



Technology makes it possible...
People make it happen

2017

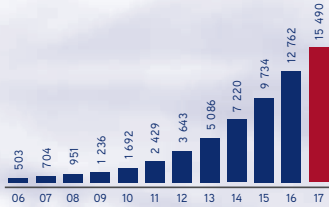
REVIEWED CONDENSED CONSOLIDATED RESULTS

for the year ended 31 July 2017



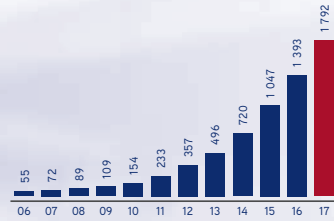
HIGHLIGHTS

REVENUE (R millions)



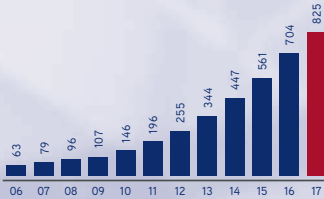
21%
R15 490 million

OPERATING PROFIT (R millions)



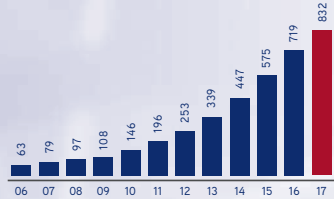
29%
R1 792 million

EARNINGS PER SHARE (Cents)



17%
825 cents

HEADLINE EARNINGS PER SHARE (Cents)



16%
832 cents

DIVIDENDS



16%
215 cents

CASH



29%
R2 507 million

ABOUT EOH

EOH 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.

EOH's 12 500 staff members deliver these services to over 5 000 large enterprise customers across all major industries throughout South Africa, Africa and the Middle East. EOH is present in 134 locations in South Africa, and has a growing international footprint with over 50 points of presence in the rest of Africa and internationally. EOH is committed to transformation and is a Level 2 Broad-based Black Economic Empowerment (BBBEE) contributor.

As a proudly South African business, EOH is committed to sustainable transformation and making a positive, meaningful contribution to society.

The EOH 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

The EOH philosophies

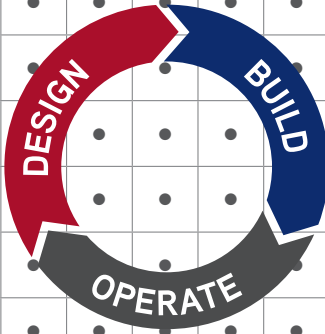
<i>Best People</i>	To attract, develop and retain the best people led by great leaders
<i>Partner for Life</i>	To nurture lifelong partnerships with our customers and business partners
<i>Right 1st Time</i>	To ensure professional planning and execution in all that we do
<i>Sustainable Transformation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

ABOUT EOH

Operating model

EOH's operating model is two dimensional, focused on key business areas 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 Services	•	•	•	•	•	•	•	•	•	•	•	•
Software	•	•	•	•	•	•	•	•	•	•	•	•
IT Infrastructure	•	•	•	•	•	•	•	•	•	•	•	•
Industrial Technologies	•	•	•	•	•	•	•	•	•	•	•	•
BPO	•	•	•	•	•	•	•	•	•	•	•	•



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

Industry Consulting				
IT Services	Software	IT Infrastructure	Industrial Technologies	BPO
<ul style="list-style-type: none"> IT Managed Services Application Support IT Management Information Services Software Development and Integration Network Solutions IT Security Solutions Cloud Solutions Digital Solutions 	<ul style="list-style-type: none"> Enterprise Resource Planning Business Intelligence Information Analytics Customer Relationship Management EOH Niche Software 	<ul style="list-style-type: none"> Storage Servers Network Equipment Office Automation 	<ul style="list-style-type: none"> Connectivity Infrastructure Safety & Security Automation & Control Energy Infrastructure and Services Intelligent Transport Technologies Water Technologies Environmental Management 	<ul style="list-style-type: none"> Human Capital Claims and Payment Solutions Outsourced Marketing Services Finance and Admin Services

The business segments of the Group have been identified based on the nature of the business activities of the major divisions of EOH.

IT Services	IT consulting services; systems integration; IT managed services; application support; IT management; software development, implementation and integration services; information services; network solutions; IT security solutions; cloud solutions and digital solutions.
Software	Software sales and maintenance revenue for vendor owned software and EOH's niche software sales and maintenance revenue.
IT Infrastructure	Sale of IT hardware, network, telecommunication, office automation and storage products.
Industrial Technologies	Sale of services, products, software and technology solutions relating to industrial automation, data centre and connectivity solutions, energy services and water, transport, safety and security and environmental solutions.
BPO	Sale of services and technology solutions relating to Human Capital Solutions, claims and payment processes, finance, admin and outsourced marketing services.

Sustainability

Sustainable transformation

Transformation is one of EOH's key business philosophies. EOH's transformation initiatives are wide-ranging and include employment equity initiatives; skills training and development; gender diversity; enterprise and supplier development; preferential procurement and black ownership.

EOH understands that youth development is paramount to a prosperous South Africa. To this end, EOH's corporate social investment (CSI) activities include programmes and initiatives focused on the youth. These programmes include financial support for the Maths Centre which focuses on teaching mathematics, science, technology and entrepreneurship; health screening and intervention programmes in partnership with the South African Business Coalition on Health and Aids (SABCOHA); and the EOH Youth Job Creation Initiative.

EOH is certified as a Large Enterprise Level 2 Contributor with BBBEE Procurement Recognition of 156% as a value adding vendor. 56% of EOH's staff and 64% of its Board members are black.

