



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

**2017**

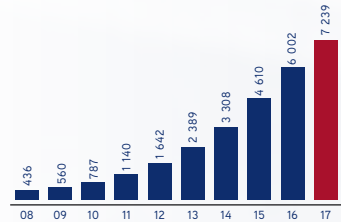
REVIEWED CONDENSED  
CONSOLIDATED RESULTS

for the six months ended 31 January 2017



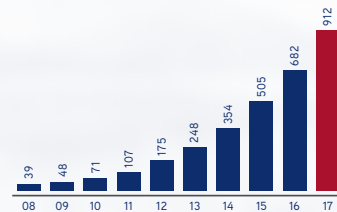
# HIGHLIGHTS

REVENUE (R millions)



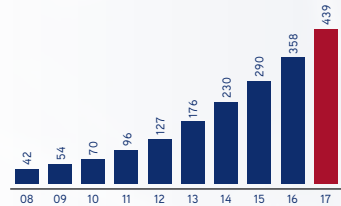
 **21%**  
R7 239 million\*

OPERATING PROFIT (R millions)



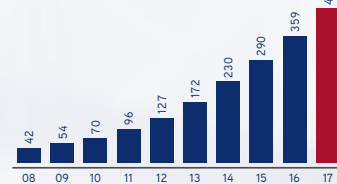
 **34%**  
R912 million

EARNINGS PER SHARE (Cents)



 **23%**  
439 cents

HEADLINE EARNINGS PER SHARE (Cents)



 **22%**  
438 cents

PROFIT BEFORE TAXATION

 **26%**  
R845 million

CASH

 **32%**  
R2 053 million

**5 000**

Large enterprise customers

**12 500**

People

**Level 2**

contributor  
BBBEE status

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Approved on behalf of the board,

**Asher Bohbot**  
Group Chief Executive Officer

14 March 2017

\* Excludes R222 million revenue which is EOH's share of equity-accounted investments.

# ABOUT EOH

EOH is the largest technology services provider in South Africa. EOH has been listed on the Johannesburg Stock Exchange Limited ('JSE') since 1998, and has consistently delivered strong financial results. EOH is committed to transformation and is a Level 2 contributor.

EOH is the largest technology services company in Africa, and has a wide range of Industry Consulting, IT Services, Software, IT Infrastructure, Industrial Technologies and BPO solutions. 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's 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

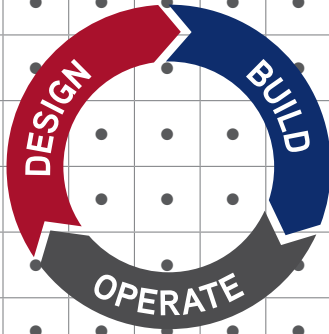
## EOH's philosophy

- **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 First Time**  
To ensure professional planning and execution in all that we do
- **Sustainable Transformation**  
To transform and celebrate diversity
- **Lead and Grow**  
Strive to be number one in every domain in which we operate whilst remaining entrepreneurial

## 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.

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

## ABOUT EOH

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

<b>IT Services</b>	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.
<b>Software</b>	Software sales and maintenance revenue for vendor owned software and EOH's niche software sales and maintenance revenue.
<b>IT Infrastructure</b>	Sale of IT hardware, network, telecommunication, office automation and storage products.
<b>Industrial Technologies</b>	Sale of services, products, software and technology solutions relating to industrial automation, data centre and connectivity solutions, energy services and water, transport and environmental solutions.
<b>BPO</b>	Sale of services and technology solutions relating to Human Capital Solutions, claims and payment processes, finance, admin and outsourced marketing services.

### Corporate citizenship

Transformation is one of EOH's key business philosophies. Our transformation initiatives are wide-ranging and include: employment equity initiatives; skills training and development; gender diversity; enterprise and supplier development 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; support to the child and youth development programmes of Afrika Tikkun; health screening and intervention programmes; and support for the South African Police Service Education Trust ('SAPSET').

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 67% of its Board members are black.

