

2016

REVIEWED CONDENSED CONSOLIDATED RESULTS

for the six months ended 31 January 2016



Revenue	▲	30% to R6 002 million
Operating profit	▲	35% to R682 million
Profit for the period	▲	36% to R464 million
HEPS	▲	24% to 359 cents
EPS	▲	23% to 358 cents
Cash	▲	6% to R1 561 million

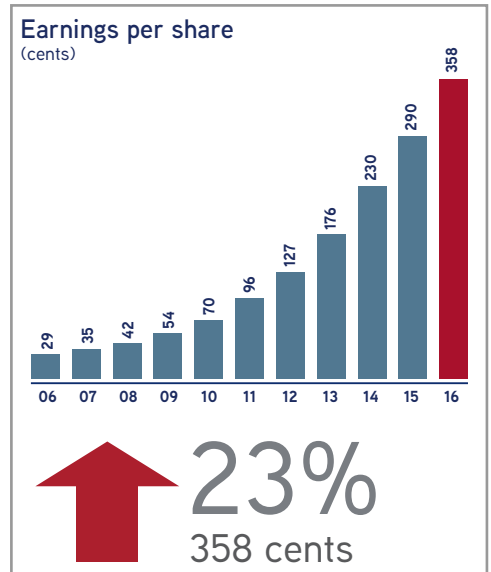
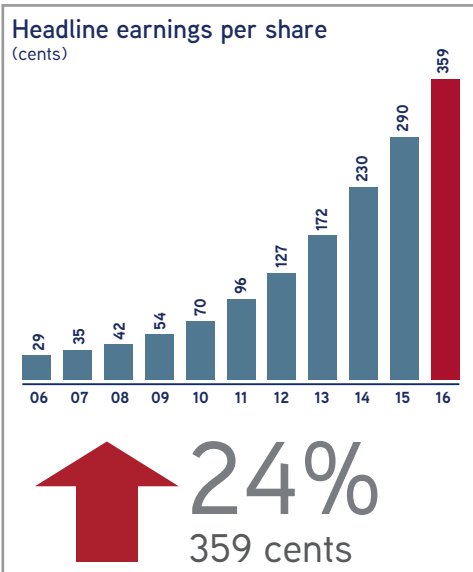
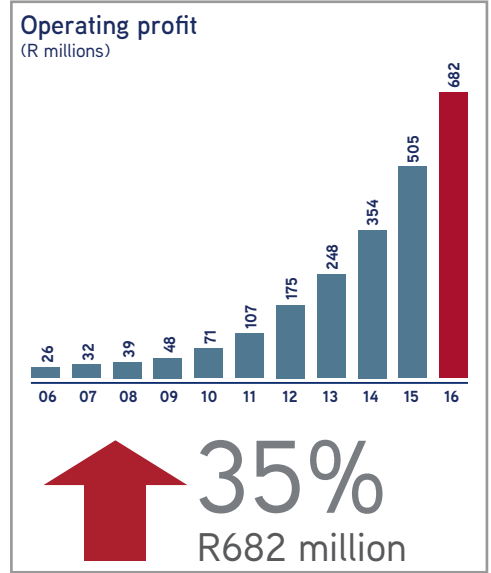
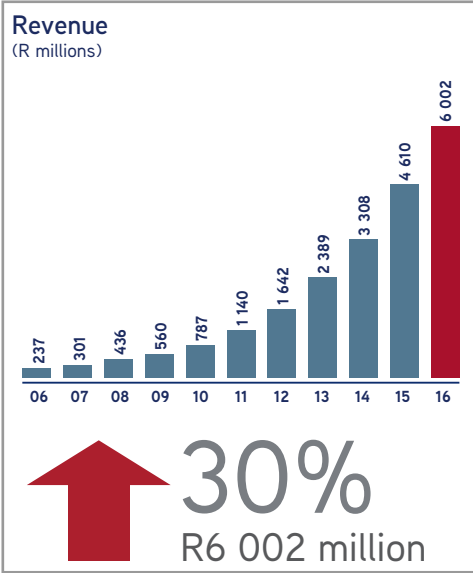




Contents

Financial highlights	2
Revenue growth	3
About EOH	4
Commentary	8
Condensed consolidated statement of financial position	12
Condensed consolidated statement of profit or loss and other comprehensive income	13
Condensed consolidated statement of changes in equity	14
Condensed consolidated statement of cash flows	15
Performance of segments	16
Notes to the consolidated interim financial statements	18
Corporate information	IBC