ABOUT EOH

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 our founder, Asher Bohbot, the Initiative is deeply entrenched in our business, and has extended to make a positive impact with our partners and customers who have adopted the Initiative by getting involved. Since 2012, in partnership with customers and business partners, over 35 000 learners and graduates have been reached, with 20 500 of them completing learnerships and internships.

Of the individuals taken through the programme, 83% have been placed in employment within EOH and through our partner networks. Lives are changed when business gets involved.

702 media campaign

In July 2016, EOH partnered with 702 and the South African National Treasury to encourage the spread of the message that a young person with a year's long work experience has an 80% higher probability of being formally employed. The intent was to educate and galvanise 702's broad listener base as well as South African role-players of the economy, specifically CEOs, into action by getting them involved in the Youth Job Creation Initiative and Challenge. The campaign reached more than 750 000 active listeners and resulted in a database of over 300 large corporates and SMMEs showing an interest in participating in creating jobs using the EOH Youth Job Creation model. The Initiative continues to grow in leaps and bounds and makes an impact in the markets we serve.



Sustainable business

EOH believes that people, business and the community is inseparable if a company is to be sustainable. Our approach is underpinned by our strong appreciation that South Africa's development and growth are the responsibility of both government and business.

EOH'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 BBBEE in South Africa, being a responsible employer, delivering an excellent service to customers, being ethical and fair in all business relationships and by maintaining a low environmental footprint.

'**Best People**' is built on the premise that 'Technology makes it possible – People make it happen'. We value the contribution made by every employee and empower each employee to develop their own career path.

'**Partner for Life**' is about trust, loyalty and long-term mutually beneficial relationships. EOH's strategy is to build confidence through good governance, strong delivery and mutual respect.

'**Right 1st Time**' is to reduce business risk and ensure successful delivery and customer satisfaction by having the appropriate skills, processes and structures. We have programmes, methodologies and training courses to ensure success in all areas.

'**Sustainable transformation**' is about embracing and valuing diversity which leads to a better understanding of, and engagement with, the people we work with, the customers we serve and the communities in which we operate.

'**Lead and grow**' is premised on the basis that we have many stakeholders who require EOH to lead responsibly, ensure that EOH remains relevant to the markets that it serves, is profitable in its endeavours and plays a positive role in society.

EOH responds to the needs and requirements of the economy and all its customers. We collaborate with both the public and private sector and use our technology, skills and know-how to make South Africa a better place. Our service offerings have helped, and continue to help, public sector organisations deliver basic social services more efficiently and effectively.

Corporate governance is integral to EOH's business philosophy of ethical leadership. There is no doubt that good corporate governance is a key element in ensuring sustainability, constant growth, ongoing economic efficiency and enhancing investor confidence.



COMMENTARY

Group Performance

EOH has delivered a good set of results for the year under review. The Group's resilience in the face of a weak economy is attributable to its wide solutions offering, collaborative business model, strong leadership, skilled people and diverse customer base. EOH has continued to focus on new solutions and service offerings, strategic acquisitions and increasing the solutions introduced to existing customers. The Group's solutions are particularly relevant to South Africa and emerging markets. The landscape remains competitive but EOH is undoubtedly gaining market share.

EOH's focus on providing technology, knowledge, skills and organisational ability critical to its customers and markets it serves, has ensured that EOH has enjoyed profitable growth over many years and will continue to do so.

Revenue has increased in all areas of the business as a result of strong organic growth, complemented by strategic acquisitions. Organic growth accounted for 63% of the increase in consolidated revenue, contributing 68% of the profit before tax.

During the year under review, EOH continued its strategy to consolidate and complement its existing offerings with strategic acquisitions in South Africa, augmented by investments in companies in the rest of Africa, the Middle East and other emerging markets. The businesses that join EOH are successfully integrated into the EOH management structure, operating model and ecosystem. This enables EOH to quickly and seamlessly complement and enhance its solution offerings to customers. During the year, a number of businesses joined the EOH family, including the Cornastone group of companies, PIA Solar SA Proprietary Limited and the Syntell group of companies.



COMMENTARY

Financial results

EOH's revenue for the period grew by 21% to R15 490 million (2016: R12 762 million) with contributions from all businesses across the board. EOH's share of revenue relating to equity accounted investments, not included in consolidated revenue, is R545 million (2016: R346 million).

Revenue from services accounts for more than 77% of total revenue, a significant portion of which is annuity revenue, based on multiple year contracts. EOH is the largest technology company in Africa but still derives more than 90% of its revenue from South Africa.

Operating profit has increased by 29% to R1 792 million (2016: R1 393 million). EOH has continued its expansion into Africa and the Middle East. The strategy is generally to acquire a minority or joint interest in a business. These interests are equity accounted. The sale of software to the customers in these regions is now procured and sold from South Africa and the revenue and profits associated therewith is reflected in the consolidated results. As a consequence, the profit contributed by equity accounted investments is lower – R39 million (2016: R73 million).

Operating margins have increased from 10,8% to 11,5% as a result of increased software sales, efficiencies and on-going cost containment. The effective tax rate has decreased from 29,7% to 28,3% as a result of the utilisation of tax deductions associated with our learnership/intern programmes.

EBITDA increased to R2 278 million (2016: R1 830 million) and EBITDA margins increased from 14% to 15% reflecting the results of on-going efficiency and Right 1st time initiatives. EBIT margins have also increased from 17% to 18%.

Headline earnings per share (HEPS) increased by 16% and Earnings per share (EPS) increased by 17%, with cash reserves increasing by 29% to R2 507 million.