### The EOH Youth Job Creation Initiative

In 2012, EOH launched its 'EOH Youth Job Creation Initiative'. The aim of the programme is to work with business partners, customers and the government to stimulate job creation.

Last year, in partnership with the radio station, 702, EOH challenged CEOs in both the private sector and government organisations to take on, as new interns and learners each year, at least 3% of their current staff complement. Through this and other initiatives, we are aiming to create, together with our partners, 100 000 jobs by 2020.

To date, more than 2 400 EOH interns and learners have participated in these programmes, with over 70% of such participants having been permanently employed by EOH. A further 700 EOH learners are participating in the programme this year. So far, the EOH Youth Job Creation Initiative has created more than 10 000 jobs.



### Sustainability

EOH believes that the inter-dependence of 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 is not solely the responsibility of government.

Our sustainability strategy is founded on our five guiding philosophies.

These philosophies demonstrate our commitment to sustainability by being a responsible employer, delivering an excellent service to our clients, being ethical and fair in all our business relationships and by maintaining a low environmental footprint.

Our 'Best People' philosophy 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.

EOH's 'Partner for Life' philosophy 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.

EOH's 'Right First Time' philosophy is to reduce business risk and ensure successful implementations by having the appropriate skills, processes and structures. We have programmes and training courses to ensure success in this area.

Sustainable transformation is centred around 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.

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.

## ABOUT EOH

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.

### Future plans

We 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 model.

We will continue to find suitable businesses to join the Group to complement, and supplement our existing solution clusters.

EOH is increasingly becoming a multi-national company and we will continue to expand in Africa and the Middle East.

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, increased black ownership, enterprise development and increasing its spend on skills development. EOH has several 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 First Time' quality initiatives, EOH expects to continue to grow strongly 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.



# BUSINESS PERFORMANCE

During the six months ended 31 January 2017, revenue from South Africa increased by 21% to R7 239 million (excluding EOH's share of revenue relating to equity-accounted investments). Organic growth accounted for 80%.

All divisions contributed to EOH's growth. Services and software continue to be the dominant revenue driver accounting for 83% of revenue. EOH remains a strong and proudly South African company with sales in South Africa accounting for 87% of total revenue with the balance from the rest of Africa and the Middle East.

Profit before tax increased by 26% to R845 million. The growth is attributable to a combination of strong organic growth and recent acquisitions. Headline earnings per share ('HEPS') and earnings per share ('EPS') increased by 22% and 23% respectively, with cash increasing to R2 053 million.

The overall operating margins have increased to 12,6%.

The main growth drivers remain the development of new and additional solutions, services and products delivered to our existing customers and our expansion into new territories to meet clients' needs with a particular focus on EOH's own niche software and IP solutions.

During the period under review, EOH continued its strategy to consolidate and complement its existing services with strategic acquisitions. The businesses that join EOH are quickly integrated into EOH's management structures to complement and enhance its solution offerings to existing and future customers.

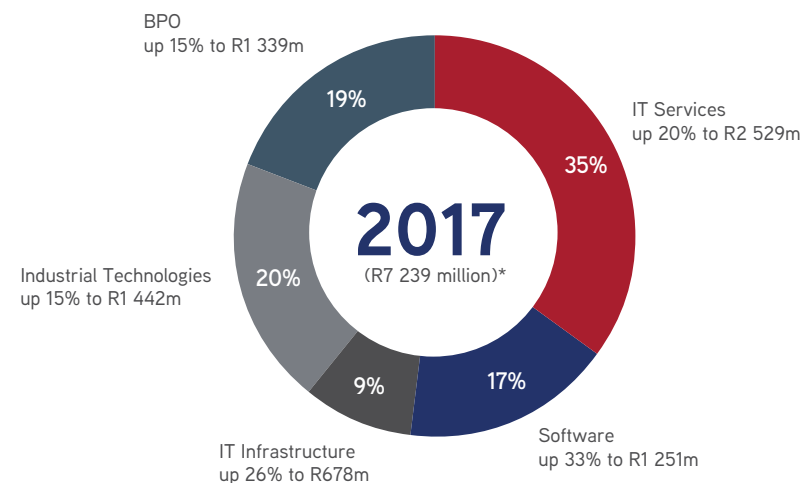
During the six months ended 31 January 2017, a number of businesses joined the EOH family. These included the Cornastone group of companies and several small businesses in Africa and the Middle East.