Financial Highlights

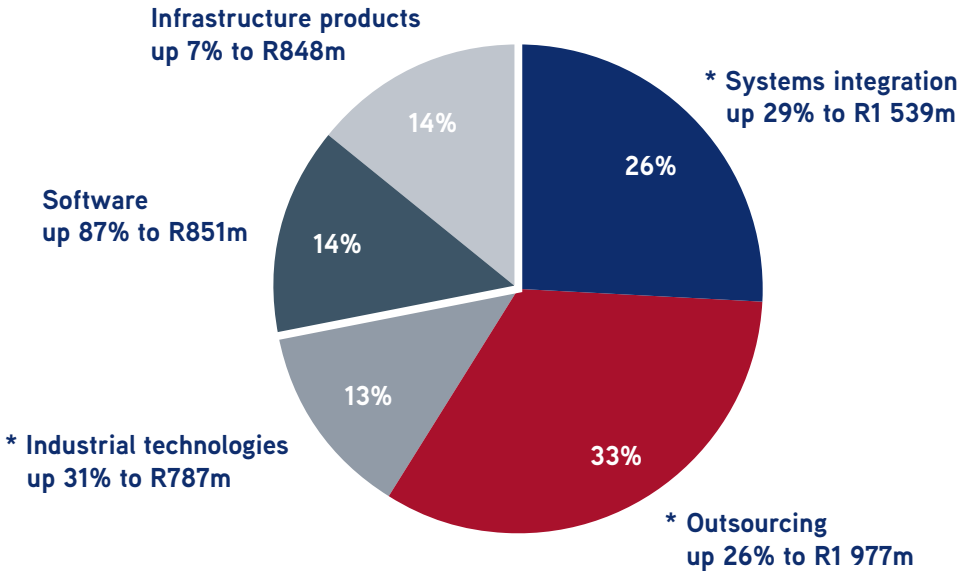


Revenue Growth

During the six months to 31 January 2016 revenue increased by 30% to R6 002 million compared with the prior period.

The growth is attributable to a combination of strong organic growth and recent acquisitions with organic growth contributing 54% of the growth in revenue.

Revenue by segment



* Total services revenue R4 303 million



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, is a Level 2 contributor and has the highest BBBEE rating of its peers.

EOH is the largest technology service provider in South Africa. It has a wide range of Outsourcing, Cloud, Managed Services, Industrial Technologies and Business Process 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 130 points of presence nationally and has a growing international footprint, with operations in over 40 countries outside of South Africa. EOH remains entrepreneurial despite its size, has a strong brand and is expanding into new products, services and territories.

EOH's purpose

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

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

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

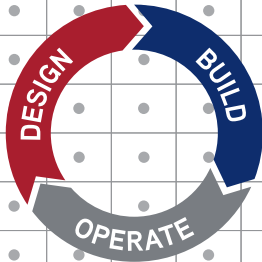
Lead and Grow

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.

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



The table below shows some of the key services, solutions and products in each of EOH's five major lines of businesses.

IT Applications	IT Management	IT Outsourcing	Industrial Technologies	BPO
Enterprise applications	IT performance management and optimisation	Applications	Connectivity infrastructure	Human capital solutions
Information management	IT security and governance	Infrastructure	Security and safety	Customer services
Information services	IT infrastructure	Unified communications	Automation and control	Procurement
Software development and integration	Datacentre and virtualisation	Network solutions	Energy infrastructure and services	Finance and accounting
Digital	End-user computing and mobility		Infrastructure engineering	Legal services
EOH niche applications	Cloud solutions			Administration and payments

ABOUT EOH CONTINUED

Industry Consulting

EOH's consulting capability extends beyond the traditional consulting services and focuses on industry specific solutions. With our 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, our consultants are able to deliver practical, actionable and tangible business solutions from conception and design, through to the implementation of these solutions.

IT Applications

As a market leader in enterprise solutions, EOH has developed an ecosystem that enables our customers to accelerate innovation, ensure return on investment and achieve breakthrough results. This EOH ecosystem puts knowledge and expertise at customers' fingertips so that they can use it when needed to achieve their objectives and improve business performance.

EOH's portfolio helps customers align strategy with execution in order for them to address short-term challenges while building a foundation for continued productivity and growth.

IT Management

There is a shift in emphasis away from IT being a support division towards IT being a proactive service provider that functions as a business within a business. Technology now underpins, informs and enables most organisations to function optimally. Technology – and hence Information Technology – creates differentiation, generates revenue and enables customer-centricity.

The cornerstone of EOH's IT Management solutions is a process of transitioning IT from the traditional reactive mode to IT as a Service (ITaaS). EOH IT Management businesses provide: consultation; readiness assessments; agnostic needs analysis; planning; migration and on-site support. EOH's solutions are designed to protect business critical servers that house customers' information assets.