Cash generated by operations before changes in working capital increased to R2 298 million (2016: R1 810 million). Working capital has increased primarily as a result of funding the growth of the business and increased work-in-progress relating to ongoing long-term projects. Cash generated by operations, after changes in working capital, increased to R1 314 million (2016: R917 million). Cash generated by operations is used primarily to fund operations and organic growth. Cash utilised in investing activities is R489 million (2016: R462 million).

Non-cash related expenses have increased by R177 million to R663 million (2016: R486 million). These include the amortisation of identifiable intangible assets when businesses are acquired of R179 million (2016: R154 million); IFRS 2 – share based payment expenses of R95 million (2016: R56 million); Depreciation of Property Plant and Equipment (PPE) of R171 million (2016: R146 million) and the amortisation of computer software of R97 million (2016: R64 million).

Acquisitions are settled through the issue of shares and the payment of cash on an earn-out basis, typically over a two year period. Medium term funding (three to five years) is raised for such purpose.

Net finance costs increased to R186 million (2016: R121 million) as a result of interest-bearing debt to fund investments and to pay vendors for acquisition on the meeting of their profit warrants.

Operational reviews

Below is an overview of the revenue and the profit contributions of the reporting segments of EOH. The combined revenue derived from services (IT services, Industrial Technology services and BPO services) is R11 862 million (2016: R9 815 million) representing 77% (2016: 77%) of total revenue. Revenue from software is R2 338 million (2016: R2 023 million) representing 15% (2016: 16%) of total revenue and revenue from IT Infrastructure is R1 290 million representing 8% (2016: 7%) of total revenue.

All areas of business benefit from EOH's collaborative operating model and its shared services and they share in these overhead costs. The business focuses on three primary revenue streams, those from services, software sales and infrastructure sales. A summary of the revenue and profit before tax and equity-accounted profits from these three revenue streams is depicted below.

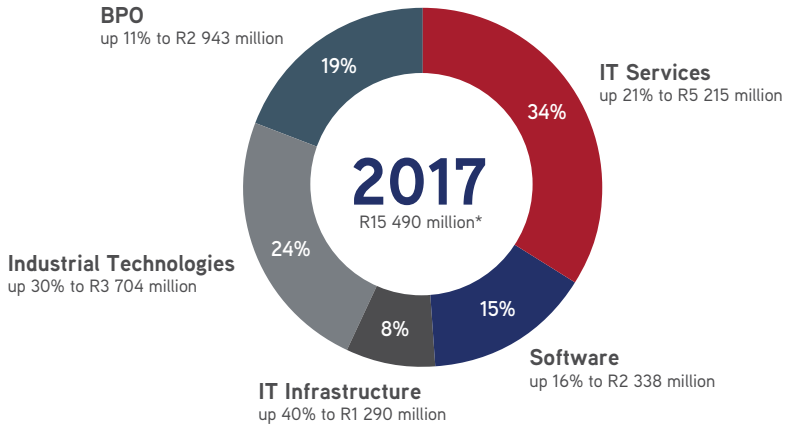
Revenue

Figures in Rand thousand	Reviewed for the year ended 31 July 2017	% change	Audited for the year ended 31 July 2016
IT Services	5 215 214	21	4 309 821
Software	2 337 776	16	2 023 100
IT Infrastructure	1 289 500	40	923 620
Industrial Technologies	3 703 625	30	2 845 302
BPO	2 943 409	11	2 659 967
Total	15 489 524	21	12 761 810

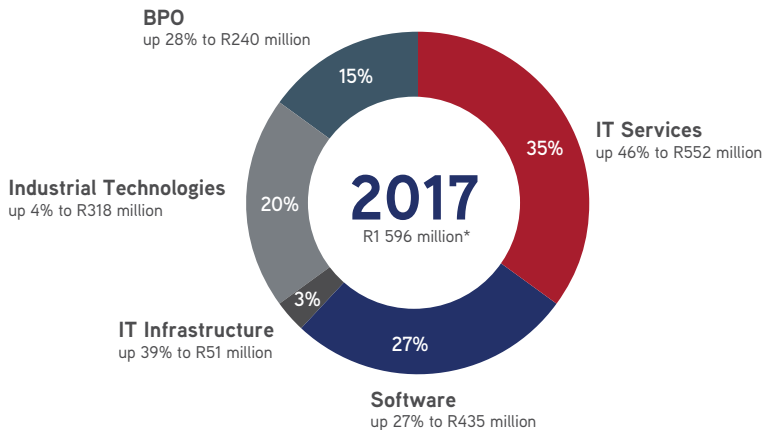
Profit before taxation and equity-accounted profits

Figures in Rand thousand	Reviewed for the year ended 31 July 2017	% margin	Audited for the year ended 31 July 2016	% margin
IT Services	552 687	10,6	379 680	8,8
Software	434 790	18,6	341 433	16,9
IT Infrastructure	50 942	4,0	36 692	4,0
Industrial Technologies	317 515	8,6	305 869	10,7
BPO	240 006	8,2	187 737	7,1
Total	1 595 940	10,3	1 251 411	9,8

REVENUE



PROFIT BEFORE TAXATION



* Excluding equity-accounted investments.

IT services

The revenue from IT services has grown from R4 310 million to R5 215 million representing a 21% increase in activity. Profit before tax has increased by R172 million to R552 million (2016: R380 million). Margins have also improved from 8,8% to 10,6%.

The ICT sector remains strong and fairly resilient despite prevailing market conditions. The ICT on IT services spend in South Africa is growing at 5,6% per annum (internationally at 4,2% per annum) as companies need to spend on IT services to remain competitive, become more efficient and effective and to improve service delivery. Customers are spending on maintaining their legacy systems, integrating with best of breed applications, whilst embracing the digital world and cloud computing. The growth drivers in this division have been and remain transformational outsourcing, ERP upgrades and re-implementation, digital transformation, Cloud, application development, Internet of Things (IoT), big data and analytics.