Figures in Rand thousand	Reviewed six months to 31 January 2017	% growth	Reviewed six months to 31 January 2016	Audited twelve months to 31 July 2016
<b>Revenue*</b>				
IT Services	2 529 487	20	2 108 579	4 309 821
Software	1 251 322	33	937 543	2 023 100
IT Infrastructure	678 179	26	537 875	923 620
Industrial Technologies	1 441 990	15	1 258 040	2 845 302
BPO	1 338 505	15	1 159 804	2 659 967
	<b>7 239 483</b>	<b>21</b>	<b>6 001 841</b>	<b>12 761 810</b>

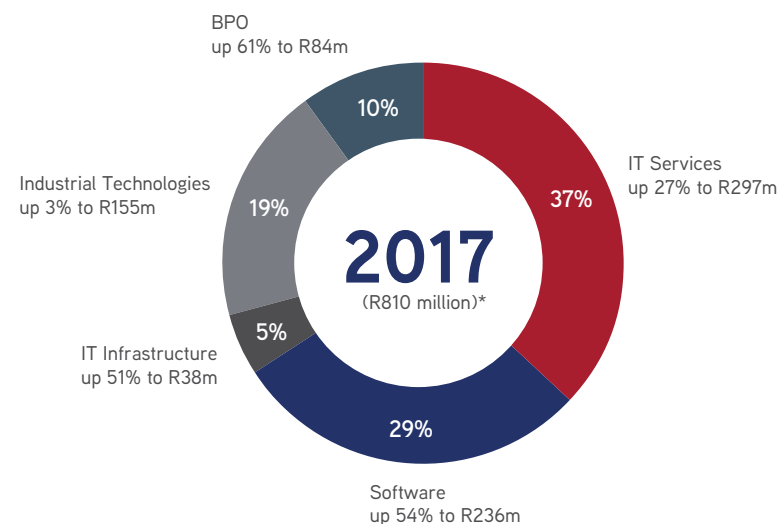
Figures in Rand thousand	Reviewed six months to 31 January 2017	% margin	Reviewed six months to 31 January 2016	% margin	Audited twelve months to 31 July 2016	% margin
<b>Profit before taxation*</b>						
IT Services	297 063	11,7	233 691	11,1	379 680	8,8
Software	236 280	18,9	153 861	16,4	341 433	16,9
IT Infrastructure	38 121	5,6	25 209	4,7	36 692	4,0
Industrial Technologies	154 343	10,7	149 547	11,9	305 869	10,7
BPO	83 927	6,3	51 979	4,5	187 737	7,1
	<b>809 734</b>	<b>11,2</b>	<b>614 287</b>	<b>10,2</b>	<b>1 251 411</b>	<b>9,8</b>

\* Excluding equity-accounted investments.

# REVENUE



# PROFIT BEFORE TAXATION\*



\* Excluding equity-accounted investments.