IT Outsourcing

Businesses need to leverage outsourcing as a competitive advantage. This reduces operational costs and drives business performance.

Traditionally outsourcing referred to an engagement model where customers outsourced their entire IT function to an outsource service provider. However, the advent of cloud computing and managed services, provides customers with more flexible engagement models to meet their business requirements. The increasing complexity of IT systems and the dependency of organisations on the availability of these systems, requires highly skilled experts to manage and maintain such systems. EOH has the skills and can therefore ensure a realistic transition from piecemeal, incremental, unco-ordinated change to an outsourcing agenda that delivers a faster single process, without having to use any other third party.

EOH combines knowledge, technology and experience in creating solutions to:

- manage users, their identities and their access to enterprise information;
- secure systems, devices and operating platforms;



- improve the resilience of information infrastructure and communication;
- protect information and data wherever it resides;
- ensure availability and performance of applications and processes; and
- improve the effectiveness of an enterprise's security programmes.

Industrial Technologies

The EOH Industrial Technologies division combines state-of-the-art technology and best practice to create facilities and infrastructures that are efficient, smart, safe, healthy and secure.

This is achieved by optimising production and control; enhancing efficiency, availability, comfort and security; ensuring sustained protection of people and assets; creating optimum working and living conditions; and lowering energy consumption and CO₂ emissions.

The industrial technologies portfolio includes connectivity initiatives; safety and security solutions; energy infrastructure services; automation and control; and infrastructure engineering. EOH's holistic approach to energy, gas, water and infrastructure management sets it apart from the pack.

Business Process Outsourcing ('BPO')

EOH BPO takes care of customers' business processes allowing them to focus on their primary business.

Our strategic ability, operational capacity, specialist skills and enabling technologies ensures that customers achieve optimum performance. EOH's BPO offerings provide: knowledge process outsourcing and includes: human capital outsourcing; workplace health outsourcing; learning and development outsourcing; marketing outsourcing and legal services outsourcing.

EOH Software

EOH has developed and acquired its own niche applications. These fit-for-purpose, industry specific or unique cross-industry applications address the bespoke requirements of customers across the globe using distribution channels and/or EOH's in-country operations. These applications are owned, run and managed by EOH and are targeted at those customers and industries where off-the-shelf applications only partially address their needs.

Commentary

Business performance

During the six months ended 31 January 2016, revenue increased by 30% to R6 002 million and profit before tax increased by 43% to R670 million, when compared with the corresponding period. The growth is attributable to a combination of strong organic growth and recent acquisitions. Organic growth accounted for 54% of revenue after considering all acquisitions since 1 February 2015. Headline earnings per share ('HEPS') increased by 24% and earnings per share ('EPS') increased by 23% with cash and cash equivalents of R1 561 million at the end of the reporting period.

The growth came from all segments with the strongest growth coming from software sales, given EOH's concerted drive to sell its own niche software and intellectual property ('IP'). Overall services revenue is up 28%, software sales is up 87% and the sales of infrastructure products is up 7% compared with the corresponding period.

Revenue from the regions outside of South Africa also grew, but EOH remains a strong South African company with sales in South Africa contributing 87% of revenue. The rest of Africa accounts for 9% of total revenue and the rest of the world, 4% of total revenue. Revenue is generated from all industries in the private sector, with revenue from the public sector accounting for almost a quarter of EOH's revenue. EOH remains a very diverse company with a wide range of product and service offerings and a large number of diverse enterprise customers.

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 through several

business acquisitions and by further expanding into the rest of Africa and the Middle East by acquiring a 50% stake in several small businesses.

During the period, 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, was acquired with effect from 18 November 2015 for R868 million.

Mehleketo, which focuses on rail technology, was acquired with effect from 18 August 2015 for R205 million to bolster EOH's industrial technologies offerings in the transport industry vertical.

EOH acquired several smaller businesses to enhance its industrial technologies capability, augment its BPO services business and bolster its IT technology applications and consultancy 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 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 39%.

Enterprise development

EOH has several enterprise development ('ED') initiatives aimed at developing black-owned companies by providing both financial and non-financial support. During this period, EOH has embarked on specific initiatives to uplift and empower black female-owned businesses with a particular emphasis on building sustainable businesses in the technology and knowledge services sectors.



Corporate Social Investment

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

- The EOH Youth Job Creation Initiative, which equips young people with the necessary skills and experience to enable them to have a job for life.
- 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.