Software

The revenue from software has grown from R2 023 million to R2 338 million representing a 16% increase in activity. Profit before tax has increased by 27% to R435 million. Margins have also improved from 16,9% to 18,6%.

Software relates to software sales and maintenance revenue for vendor owned software and EOH's niche software. EOH's niche software revenue accounts for 31% of total software revenue and amounts to R715 million. The operating margins for such software are much higher than 'purchased' vendor software. Revenue for software maintenance accounts for 50% (2016: 48%) of total software revenue and will continue to decline as an overall percentage of overall software revenue as EOH increases the sale of its own niche software.

IT Infrastructure

The revenue from IT Infrastructure has grown from R924 million to R1 290 million representing a 40% increase in activity. Profit before tax has increased by 39% to R51 million. Margins have remained steady at 4,0% (2016: 4,0%).

IT infrastructure sales have increased significantly as a result of incorporating a full year's results of Apronics Proprietary Limited for the first time and several large one-off sales. Margins remain tight in this highly commoditised space. The growth drivers remain large scale transformational opportunities, digital and cloud platforms, upgrades of networks of service providers and other customers and 'Big data' and BI (Business Intelligence) platforms.

Industrial Technologies

The revenue from Industrial Technology services has grown to R3 704 million (2016: R2 845 million) representing a 30% increase in activity. Profit before tax has increased by 4% to R318 million.

Growth in Industrial Technology is up primarily as a result of significant water management and efficiency technology engagements. There have been long delays in the awarding of energy related contracts primarily due to the economic environment which has impacted on the margins in the energy cluster. The prospects are promising with several contracts having recently been awarded.

Growth drivers include smart city initiatives, smart water technologies and solutions, energy management and efficiency programmes, telecommunications technologies and broadband roll outs, public safety and security solutions and intelligent transport technology solutions. The relevancy of Industrial technology solutions in Africa, the Middle East and other emerging markets creates significant growth opportunities.

COMMENTARY

Business Process Outsourcing (BPO)

The revenue from BPO has grown from R2 660 million to R2 943 million representing a 11% increase in activity. Profit before tax has increased by 28% to R240 million (2016: R188 million). Margins have also improved from 7.1% to 8.2%.

The majority of BPO engagements are multiple year contracts and as such a significant portion of revenue is annuity based. The growth in revenue is predictable with the profit before tax and margins increasing significantly as a result of process and technology efficiencies. Customers continue to outsource activities for cost and efficiency purposes. The complexity of solutions also contributes to customers outsourcing processes to highly skilled technology services providers. Off-shoring opportunities continue to fuel growth in this area.

Prospects

The technology sector remains resilient in a very tough economic environment and EOH sees continued growth for the foreseeable future in South Africa, the rest of Africa and the Middle East.

The Group will continue to develop new services, products and solutions; meet our clients' ever-increasing technology needs; partner with new vendors both locally and abroad; build stronger partnerships with our existing customers and provide more of their technology needs through our strategic account partnership model.

The Group will also be particularly deliberate in finding suitable businesses to join EOH to complement and supplement our existing solution clusters both in South Africa and the rest of Africa, the Middle East and identified emerging markets.

We will continue to develop, distribute and implement EOH's niche software and own IP solutions across our existing footprint and into new territories.

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

EOH is committed to continue its transformation efforts through its Youth Job Creation Initiative; employment of more black people in managerial positions; increased black ownership; enterprise development; supplier and preferential procurement and increasing its spend on skills development. EOH has a number of initiatives in this regard and is making good progress on all fronts.

By continually driving our philosophy of recruiting and retaining the best people, driving through our 'Right 1st Time' quality initiatives, EOH expects to continue to grow for many years to come. EOH has the people, the scale, the offerings, the financial resources, the agility and the know-how to continue to make a significant contribution to all its stakeholders.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2017

Figures in Rand thousand	Notes	Reviewed at 31 July 2017	Audited at 31 July 2016
Assets			
Non-current assets			
Property, plant and equipment	6	677 719	492 221
Goodwill and intangible assets		6 074 699	5 144 242
Goodwill	7	4 625 403	3 894 720
Intangible assets	8	1 449 296	1 249 522
Equity-accounted investments	9	847 917	626 085
Other financial assets		214 156	162 038
Deferred taxation		196 764	162 110
Finance lease receivables		169 611	203 773
		8 180 866	6 790 469
Current assets			
Inventory	10	599 764	468 392
Other financial assets		141 112	207 212
Current taxation receivable		84 383	21 694
Finance lease receivables		74 610	87 122
Trade and other receivables	11	5 132 697	3 664 333
Cash and cash equivalents		2 506 551	1 949 399
		8 539 117	6 398 152
Total assets		16 719 983	13 188 621
Equity and liabilities			
Equity			
Equity attributable to the owners of EOH Holdings Limited		8 505 188	6 576 167
Non-controlling interest		56 416	9 678
		8 561 604	6 585 845
Liabilities			
Non-current liabilities			
Other financial liabilities	12	3 017 416	2 451 968
Finance lease payables		65 594	26 366
Deferred taxation		406 132	340 864
		3 489 142	2 819 198
Current liabilities			
Other financial liabilities	12	1 523 676	1 163 713
Current taxation payable		148 182	119 210
Finance lease payables		41 187	25 406
Trade and other payables	13	2 466 647	1 876 472
Deferred income		489 545	598 777
		4 669 237	3 783 578
Total liabilities		8 158 379	6 602 776
Total equity and liabilities		16 719 983	13 188 621