**CONDENSED CONSOLIDATED  
STATEMENT OF FINANCIAL POSITION**  
AS AT 31 JANUARY 2017

Figures in Rand thousand	Reviewed at 31 January 2017	Reviewed at 31 January 2016	Audited at 31 July 2016
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	582 543	468 454	492 221
Goodwill and intangible assets	5 703 334	4 872 786	5 144 242
Equity-accounted investments	754 687	517 094	626 085
Other financial assets	284 771	94 363	162 038
Deferred taxation	187 647	99 620	162 110
Finance lease receivables	182 837	154 422	203 773
	<b>7 695 819</b>	<b>6 206 739</b>	<b>6 790 469</b>
<b>Current assets</b>			
Inventory	532 605	329 204	468 392
Other financial assets	103 233	213 415	207 212
Current taxation receivable	34 477	49 445	21 694
Finance lease receivables	85 479	95 276	87 122
Trade and other receivables	4 276 190	3 226 300	3 664 333
Cash and cash equivalents	2 052 790	1 560 544	1 949 399
	<b>7 084 774</b>	<b>5 474 184</b>	<b>6 398 152</b>
<b>Total assets</b>	<b>14 780 593</b>	<b>11 680 923</b>	<b>13 188 621</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to the owners of EOH Holdings Limited	7 860 469	5 774 578	6 576 167
Non-controlling interest	20 558	9 878	9 678
	<b>7 881 027</b>	<b>5 784 456</b>	<b>6 585 845</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other financial liabilities	2 222 378	1 313 722	2 451 968
Finance lease payables	57 479	28 413	26 366
Deferred taxation	356 212	337 918	340 864
	<b>2 636 069</b>	<b>1 680 053</b>	<b>2 819 198</b>
<b>Current liabilities</b>			
Other financial liabilities	1 610 711	1 842 735	1 163 713
Current taxation payable	208 507	116 649	119 210
Finance lease payables	41 603	28 632	25 406
Trade and other payables	1 853 094	1 674 603	1 876 472
Deferred income	549 582	553 795	598 777
	<b>4 263 497</b>	<b>4 216 414</b>	<b>3 783 578</b>
<b>Total liabilities</b>	<b>6 899 566</b>	<b>5 896 467</b>	<b>6 602 776</b>
<b>Total equity and liabilities</b>	<b>14 780 593</b>	<b>11 680 923</b>	<b>13 188 621</b>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT  
OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE SIX MONTHS ENDED 31 JANUARY 2017

Figures in Rand thousand	Reviewed six months to 31 January 2017	% change	Reviewed six months to 31 January 2016	Audited twelve months to 31 July 2016
<b>Revenue</b>	<b>7 239 483</b>	21	6 001 841	12 761 810
Cost of sales	(4 753 704)		(3 958 424)	(8 656 183)
Gross profit	<b>2 485 779</b>		2 043 417	4 105 627
Operating expenses	(1 417 083)		(1 204 891)	(2 343 285)
Depreciation	(38 650)		(50 470)	(106 539)
Amortisation of intangible assets	(118 302)		(106 153)	(218 790)
<b>Operating profit before interest and impairments</b>	<b>911 744</b>	34	681 903	1 437 013
Investment income	29 982		23 830	49 379
Impairment of assets	–		–	(20 514)
Share of equity-accounted profits	35 179		55 847	72 510
Finance costs	(131 992)		(91 446)	(214 467)
<b>Profit before taxation</b>	<b>844 913</b>	26	670 134	1 323 921
Taxation	(247 432)		(206 254)	(393 554)
<b>Profit for the period</b>	<b>597 481</b>	29	463 880	930 367
<b>Profit attributable to:</b>				
Owners of the EOH Holdings Limited	596 610		462 480	927 354
Non-controlling interest	871		1 400	3 013
	<b>597 481</b>		<b>463 880</b>	<b>930 367</b>
<b>Other comprehensive income:</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	(49 772)		149 113	35 955
<b>Total comprehensive income for the period</b>	<b>547 709</b>		<b>612 993</b>	<b>966 322</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the EOH Holdings Limited	546 838		610 347	963 877
Non-controlling interest	871		2 646	2 445
	<b>547 709</b>		<b>612 993</b>	<b>966 322</b>
<b>Earnings per share</b>				
Earnings per share (cents)	439	23	358	704
Diluted earnings per share (cents)	415	22	340	668