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 successful EOH Youth Job Creation Initiative with the aim of working with business partners, customers and the Government to stimulate job creation.

As part of this programme, EOH launched its Internal Learnership Programme. To date more than 1 900 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. So far, more than 10 000 jobs have been created country wide and together with our partners, we are aiming to create over 50 000 new jobs by 2020.

Future plans

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 diversified business with a wide service offering and the ability to meet the challenges of a continually changing landscape. EOH has the ability to attract the best people and to offer comprehensive complex solutions to its many and varied enterprise and public sector customers.

EOH has five large integrated divisions – Information Communication and Technology ('ICT in the Private Sector'); Smart Government ('ICT in the Public Sector'); Industrial Technologies; BPO and Industry Services. The opportunity for growth in each of these areas is good. Each of these areas is growing both organically and through strategic acquisitions and this growth will continue.

EOH is a Pan-African company and will continue to grow its business in the rest of Africa and in the Middle East. This growth is expected to accelerate by increasing our in-country presence, forming joint ventures and partnerships and acquiring new businesses.

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

EOH has developed, owns and is acquiring industry-specific niche IP/software applications. EOH sells its own niche software to users across the globe and intends to intensify its efforts in this regard with the establishment of an office in Dubai. EOH is executing on its plan to market and distribute these software applications internationally.

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

EOH has exciting opportunities in South Africa and internationally. EOH is recognised for the quality of its people and its strong delivery capabilities. 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, 4 346 460 shares were issued as a result of the acquisition of businesses along with 534 086 shares issued in terms of the Group share incentive schemes.

The dividend declared on 16 September 2015 (no. 14 for 150 cents per share) amounting to R194 million, was paid on 2 November 2015.

Subsequent events and capital commitments

There have been no significant events and no significant capital expenditure authorised since 31 January 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 as directors. 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 following her appointment as a partner to an international consultancy which prohibits her from sitting on any external boards of public listed companies. The Board thanks Tebogo for her valuable contribution over the past seven and a half years. There have been no other changes to the Board since the AGM.