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Notes	Reviewed for the year ended 31 July 2017	% change	Audited for the year ended 31 July 2016
Revenue		15 489 524	21	12 761 810
Cost of sales		(10 409 487)		(8 656 183)
Gross profit		5 080 037		4 105 627
Operating expenses*		(3 298 291)		(2 733 206)
Operating profit before interest and share of equity-accounted profits	14	1 781 746		1 372 421
Investment income		72 743		49 379
Share of equity-accounted profits		39 241		72 510
Finance costs*		(258 549)		(170 389)
Profit before taxation		1 635 181	24	1 323 921
Taxation		(462 098)		(393 554)
Profit for the year		1 173 083	26	930 367
Profit attributable to:				
Owners of EOH Holdings Limited		1 164 234		927 354
Non-controlling interest		8 849		3 013
		1 173 083		930 367
Other comprehensive income:				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations		(44 627)		35 955
Total comprehensive income for the year		1 128 456		966 322
Total comprehensive income attributable to:				
Owners of EOH Holdings Limited		1 121 277		963 877
Non-controlling interest		7 179		2 445
		1 128 456		966 322
Earnings per share				
Earnings per share (cents)	15	825	17	704
Diluted earnings per share (cents)	15	801	20	668

* Comparative amounts have been reclassified for improved disclosure. Refer to note 14 for further detail.

**CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Stated capital	Shares to be issued to vendors	Other reserves	Retained earnings	Non-controlling interest	Total equity
Balance at 1 August 2015	1 533 163	663 461	490 305	1 813 023	8 672	4 508 624
Profit for the year				927 354	3 013	930 367
Other comprehensive income for the year			36 523		(568)	35 955
Issue of shares	894 015	(554 537)				339 478
Non-controlling interest acquired				(1 062)	(1 439)	(2 501)
Movement in treasury shares	(163 871)		20 290			(143 581)
Remaining shares to be issued to vendors		1 055 946				1 055 946
Share-based payments			55 897			55 897
Dividends				(194 340)		(194 340)
Balance at 1 August 2016	2 263 307	1 164 870	603 015	2 544 975	9 678	6 585 845
Profit for the year				1 164 234	8 849	1 173 083
Other comprehensive income for the year			(42 956)		(1 671)	(44 627)
Issue of shares	1 194 809	(562 098)				632 711
Non-controlling interest acquired				(12 581)	39 560	26 979
Movement in treasury shares	(124 438)		10 887			(113 551)
Remaining shares to be issued to vendors		459 242				459 242
Transfer within equity		(48 205)		48 205		–
Share-based payments			94 991			94 991
Dividends				(253 069)		(253 069)
Balance at 31 July 2017	3 333 678	1 013 809	665 937	3 491 764	56 416	8 561 604

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Notes	Reviewed for the year ended 31 July 2017	Audited for the year ended 31 July 2016
Cash flows from operating activities			
Cash generated before working capital changes*	18	2 298 320	1 809 743
(Increase) in inventories		(97 177)	(108 592)
(Increase) in trade and other receivables		(527 870)	(550 449)
(Increase) in work in progress receivables		(508 336)	(478 112)
Increase/(decrease) in trade and other payables		314 377	(89 662)
(Decrease)/increase in deferred income		(165 250)	334 269
Cash generated from operations		1 314 064	917 197
Investment income		72 681	49 269
Finance costs*		(201 715)	(166 698)
Taxation paid		(524 111)	(401 465)
Net cash inflow from operating activities		660 919	398 303
Cash flows from investing activities			
Additions to property, plant and equipment		(231 121)	(194 068)
Proceeds on the sale of property, plant and equipment		44 306	64 358
Intangible assets acquired		(284 419)	(183 656)
Net cash inflow/(outflow) from businesses acquired	19	46 037	(71 222)
Cash outflow on investment in equity-accounted investments		(91 377)	–
Cash inflow/(outflow) relating to financial assets		27 910	(77 604)
Net cash (outflow) from investing activities		(488 664)	(462 192)
Cash flows from financing activities			
Proceeds from the issue of shares		613 213	300 037
Proceeds from other financial liabilities		1 293 455	1 471 509
Repayment of other financial liabilities		(1 030 810)	(1 038 462)
Purchase of treasury shares		(171 941)	(145 572)
Finance lease payments		(50 401)	(31 902)
Dividends paid		(253 019)	(194 300)
Net cash inflow from financing activities		400 497	361 310
Net increase in cash and cash equivalents		572 752	297 421
Foreign currency translation		(15 600)	(11 840)
Cash and cash equivalents at the beginning of the year		1 949 399	1 663 818
Cash and cash equivalents at the end of the year		2 506 551	1 949 399

* Comparative amounts have been reclassified for improved disclosure. Refer to note 14.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

1 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 interests in associates and joint ventures.

2 Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and contains at a minimum the information required by IAS 34, the JSE Listings Requirements, and the Companies Act of South Africa.

3 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 2016, except for the new standards that became effective for the Group's financial period beginning 1 August 2016.

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

4 Changes in accounting policies

The Group has adopted IAS 1 Presentation of Financial Statements, with a date of initial application of 1 August 2016.

The adoption of this new standard did not have a significant impact on the Group's condensed consolidated financial statements.

5 Review opinion

The condensed consolidated financial results for the year ended 31 July 2017 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.

