31 July 2016	Audited for the year ended 31 July 2015
<b>Cash flows from operating activities</b>		
Cash generated from operations	961 275	908 567
Investment income	49 269	37 571
Finance costs	(210 776)	(117 549)
Taxation paid	(401 465)	(301 143)
<b>Net cash inflow from operating activities</b>	<b>398 303</b>	<b>527 446</b>
<b>Net cash (outflow) from investing activities</b>	<b>(462 192)</b>	<b>(326 865)</b>
<b>Net cash inflow from financing activities</b>	<b>361 310</b>	<b>398 093</b>
<b>Net increase in cash and cash equivalents</b>	<b>297 421</b>	<b>598 674</b>
Foreign currency translation	(11 840)	622
Cash and cash equivalents at the beginning of the year	1 663 818	1 064 522
<b>Cash and cash equivalents at the end of the year</b>	<b>1 949 399</b>	<b>1 663 818</b>

## PERFORMANCE OF SEGMENTS

for the year ended 31 July 2016

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 reflect the major solution clusters in the Group. In previous years the segments were Services, Software and Infrastructure products. 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. Segmental operating profit before taxation includes revenue and expenses directly relating to a business segment.

<i>Figures in Rand thousand</i>	Reviewed for the year ended 31 July 2016	%	Audited for the year ended 31 July 2015
		change	
<b>Revenue</b>			
IT services	4 309 821	26	3 425 159
Software	2 023 100	39	1 451 899
IT infrastructure	923 620	7	866 495
Industrial technologies	2 845 302	37	2 077 384
BPO/Outsourcing	2 659 967	39	1 913 055
<b>Total</b>	<b>12 761 810</b>	<b>31</b>	<b>9 733 992</b>
<b>Profit before taxation</b>			
IT services	452 190	32	343 521
Software	341 433	51	226 302
IT infrastructure	36 692	5	34 984
Industrial technologies	305 869	36	225 545
BPO/Outsourcing	187 737	55	120 975
<b>Total</b>	<b>1 323 921</b>	<b>39</b>	<b>951 327</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 July 2016

### Reporting entity

EOH Holdings Limited ('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. The condensed consolidated financial statements of the company comprise the company and its subsidiaries (together referred to as 'the Group' or 'EOH') and the Group's investments in associates and joint ventures.

### Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of South Africa.

### Basis of preparation

The accounting policies applied in the presentation of the condensed consolidated financial statements are consistent with those applied for the year ended 31 July 2015, except for new standards that became effective for the Group's financial period beginning 1 August 2015.

The condensed consolidated financial statements have been prepared on the historical cost basis under the supervision of John King CA(SA), Group Financial Director.

### Changes in accounting policies

The Group has adopted all the new, revised and amended accounting standards which were effective for the Group from 1 August 2015, none of which had a material impact on the Group results.

### Review opinion

The condensed consolidated financial results for the year ended 31 July 2016 have been reviewed by the Group auditors, Mazars (Gauteng) Inc., and their unmodified review report is available for inspection at the registered office of EOH.

The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders may obtain further information regarding the nature of the auditor's engagement as per inspection of the report available at the registered office of EOH.

### Earnings per share and headline earnings per share

for the year ended 31 July 2016

	Reviewed for the year ended 31 July 2016	% change	Audited for the year ended 31 July 2015
<b>Earnings per share (cents)</b>			
Earnings per share	704	25	561
Diluted earnings per share	668	25	534
Headline earnings per share	719	25	575
Diluted headline earnings per share	682	24	548
<b>Headline earnings reconciliation (R'000)</b>			
Profit attributable to owners of EOH Holdings Limited	927 354		690 692
<b>Adjusted for:</b>			
After tax loss on disposal of property, plant and equipment	663		1 557
After tax loss on deregistration of foreign operation	897		–
After tax impairment of intangible assets	18 321		25 000
After tax gain on bargain purchase	–		(9 474)
<b>Headline earnings</b>	<b>947 235</b>		<b>707 775</b>
<b>Ordinary shares (000's)</b>			
Total number of shares in issue	140 752		132 039
Weighted average number of shares in issue	131 754		123 031
Weighted average diluted number of shares in issue	138 850		129 271
<b>Other ratios</b>			
Profit before taxation (excluding share of profits from equity-accounted investments) margin	9,8%		9,7%
Operating profit margin	11,3%		10,8%
Gross profit margin	32,2%		32,9%
Return on equity	17,1 %		19,9%

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 July 2016

### Financial instruments

as at 31 July 2016

The following table summarises the carrying amount of financial instruments recorded at 31 July 2016:

<i>Figures in Rand thousand</i>	Reviewed at 31 July 2016	Audited at 31 July 2015
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Other financial assets	203 721	79 904
Finance lease receivables	290 895	217 414
Trade and other receivables	3 421 103	2 200 077
Cash and cash equivalents	1 949 399	1 663 818
<b>Fair value through profit or loss</b>		
Other financial assets	165 529	–
	<b>6 030 647</b>	<b>4 161 213</b>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
Other financial liabilities	2 330 918	1 166 953
Finance lease payables	51 773	41 925
Trade and other payables	1 312 538	993 398
<b>Fair value through profit or loss</b>		
Vendors for acquisition	1 284 763	771 009
	<b>4 979 992</b>	<b>2 973 285</b>

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

### Fair value through profit or loss

Financial assets measured at fair value through profit or loss, are classified as level 1 (in terms of the hierarchy) as the valuation techniques used are based on observable market data.