**CONDENSED CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTHS ENDED 31 JANUARY 2017

Figures in Rand thousand	Stated capital	Shares to be issued to vendors	Reserves	Retained earnings	Non-controlling interest	Total equity
<b>Audited balance at 1 August 2015</b>	1 533 163	663 461	490 305	1 813 023	8 672	4 508 624
Profit for the six months				462 480	1 400	463 880
Other comprehensive income for the six months			147 867		1 246	149 113
Issue of shares	509 243	(498 798)				10 445
Non-controlling interest acquired				(1 062)	(1 440)	(2 502)
Movement in treasury shares	(93 760)		30 617			(63 143)
Remaining shares to be issued to vendors		882 013				882 013
Share-based payments			30 366			30 366
Dividends				(194 340)		(194 340)
<b>Reviewed balance at 31 January 2016</b>	1 948 646	1 046 676	699 155	2 080 101	9 878	5 784 456
Profit for the six months				464 874	1 613	466 487
Other comprehensive income for the six months			(111 344)		(1 813)	(113 157)
Issue of shares	384 772	(55 739)				329 033
Movement in treasury shares	(70 111)		(10 327)			(80 438)
Remaining shares to be issued to vendors		173 933				173 933
Share-based payments			25 531			25 531
<b>Audited balance at 31 July 2016</b>	2 263 307	1 164 870	603 015	2 544 975	9 678	6 585 845
Profit for the six months				596 610	871	597 481
Other comprehensive income for the six months			(48 211)		(1 561)	(49 772)
Issue of shares	922 863	(314 973)				607 890
Non-controlling interest acquired				(570)	11 570	11 000
Movement in treasury shares	(65 439)		5 677			(59 762)
Remaining shares to be issued to vendors		398 581				398 581
Share-based payments			42 800			42 800
Dividends				(253 036)		(253 036)
<b>Reviewed balance at 31 January 2017</b>	3 120 731	1 248 478	603 281	2 887 979	20 558	7 881 027

**CONDENSED CONSOLIDATED STATEMENT  
OF CASH FLOWS**  
FOR THE SIX MONTHS ENDED 31 JANUARY 2017

Figures in Rand thousand	Reviewed six months to 31 January 2017	Reviewed six months to 31 January 2016	Audited twelve months to 31 July 2016
<b>Cash flows from operating activities</b>			
Cash generated before working capital changes	1 117 654	874 221	1 853 821
Working capital changes	(624 585)	(559 852)	(892 546)
Cash generated from operations	493 069	314 369	961 275
Investment income	29 969	23 761	49 269
Finance costs	(93 383)	(88 473)	(210 776)
Taxation paid	(218 055)	(163 912)	(401 465)
<b>Net cash inflow from operating activities</b>	211 600	85 745	398 303
<b>Net cash (outflow) from investing activities</b>	(214 159)	(270 621)	(462 192)
<b>Net cash inflow from financing activities</b>	122 806	60 796	361 310
<b>Net increase/(decrease) in cash and cash equivalents</b>	120 247	(124 080)	297 421
Foreign currency translation	(16 856)	20 806	(11 840)
Cash and cash equivalents at the beginning of the period	1 949 399	1 663 818	1 663 818
<b>Cash and cash equivalents at the end of the period</b>	2 052 790	1 560 544	1 949 399



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JANUARY 2017

## 1 Reporting entity

EOH Holdings Limited ('the Company') is a South African registered company that is listed on the JSE Limited under the category Technology: Software and Computer Services. The condensed consolidated interim financial statements comprise the company and its subsidiaries (together referred to as 'the Group') and the Group's interest in associates and joint ventures.

## 2 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, 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 interim 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 interim financial statements have been prepared, under the supervision of John King CA(SA), Group Financial Director.

## 4 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 2016:

- IAS 1 – Presentation of Financial Statements;
- IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets

The adoption of the new standards and amendments to the standards listed above did not have a significant impact on the Group's condensed consolidated interim financial statements.