Figures in Rand thousand		Reviewed at 31 July 2017	Audited at 31 July 2016
6	Property, plant and equipment		
	Opening balance	492 221	412 159
	Additions	271 740	221 948
	Acquired through business combinations	131 987	64 693
	Foreign currency translation	(227)	684
	Transfers	–	2 960
	Disposals	(47 313)	(64 649)
	Depreciation	(170 689)	(145 574)
	Closing balance	677 719	492 221
7	Goodwill		
	Opening balance	3 894 720	2 398 604
	Acquired through business combinations	743 561	1 488 899
	Foreign currency translation	(12 878)	25 538
	Impairment	–	(18 321)
	Closing balance	4 625 403	3 894 720
8	Intangible assets		
	Opening balance	1 249 522	590 979
	Additions	284 419	183 656
	Acquired through business combinations	186 236	675 552
	Foreign currency translation	5 727	21 085
	Transfers	–	(2 960)
	Amortisation	(276 608)	(218 790)
	Closing balance	1 449 296	1 249 522

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Reviewed at 31 July 2017	Audited at 31 July 2016
9 Equity-accounted investments		
Opening balance	626 085	351 852
Additions	219 678	159 801
Foreign currency translation	(37 087)	(43 067)
Disposals	–	(1 145)
Share of equity-accounted profits	39 241	72 510
Closing balance	847 917	626 085
10 Inventory		
Finished goods	568 024	389 584
Consumables	23 308	29 028
Work in progress	28 396	61 517
	619 728	480 129
Inventory write-downs	(19 964)	(11 737)
	599 764	468 392
Cost of goods sold during the year amounted to:	2 478 318	2 386 848
11 Trade and other receivables		
Financial instruments	4 867 742	3 421 103
Trade debtors	3 416 075	2 536 380
Work in progress	1 368 571	860 234
Other receivables	83 096	24 489
Non-financial instruments	264 955	243 230
Prepayments	218 411	198 405
VAT receivable	24 724	27 007
Other receivables	21 820	17 818
	5 132 697	3 664 333

Figures in Rand thousand	Reviewed at 31 July 2017	Audited at 31 July 2016
12 Other financial liabilities		
Interest bearing liabilities	3 298 497	2 290 367
Interest bearing bank loans secured by trade receivables	2 681 237	675 354
Unsecured interest bearing bank loans	544 578	1 600 000
Interest bearing bank loans secured by property	72 682	15 013
Non-interest bearing liabilities	1 242 595	1 325 314
Vendors for acquisition	1 167 453	1 284 763
Other non-interest bearing liabilities	75 142	40 551
	4 541 092	3 615 681
Non-current financial liabilities	3 017 416	2 451 968
Current financial liabilities	1 523 676	1 163 713
	4 541 092	3 615 681
Financial liabilities		
Measured at amortised cost	3 373 639	2 330 918
Financial liabilities carried at fair value through profit or loss	1 167 453	1 284 763
	4 541 092	3 615 681

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand		Reviewed at 31 July 2017	Audited at 31 July 2016
13	Trade and other payables		
	Financial instruments	1 758 664	1 312 538
	Trade payables	1 113 313	764 903
	Other accrued expenses	643 839	529 220
	Other payables	1 512	18 415
	Non-financial instruments	707 983	563 934
	VAT	119 645	108 097
	Payroll accruals	588 338	455 837
		2 466 647	1 876 472

14 Operating profit before interest

Figures in Rand thousand		Reviewed for the year ended 31 July 2017	Audited for the year ended 31 July 2016
Operating profit before interest is stated after taking into account, among other items, the following:			
	Amortisation	276 608	218 790
	Amortisation included in cost of sales	20 257	–
	Amortisation not included in cost of sales	256 351	218 790
	Depreciation	170 689	145 574
	Depreciation included in cost of sales	69 431	39 035
	Depreciation not included in cost of sales	101 258	106 539
	Employee costs	5 314 775	4 198 335
	Employee costs included in cost of sales	3 338 117	2 710 850
	Employee costs not included in cost of sales	1 881 667	1 431 588
	Share-based payments expense	94 991	55 897
	Impairments of assets	9 784	20 514
	Foreign exchange loss/(profit)	20 720	(30 677)
	Fair value (gain)/loss on remeasurement of contingent consideration*	(35 764)	35 619
	Fair value (gain) through profit or loss	(20 089)	(7 499)
	Loss on disposal of property, plant and equipment	3 007	854
	Operating lease charges	231 540	193 236
	Operating lease charges on immovable property	211 575	176 185
	Operating lease charges on movable property	19 965	17 051

* Comparative amounts have been reclassified following recommendations emanating from the JSE's proactive monitoring process. The impact resulted in no change to profit before taxation nor cash flows from operating activities. An amount of R44 078 was reclassified from 'finance costs' to 'operating expenses' under 'fair value loss/(gain) on remeasurement of contingent consideration'.

	Reviewed for the year ended 31 July 2017	Audited for the year ended 31 July 2016
15 Earnings per share		
Earnings per share (cents)	825	704
Diluted earnings per share (cents)	801	668
16 Headline earnings per share		
Headline earnings per share (cents)	832	719
Diluted headline earnings per share (cents)	808	682
Profit attributable to owners of EOH Holdings Limited	1 164 234	927 354
Adjusted for:		
Loss on disposal of property, plant and equipment	3 007	854
Loss on deregistration of foreign operation	–	1 246
Impairment of assets	9 784	18 321
Total tax effects of adjustments	(3 581)	(540)
Headline earnings	1 173 444	947 235
Ordinary shares (000)		
Total number of shares in issue	150 095	140 752
Weighted average number of shares in issue	141 072	131 754
Weighted average diluted number of shares in issue	145 300	138 850