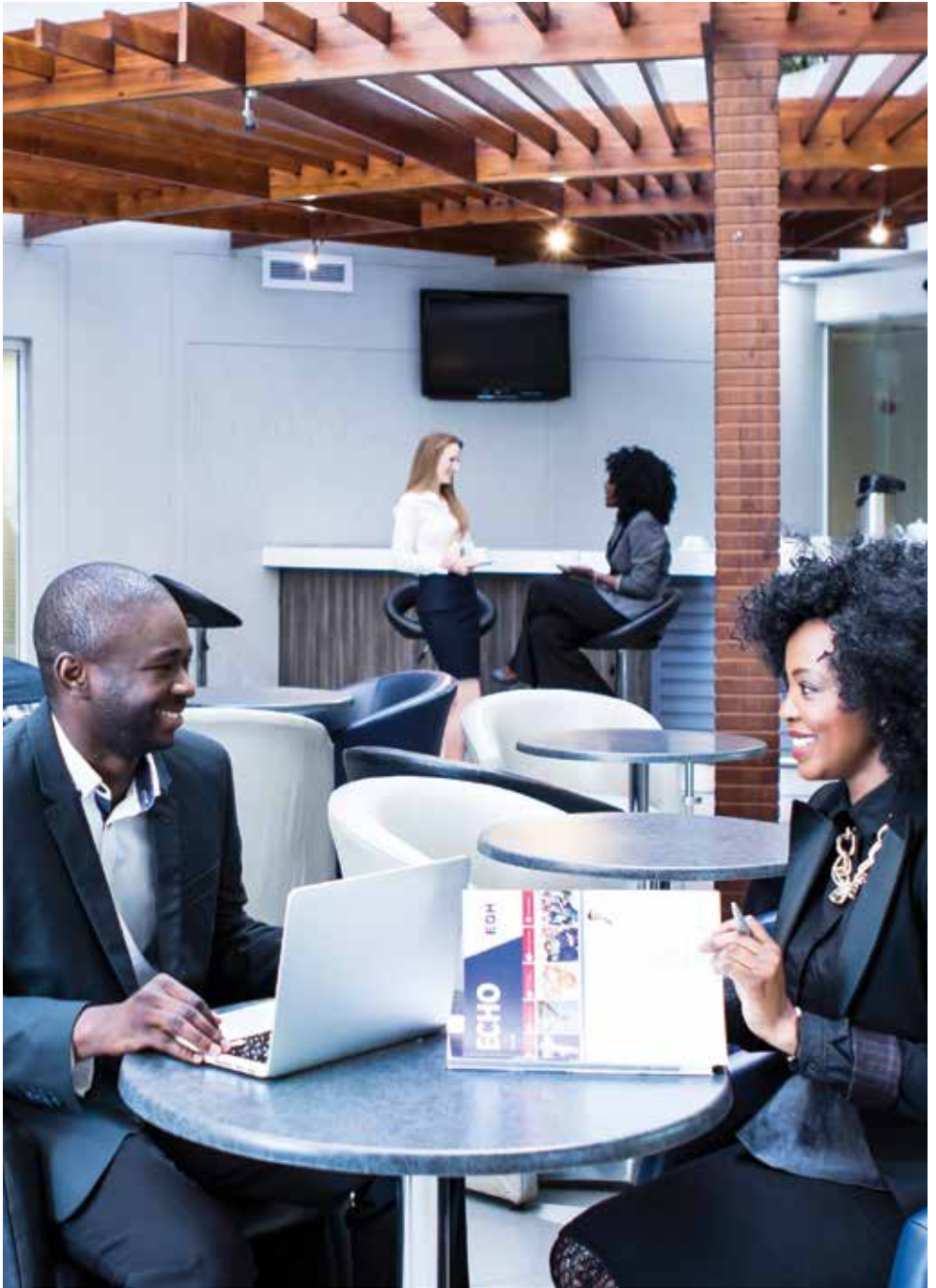
Appreciation

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

7 March 2016



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 January 2016

<i>Figures in Rand thousand</i>	Reviewed at 31 January 2016	Reviewed at 31 January 2015	Audited at 31 July 2015
Assets			
Non-current assets	6 206 739	3 454 866	4 009 826
Property, plant and equipment	468 454	430 373	412 159
Goodwill and intangible assets	4 872 786	2 772 813	2 989 582
Equity-accounted investments	517 094	3 007	351 852
Other financial assets	94 363	5 689	18 437
Deferred taxation	99 620	109 205	107 337
Finance lease receivables	154 422	133 779	130 459
Current assets	5 474 184	3 943 274	4 362 881
Inventory	329 204	157 476	195 665
Other financial assets	213 415	75 713	61 467
Current taxation receivable	49 445	29 297	47 955
Finance lease receivables	95 276	78 345	86 955
Trade and other receivables	3 226 300	2 136 842	2 307 021
Cash and cash equivalents	1 560 544	1 465 601	1 663 818
Total assets	11 680 923	7 398 140	8 372 707
Equity and liabilities			
Equity	5 784 456	3 894 926	4 508 624
Equity attributable to the owners of EOH Holdings Limited	5 774 578	3 882 226	4 499 952
Non-controlling interest	9 878	12 700	8 672
Non-current liabilities	1 680 053	1 142 494	1 227 417
Other financial liabilities	1 313 722	1 004 102	1 068 477
Finance lease payables	28 413	29 744	21 010
Deferred taxation	337 918	108 648	137 930
Current liabilities	4 216 414	2 360 720	2 636 666
Other financial liabilities	1 842 735	659 664	869 485
Current taxation payable	116 649	69 146	57 344
Finance lease payables	28 632	28 620	20 915
Trade and other payables	1 674 478	1 190 592	1 424 329
Deferred income	553 795	412 588	264 508
Dividend payable	125	110	85
Total liabilities	5 896 467	3 503 214	3 864 083
Total equity and liabilities	11 680 923	7 398 140	8 372 707

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 January 2016

<i>Figures in Rand thousand</i>	Reviewed six months to 31 January 2016	% change	Reviewed six months to 31 January 2015	Audited twelve months to 31 July 2015
Revenue	6 001 841	30	4 609 623	9 733 992
Cost of sales	(3 958 424)		(2 996 858)	(6 532 019)
Gross profit	2 043 417		1 612 765	3 201 973
Operating expenses	(1 204 891)		(976 708)	(1 925 957)
Depreciation	(50 470)		(72 845)	(114 685)
Amortisation of intangible assets	(106 153)		(58 548)	(114 726)
Operating profit before interest and impairments	681 903	35	504 664	1 046 605
Investment income	23 830		22 683	37 785
Impairment of goodwill and intangible assets	–		–	(25 000)
Share of profits of equity-accounted investments	55 847		917	10 736
Finance costs	(91 446)		(60 059)	(118 799)
Profit before taxation	670 134	43	468 205	951 327
Taxation	(206 254)		(127 991)	(259 533)
Profit for the period	463 880	36	340 214	691 794
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	149 113		8 438	27 144
Total comprehensive income for the period	612 993		348 652	718 938
Profit attributable to:				
Owners of EOH Holdings Limited	462 480		339 165	690 692
Non-controlling interest	1 400		1 049	1 102
	463 880		340 214	691 794
Total comprehensive income attributable to:				
Owners of EOH Holdings Limited	610 347		347 603	717 342
Non-controlling interest	2 646		1 049	1 596
	612 993		348 652	718 938
Earnings per share				
Earnings per share (cents)	358	23	290	561
Diluted earnings per share (cents)	340	23	277	534