Financial liabilities measured at fair value through profit or loss, are classified as level 3 (in terms of the hierarchy) as the valuation techniques used are not based on observable market data.

There have been no transfers between levels during the period under review.

### Other financial assets

*Figures in Rand thousand*

	Reviewed at 31 July 2016	Audited at 31 July 2015
<b>Other financial assets</b>		
<b>Reconciliation of movement:</b>		
Balance at the beginning of the year	–	–
Raised through business combinations	152 030	–
Addition	6 000	–
Net changes in fair value	7 499	–
<b>Balance at the end of the year</b>	<b>165 529</b>	<b>–</b>

Other financial assets relate to investments acquired as part of a business combination. The fair value of the investments is determined by reference to the performance of indices in the active market.

### Vendors for acquisition

The vendors for acquisition figure relates to the contingent consideration in respect of business combinations where profit warranties are applicable. The profit warranties allow for a defined agreed adjusted value to the consideration payable in the event that the warranted profit after tax is not achieved, or in the event that it is exceeded. 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 historical margins and revenue growth rates 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.

<i>Figures in Rand thousand</i>	Reviewed at 31 July 2016	Audited at 31 July 2015
<b>Vendors for acquisition</b>		
<b>Reconciliation of movement</b>		
Balance at the beginning of the period	771 009	440 568
Raised through business combinations	805 676	403 923
Raised as investments in joint ventures and associates	143 239	119 160
Foreign exchange effects	27 640	11 234
Net changes in fair value	35 619	13 670
Cash paid to vendors	(498 420)	(217 546)
<b>Balance at the end of the year</b>	<b>1 284 763</b>	<b>771 009</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31 July 2016

### Acquisition of businesses

during the year to 31 July 2016

Figures in Rand thousand	2016
<b>Fair value of assets and liabilities acquired</b>	
Property, plant and equipment	64 693
Intangible assets	675 553
Other financial assets	204 322
Inventory	164 113
Trade and other receivables*	349 323
Cash and cash equivalents	253 825
Other financial liabilities	(245 915)
Finance lease payables	(9 315)
Net deferred taxation liabilities	(185 305)
Net current taxation payables	(45 789)
Trade and other payables	(286 584)
Deferred income	(258 420)
Net assets acquired	680 501
Amount capitalised	680 501
Goodwill	1 488 899
Purchase price	2 169 400
Cash consideration paid	(325 047)
Less cash and cash equivalents acquired	253 825
Net cash (outflow) on acquisition	(71 222)
<b>Consideration payable</b>	
Cash paid	(325 047)
Shares issued	(272 830)
Cash to be paid	(761 356)
Shares to be issued	(810 167)
<b>Total consideration</b>	<b>(2 169 400)</b>

\* The gross contractual value of trade and other receivables for all acquisitions was R351 million.

### Acquisition of businesses (continued)

during the year to 31 July 2016

Figures in Rand thousand	2016
<b>Contribution to trading results for the year</b>	
Revenue	1 241 404
Profit before taxation	152 948*
<b>Adjusted as if acquired with effect from 1 August 2015</b>	
Revenue	2 261 441
Profit before taxation	266 361*
<b>Acquisition related costs</b>	<b>22 000</b>
<i>(included in operating expenses in the statement of profit or loss and other comprehensive income)</i>	

\* Shown after the effect of amortisation on identifiable assets of R85 million.

The results of operations for all acquisitions have 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 accurately determined within twelve months from the date of acquisition. Goodwill relates mainly to future profits of these businesses and the anticipated synergies to be derived as a result of joining EOH. Additional funds have been obtained to finance acquisitions.

During the year under review, the Group acquired 100% of the share capital of Grid Control Technologies Proprietary Limited, Forensic Data Analysts Proprietary Limited and Investigative Software Solutions Proprietary Limited ('GCT') and Mehleketo Resourcing Proprietary Limited ('Mehleketo'). The revenue for these two companies was R298 million and R197 million respectively (R400 million and R207 million if acquired with effect from 1 August 2015). Their profit before taxation after considering amortisation of identifiable intangibles and other related group expenses was R34 million and R43 million respectively (R46 million and R45 million if acquired with effect 1 August 2015). Further details in respect of GCT and Mehleketo were disclosed in the published interim results for the six months ended 31 January 2016.

In line with its strategy, EOH continued complementing its existing branches with strategic acquisitions and joint ventures in South Africa, Sub-Saharan Africa, North Africa and the Middle East.



# 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*

Sandile Zungu (Chairman)

Rob Sporen\* (Lead Non-executive Director)

Lucky Khumalo

Danny Mackay

Tshilidzi Marwala

Thoko Mnyango (Resigned 27 July 2016)

Audrey Mothupi (Appointed 27 July 2016)

Tebogo Skwambane (Resigned 19 February 2016)

\* (Dutch)

### *Executive*

Asher Bohbot (Group Chief Executive Officer)

John King (Group Financial Director)

Pumeza Bam

Dion Ramoo

Jane Thomson

## 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

E-mail: [info@eoh.co.za](mailto:info@eoh.co.za)

Website: [www.eoh.co.za](http://www.eoh.co.za)

## 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

70 Marshall Street, Johannesburg, 2001

PO Box 61051, Marshalltown, 2107



*Technology makes it possible...*  
*People make it happen.*

[www.eoh.co.za](http://www.eoh.co.za)