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Reviewed at 31 July 2017	Audited at 31 July 2016
17 Stated capital		
Reconciliation of the number of shares in issue (000's):		
Opening balance	140 752	132 039
Shares issued for cash	3 757	2 492
Shares issued for businesses acquired	4 160	4 939
Specific shares issued to the Group Share Incentive schemes	1 426	1 282
Shares in issue at year end	150 095	140 752
<i>Less:</i>		
Treasury shares held in the Group Share Incentive schemes	(2 066)	(2 568)
Treasury shares held by a wholly owned subsidiary of the Company that will not be cancelled	(4 494)	(3 352)
	143 535	134 832
Figures in Rand thousand	Reviewed at 31 July 2017	Audited at 31 July 2016
Stated capital		
Opening balance	2 263 307	1 533 163
Shares issued for cash ¹	580 904	300 037
Shares issued for businesses acquired ²	581 598	571 429
Specific shares issued to the Group Share Incentive schemes ³	32 307	22 548
Treasury shares ⁴	(124 438)	(163 870)
	3 333 678	2 263 307

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 R110,63 per share

Figures in Rand thousand		Reviewed for the year ended 31 July 2017	Audited for the year ended 31 July 2016
18	Cash generated from operations		
	Profit before taxation	1 635 181	1 323 921
	<i>Adjusted:</i>		
	Amortisation of intangible assets	276 608	218 790
	Depreciation of property, plant and equipment	170 689	145 574
	Foreign exchange loss/(profit)	20 720	(30 677)
	Impairment of assets	9 784	20 514
	Loss on disposal of property, plant and equipment	3 007	854
	Fair value (gain)/loss on remeasurement of contingent consideration*	(35 764)	35 619
	Fair value (gain) through profit or loss	(20 089)	(7 499)
	Share-based payment expense	94 991	55 897
	Investment income	(72 743)	(49 379)
	Share of profits of equity-accounted investments	(39 241)	(72 510)
	Finance costs*	258 549	170 389
	Other non-cash items	(3 372)	(1 750)
	Cash generated before changes in working capital	2 298 320	1 809 743

* Comparative amounts have been reclassified for improved disclosure. Refer to note 14.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Total 2017	Total 2016
19 Acquisition of businesses		
Fair value of assets and liabilities acquired		
Property, plant and equipment	131 987	64 693
Intangible assets	186 236	675 552
Other financial assets	12 764	204 323
Finance lease receivables	614	–
Inventory	34 195	164 113
Trade and other receivables ¹	381 905	349 323
Cash and cash equivalents	226 984	253 825
Other financial liabilities	(67 506)	(245 915)
Finance lease payables	(57 468)	(9 315)
Net deferred taxation liabilities	(33 014)	(185 305)
Net current taxation payables	(22 633)	(45 789)
Trade and other payables	(268 119)	(286 584)
Deferred income	(56 018)	(258 420)
Net assets acquired	469 927	680 501
Non-controlling interests measured at their share of the fair value of net assets	(51 885)	–
Amount capitalised	418 042	680 501
Goodwill	743 561	1 488 899
Purchase price	1 161 603	2 169 400
Cash consideration paid	(180 947)	(325 047)
Less: Cash and cash equivalents acquired	226 984	253 825
Net cash inflow/(outflow) on acquisition	46 037	(71 222)
Consideration payable		
Cash paid	(180 947)	(325 047)
Shares issued ²	(95 501)	(272 830)
Cash to be paid	(559 934)	(761 356)
Shares to be issued	(325 221)	(810 167)
Total consideration	(1 161 603)	(2 169 400)
Effective date of acquisition		
Contribution to trading results for the year		
Revenue	1 018 100	1 241 404
Profit before taxation ³	99 226	152 948

¹ The gross contractual value of trade and other receivables for all acquisitions was R394 million

² Shares are issued at fair value at the effective date

³ Shown after the effect of amortisation on identifiable assets of R21,6 million (2016: R85 million)

Figures in Rand thousand	Total 2017	Total 2016
Contribution had the effective date been from 1 August		
Revenue	1 665 867	2 261 441
Profit before taxation	167 295	266 361

Acquisition related costs of R25 million (2016: R22 million) are included in operating expenses in the statement of profit or loss and other comprehensive income.

The contribution to the trading results of businesses acquired, 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 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. The total purchase consideration for the current year acquisitions is R1 162 million, consisting of R741 million in cash and 2 657 731 EOH shares. With the exception of a 70% investment in the ASSET Technology Group and a 65% investment in the VILT Group, in all other instances 100% of the shares were acquired. Additional funding was obtained to finance acquisitions.

For details of acquisitions made in the prior year, refer to the 2016 Annual Integrated Report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

Figures in Rand thousand	Reviewed at 31 July 2017	Audited at 31 July 2016
20 Financial instruments		
The following table summarises the carrying amount of financial instruments as well as the classification of each class of financial assets and liabilities:		
Financial assets		
Loans and receivables:		
Other financial assets	236 847	203 721
Finance lease receivables	244 221	290 895
Trade and other receivables	4 867 742	3 421 103
Cash and cash equivalents	2 506 551	1 949 399
Fair value through profit or loss:		
Other financial assets – level 3	39 462	–
Other financial assets – level 1	78 959	165 529
	7 973 782	6 030 647
Financial liabilities		
Measured at amortised cost:		
Other financial liabilities	3 373 638	2 330 918
Finance lease payables	106 781	51 772
Trade and other payables	1 758 664	1 312 538
Fair value through profit or loss:		
Vendors for acquisition – level 3	1 167 453	1 284 763
	6 406 536	4 979 991

The Group does not have any financial instruments that are subject to offsetting. The carrying amounts of all financial assets and liabilities approximate their fair values.