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 January 2016

<i>Figures in Rand thousand</i>	Stated capital	Shares to be issued to vendors	Reserves	Retained earnings	Non-controlling interest	Total equity
Audited balance at 1 August 2014	627 006	371 066	349 106	1 270 985	10 647	2 628 810
Total comprehensive income for the six months			8 438	339 165	1 049	348 652
Issue of shares	914 774					914 774
Non-controlling interest arising on business combination					1 004	1 004
Movement in treasury shares	28 184		47 451			75 635
Shares to be issued		49 760				49 760
Share-based payments			17 261			17 261
Dividends				(140 970)		(140 970)
Reviewed balance at 31 January 2015	1 569 964	420 826	422 256	1 469 180	12 700	3 894 926
Total comprehensive income for the six months			18 212	351 527	547	370 286
Issue of shares	49 915					49 915
Non-controlling interest arising on business combination					(139)	(139)
Non-controlling interest acquired				(7 684)	(4 436)	(12 120)
Movement in treasury shares	(86 716)		24 250			(62 466)
Shares to be issued		242 635				242 635
Share-based payments			25 587			25 587
Audited balance at 31 July 2015	1 533 163	663 461	490 305	1 813 023	8 672	4 508 624
Total comprehensive income for the six months			147 867	462 480	2 646	612 993
Issue of shares	509 243					509 243
Non-controlling interest acquired				(1 062)	(1 440)	(2 502)
Movement in treasury shares	(93 760)		30 617			(63 143)
Shares to be issued		383 215				383 215
Share-based payments			30 366			30 366
Dividends				(194 340)		(194 340)
Reviewed balance at 31 January 2016	1 948 646	1 046 676	699 155	2 080 101	9 878	5 784 456

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 January 2016

	Reviewed six months to 31 January 2016	Reviewed six months to 31 January 2015	Audited twelve months to 31 July 2015
<i>Figures in Rand thousand</i>			
Cash flows from operating activities			
Cash generated from operations	314 369	336 882	908 567
Investment income	23 761	22 683	37 571
Finance costs	(88 473)	(60 059)	(117 549)
Taxation paid	(163 912)	(143 530)	(301 143)
Net cash inflow from operating activities	85 745	155 976	527 446
Net cash (outflow) from investing activities	(270 621)	(117 989)	(326 865)
Net cash inflow from financing activities	60 796	364 954	398 093
Net (decrease)/increase in cash and cash equivalents	(124 080)	402 941	598 674
Foreign currency translation	20 806	(1 862)	622
Cash and cash equivalents at the beginning of the period	1 663 818	1 064 522	1 064 522
Cash and cash equivalents at the end of the period	1 560 544	1 465 601	1 663 818

PERFORMANCE OF SEGMENTS

for the six months ended 31 January 2016

The reportable segments of the Group have been identified based on the nature of the business activities. This basis is representative of the internal structure for management purposes. 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. Unallocated items mainly comprise corporate and head office expenses. Segmental profit before taxation includes revenue and expenses directly relating to a business segment as allocated.

EOH's revenue is derived from Services (systems integration, outsourcing and industrial technologies), Software (software sales and maintenance revenue) and Infrastructure products (traditional IT hardware, network infrastructure, telecommunications infrastructure and the hardware associated with security solutions).

Revenue

<i>Figures in Rand thousand</i>	Reviewed six months to 31 January 2016	Reviewed six months to 31 January 2015	Audited twelve months to 31 July 2015
Services	4 302 801	3 362 923	7 002 948
Systems integration	1 538 498	1 188 704	2 492 733
Outsourcing	1 977 140	1 571 997	3 258 282
Industrial technologies	787 163	602 222	1 251 933
Software	850 698	454 880	1 179 856
Infrastructure products	848 342	791 820	1 551 188
Total	6 001 841	4 609 623	9 733 992

Profit before taxation

<i>Figures in Rand thousand</i>	Reviewed six months to 31 January 2016	Reviewed six months to 31 January 2015	Audited twelve months to 31 July 2015
Services	457 851	354 105	701 325
Systems integration	184 915	149 026	226 085
Outsourcing	175 383	138 080	305 130
Industrial technologies	97 553	66 999	170 110
Software	158 366	60 023	175 188
Infrastructure products	56 909	54 077	77 326
Not specifically allocated	(2 992)	–	(2 512)
Total	670 134	468 205	951 327



NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 January 2016

Reporting entity

EOH Holdings Limited ('the company') is a holding company domiciled in South Africa listed on the JSE Limited under the category Technology: Software and Computer Services. The condensed consolidated interim financial statements of the company comprises the company and its subsidiaries (together referred to as 'the Group' or 'EOH') and the Group's investments in associates and joint ventures for the six months ended 31 January 2016.