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 (adjusted) 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.

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.

Other financial assets

Other financial assets (level 1) relate to investments acquired as part of a business combination in the prior year. The fair value of the investment is determined by reference to the performance of indices in the active market.

Other financial assets (level 3) relate to non-controlling interests in unlisted businesses. The valuation is based on a discounted cash flow model which has been adjusted for risk inherent in the investees' nature of operations. At 31 July 2017 the carrying value of the level 3 financial asset, based on the directors' evaluation, is R39,5 million.

Other financial assets

Figures in Rand thousand	Reviewed at 31 July 2017 Level 3	Reviewed at 31 July 2017 Level 1	Audited at 31 July 2016 Level 1
Reconciliation of movement:			
Balance at the beginning of the year	–	165 529	–
Raised through business combinations	–	–	152 030
Transfer from loans and receivables	25 983	–	–
Addition	–	–	6 000
Disposal	–	(94 659)	–
Net changes in fair value	13 479	8 089	7 499
Balance at the end of the year	39 462	78 959	165 529

Vendors for acquisition

The vendors for acquisition balance relates to the contingent consideration where business combinations are subject to profit warranties. 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 it 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 purchase 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.

Vendors for acquisition

Figures in Rand thousand	Reviewed at 31 July 2017	Audited at 31 July 2016
Reconciliation of movement:		
Balance at the beginning of the period	1 284 763	771 009
Raised through business combinations	559 934	805 676
Raised as investments in joint ventures and associates	152 203	143 239
Acquisitions of remaining non-controlling interests	14 279	–
Foreign exchange effects	(10 812)	27 640
Net changes in fair value	(35 764)	35 619
Paid to vendors	(797 150)	(498 420)
Balance at the end of the year	1 167 453	1 284 763

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

21 Events after the reporting date

There have been no significant events between the reporting date and the date of authorisation other than the dividend declaration.

Dividend

Notice is hereby given that a gross dividend of 215 cents (2016: 185 cents) per ordinary share (the dividend) has been declared in respect of the year ended 31 July 2017 and is payable to shareholders recorded in the books at the close of business on Friday, 3 November 2017. Shareholders are advised that the last day to trade cum-dividend will be Tuesday, 31 October 2017.

The shares will trade ex-dividend as from Wednesday, 1 November 2017. Payment will be made on Monday, 6 November 2017. Share certificates may not be dematerialised or rematerialised during the period Wednesday, 1 November 2017 to Friday, 3 November 2017, 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 20%.
- The gross local dividend is 215 cents per share for shareholders exempt from paying Dividend Tax.
- The net local dividend amount is 172 cents per share for shareholders liable to pay Dividend Tax.
- EOH's tax reference number is 9248321847.
- There are 150 095 467 ordinary shares in issue. On Friday, 15 September 2017 the directors declared a gross ordinary dividend of 215 cents per ordinary share, payable on Monday, 6 November 2017 to ordinary shareholders recorded in the books of the Company at the close of business on Friday, 3 November 2017.

22 Directorate

There were a number of changes to the company directorate during the year:

- Grathel Motau was appointed as a non-executive director and member of the audit committee with effect from 1 March 2017; and
- Pumeza Bam resigned as an executive director and was appointed as a non-executive director with effect from 1 March 2017.
- On 12 May 2017 the following changes were effected:
 - Zunaid Mayet was appointed as the Group Chief Executive Officer;
 - Rob Godlonton, Brian Gubbins, Ebrahim Laher, Jehan Mackay and Johan Van Jaarsveld were appointed as executive directors;
 - Dion Ramoo and Jane Retief (née Thomson) resigned as executive directors;
 - Danny Mackay resigned as a non-executive director; and
 - Moretlo Molefi was appointed as a non-executive director.
- Asher Bohbot resigned as an executive director of the company, effective 30 June 2017.
- Audrey Mothupi resigned as a non-executive director of the company, effective 31 August 2017, due to conflict of business interests.

CORPORATE INFORMATION

Directorate

Non-executive

Sandile Zungu (Chairman)
Rob Sporen* (Lead Non-executive Director)
Pumeza Bam (Appointed 1 March 2017)
Lucky Khumalo
Tshilidzi Marwala
Moretlo Molefi (Appointed 12 May 2017)
Grathel Motau (Appointed 1 March 2017)
* (Dutch)

Danny Mackay (Resigned 12 May 2017)
Audrey Mthupi (Resigned 31 August 2017)

EOH Holdings Limited

Incorporated in the Republic of South Africa
Registration number: 1998/014669/06
JSE share code: EOH
ISIN code: ZAE000071072

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: eohir@kris.co.za

Group Company Secretary

Adri Els

Auditors

Mazars (Gauteng) Inc.
Registration number: 2000/026635/21
Erasmus Forum A, 434 Rigel Avenue South,
Erasmusrand, Pretoria, 0181

Executive

Zunaid Mayet (Group Chief Executive Officer)
(Appointed 12 May 2017)
Rob Godlonton (Appointed 12 May 2017)
Brian Gubbins (Appointed 12 May 2017)
John King (Group Financial Director)
Ebrahim Laher (Appointed 12 May 2017)
Jehan Mackay (Appointed 12 May 2017)
Johan Van Jaarsveld (Appointed 12 May 2017)

Pumeza Bam (Resigned 1 March 2017)
Asher Bohbot (Resigned 30 June 2017)
Dion Ramoo (Resigned 12 May 2017)
Jane Retief (née Thomson) (Resigned 12 May 2017)

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



EOH

***Technology** makes it possible...*

***People** make it happen*