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, the SAICA 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 interim 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 interim 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 the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 August 2015: – Amendments to IFRS 7, IFRS 10, IAS 1, IAS 16, IAS 27, IAS 28 and IAS 38. The adoption of the new standards listed above did not have a significant impact on the Group's condensed consolidated interim financial statements.

Review opinion

The condensed consolidated interim financial results for the six months ended 31 January 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

	Reviewed six months to 31 January 2016	% change	Reviewed six months to 31 January 2015	Audited twelve months to 31 July 2015
Earnings per share (cents)				
Earnings per share	358	23	290	561
Diluted earnings per share	340	23	277	534
Headline earnings per share	359	24	290	575
Diluted headline earnings per share	341	23	277	548
Headline earnings reconciliation (R'000)				
Profit attributable to owners of EOH Holdings Limited	462 480		339 165	690 692
Adjusted for:				
After tax loss/(profit) on disposal of property, plant and equipment	1 006		(239)	1 557
Impairment of intangible assets	–		–	25 000
Gain on bargain purchase	–		–	(9 474)
Headline earnings	463 486		338 926	707 775
Ordinary shares ('000)				
Total number of shares in issue	136 919		130 837	132 039
Weighted average number of shares in issue	129 200		116 838	123 031
Weighted average diluted number of shares in issue	135 973		122 534	129 271

Other ratios

	Reviewed six months to 31 January 2016	Reviewed six months to 31 January 2015	Audited twelve months to 31 July 2015
Profit before taxation margin (excluding share of profits of equity-accounted investments)	10,2	10,1	9,7
Operating profit margin	11,4	10,9	10,8
Return on equity (annualised)	18,1	20,9	19,9

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 January 2016

Financial instruments

<i>Figures in Rand thousand</i>	Reviewed at 31 January 2016	Reviewed at 31 January 2015	Audited at 31 July 2015
The following table summarises the carrying amount of financial instruments recorded at 31 January 2016:			
Financial assets			
Loans and receivables:			
Other financial assets	156 438	81 402	79 904
Finance lease receivables	249 698	212 124	217 414
Trade and other receivables	3 014 634	2 104 714	2 200 077
Cash and cash equivalents	1 560 544	1 465 601	1 663 818
Fair value through profit or loss:			
Other financial assets	151 339	–	–
	5 132 653	3 863 841	4 161 213
Financial liabilities			
Measured at amortised cost:			
Other financial liabilities	2 070 144	983 574	1 166 953
Finance lease payables	57 045	58 364	41 925
Trade and other payables	1 290 585	932 762	993 313
Dividend payable	125	110	85
Fair value through profit or loss:			
Vendors for acquisition	1 086 313	680 192	771 009
	4 504 212	2 655 002	2 973 285

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

Fair value through profit or loss:

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

For financial liabilities measured at fair value through profit or loss, in terms of the hierarchy, these are classified as level 3 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

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.

<i>Figures in Rand thousand</i>	Reviewed at 31 January 2016	Reviewed at 31 January 2015	Audited at 31 July 2015
Other financial assets			
Reconciliation of movement:			
Balance at the beginning of the period	–	–	–
Raised through business combinations	152 030	–	–
Net changes in fair value	(691)	–	–
Balance at the end of the period	151 339	–	–

Vendors for acquisition

The vendors for acquisition balance relates to the contingent consideration payable relating to 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 it is exceeded. The fair value of the contingent liability 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 are generally for 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.

<i>Figures in Rand thousand</i>	Reviewed at 31 January 2016	Reviewed at 31 January 2015	Audited at 31 July 2015
Vendors for acquisition			
Reconciliation of movement:			
Balance at the beginning of the period	771 009	440 568	440 568
Raised through business combinations	580 668	372 837	403 923
Raised for equity-accounted and other investments	29 964	–	119 160
Foreign exchange effects	40 774	7 517	11 234
Net changes in fair value	24 704	12 969	13 670
Cash paid to vendors	(360 806)	(153 699)	(217 546)
Balance at the end of the period	1 086 313	680 192	771 009

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

during the six months to 31 January 2016

Acquisition of businesses

<i>Figures in Rand thousand</i>	GCT group of companies	Mehleketo	Other	Total
Fair value of assets and liabilities acquired				
Property, plant and equipment	12 869	23 714	16 516	53 099
Intangible assets	483 963	43 943	125 213	653 119
Other financial assets	540	153 472	40 469	194 481
Inventory	98 359	23 440	8 019	129 818
Trade and other receivables*	45 991	14 706	143 278	203 975
Cash and cash equivalents	(23 753)	67 052	125 961	169 260
Other financial liabilities	(96 582)	(45 468)	(99 366)	(241 416)
Finance lease payables	(2 190)	(3 294)	(1 136)	(6 620)
Net deferred taxation liabilities	(135 110)	(21 208)	(31 011)	(187 329)
Net current taxation payables	(13 045)	(3 807)	(11 807)	(28 659)
Trade, other payables and other liabilities	(58 279)	(15 710)	(88 510)	(162 499)
Deferred income	(36 647)	(190 858)	(25 112)	(252 617)
Net assets acquired	276 116	45 982	202 514	524 612
Goodwill	591 945	159 046	439 618	1 190 609
Purchase price	868 061	205 028	642 132	1 715 221
Cash consideration paid	(119 167)	(15 000)	(118 372)	(252 539)
Less: Cash and cash equivalents acquired	(23 753)	67 052	125 961	169 260
Net cash (outflow)/inflow on acquisition	(142 920)	52 052	7 589	(83 279)
Consideration payable				
Cash paid	(119 167)	(15 000)	(118 372)	(252 539)
Shares issued	(114 181)	(59 996)	(84 317)	(258 494)
Cash to be paid	(309 872)	(15 000)	(255 796)	(580 668)
Shares to be issued	(324 841)	(115 032)	(183 647)	(623 520)
Total consideration	(868 061)	(205 028)	(642 132)	(1 715 221)

* The gross contractual value of trade and other receivables of the GCT group of companies and the Mehleketo group of companies approximated their fair value. For other acquisitions the gross contractual value was R145 million.

<i>Figures in Rand thousand</i>	GCT group of companies	Mehleketo	Other	Total
Effective date of acquisition	18 Nov 2015	18 Aug 2015		
Contribution to trading results for the six months				
Revenue	111 011	101 997	253 771	466 779
Profit before taxation	13 652	15 835	17 910	47 397*
Adjusted as if acquired with effect from 1 August 2015				
Revenue	212 972	111 974	300 455	625 401
Profit before taxation	29 473	17 384	32 715	79 572*
Acquisition related costs				10 500
<i>(included in operating expenses in the statement of profit or loss and other comprehensive income)</i>				

* Shown after the effects of amortisation on identifiable intangible assets of R34 million.

For all acquisitions, the results of operations have been accounted for 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 within the EOH stable were 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 acquisition 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 values 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.

GCT group of companies

During the six months 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') with effect from 18 November 2015 for an amount of R868 million of which R429 million is payable in cash and the balance through the issue of 2 869 426 EOH shares. The group specialises in utility management solutions (smart metering) and analytical, forensic and investigating software solutions for the security sector. EOH acquired the shares in GCT to strengthen its service offerings in the industrial infrastructure sector and enhance its analytical technology solutions.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the six months ended 31 January 2016

Acquisition of businesses (continued)

Mehleketo

100% of the share capital of Mehleketo Resourcing Proprietary Limited ('Mehleketo') was acquired with effect from 18 August 2015 for an amount of R205 million of which R30 million is payable in cash and the balance through the issue of 1 015 596 EOH shares.

Mehleketo provides rail automation and technology solutions, coupled with the design, build and management of operational nerve centres for the rail industry. EOH acquired the shares in Mehleketo to enhance its transport industry vertical through Mehleketo's deep industry knowledge and established presence.

Other acquisitions that are not individually material

During the six months under review, EOH continued its strategy to consolidate and complement its existing services with strategic acquisitions. EOH acquired a number of businesses in order to bolster the Group's industrial technology capabilities, augment its BPO service offerings and enhance its technology applications and consulting solutions.

The total purchase consideration for these acquisitions is R642 million, consisting of R374 million in cash and 1 647 243 EOH shares. In all instances 100% of the shares were acquired.

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

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

Auditors

Mazars (Gauteng) Inc.

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

Website: www.eoh.co.za

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.

EOH

Technology makes it possible...

People make it happen.