## 5 Review opinion

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

## 6 Earnings per share and headline earnings per share

	Reviewed six months to 31 January 2017	%	Reviewed six months to 31 January 2016	Audited twelve months to 31 July 2016
<b>Earnings per share (cents)</b>				
Earnings per share	439	23	358	704
Diluted earnings per share	415	22	340	668
Headline earnings per share	438	22	359	719
Diluted headline earnings per share	415	22	341	682
<b>Headline earnings reconciliation (R'000)</b>				
Profit attributable to owners of EOH Holdings Limited	596 610		462 480	927 354
<b>Adjusted for:</b>				
(Gain)/loss on disposal of property, plant and equipment and other financial assets	(1 489)		1 397	921
Loss on deregistration of foreign operation	–		–	897
Impairment of assets	–		–	18 321
Total tax effects of adjustments	417		(391)	(258)
<b>Headline earnings</b>	<b>595 538</b>		<b>463 486</b>	<b>947 235</b>
<b>Ordinary shares (000)</b>				
Total number of shares in issue	148 060		136 919	140 752
Weighted average number of shares in issue	135 869		129 200	131 754
Weighted average diluted number of shares in issue	143 606		135 973	138 850

## 7 Goodwill and intangibles

	Reviewed at 31 January 2017	Reviewed at 31 January 2016	Audited at 31 July 2016
Figures in Rand thousand			
Goodwill	4 328 894	3 628 111	3 894 720
Other intangible assets	1 374 440	1 244 675	1 249 522
Goodwill and intangible assets	5 703 334	4 872 786	5 144 242

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JANUARY 2017

## 8 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:

Figures in Rand thousand	Reviewed at 31 January 2017	Reviewed at 31 January 2016	Audited at 31 July 2016
<b>Financial assets</b>			
<b>Loans and receivables:</b>			
Other financial assets	224 265	156 438	203 721
Finance lease receivables	268 316	249 698	290 895
Trade and other receivables	4 077 590	3 014 634	3 421 103
Cash and cash equivalents	2 052 790	1 560 544	1 949 399
<b>Fair value through profit or loss:</b>			
Other financial assets	163 739	151 339	165 529
	<b>6 786 700</b>	<b>5 132 653</b>	<b>6 030 647</b>
<b>Financial liabilities</b>			
<b>Measured at amortised cost:</b>			
Other financial liabilities	2 663 872	2 070 144	2 330 918
Finance lease payables	99 082	57 045	51 772
Trade and other payables	1 322 748	1 290 710	1 312 538
<b>Fair value through profit or loss:</b>			
Vendors for acquisition	1 169 217	1 086 313	1 284 763
	<b>5 254 919</b>	<b>4 504 212</b>	<b>4 979 991</b>

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

### Fair value through profit or loss:

Financial assets measured at fair value through profit or loss, in terms of the hierarchy, are classified as level 1.

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

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.

Figures in Rand thousand	Reviewed at 31 January 2017	Reviewed at 31 January 2016	Audited at 31 July 2016
<b>Other financial assets</b>			
<b>Reconciliation of movement:</b>			
Balance at the beginning of the period	165 529	–	–
Business combinations	–	152 030	152 030
Additions	–	–	6 000
Disposals	(6 239)	–	–
Net changes in fair value	4 449	(691)	7 499
<b>Balance at the end of the year</b>	<b>163 739</b>	<b>151 339</b>	<b>165 529</b>

### Vendors for acquisition

Vendors for acquisition relates to the contingent consideration where business combinations and other acquisitions 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 warranty 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 vendors for acquisition. 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.

Figures in Rand thousand	Reviewed at 31 January 2017	Reviewed at 31 January 2016	Audited at 31 July 2016
<b>Vendors for acquisition</b>			
<b>Reconciliation of movement:</b>			
Balance at the beginning of the period	1 284 763	771 009	771 009
Business combinations	288 173	580 668	805 676
Investment in joint ventures and associates	33 800	29 964	143 239
Foreign exchange effects	(16 356)	40 774	27 640
Net changes in fair value	8 391	24 704	35 619
Paid to vendors	(429 554)	(360 806)	(498 420)
<b>Balance at the end of the year</b>	<b>1 169 217</b>	<b>1 086 313</b>	<b>1 284 763</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JANUARY 2017

## 9 Acquisition of businesses

Figures in Rand thousand	Total
<b>Fair value of assets and liabilities acquired</b>	
Property, plant and equipment	74 275
Intangible assets	126 815
Other financial assets	10 718
Finance lease receivables	614
Inventory	30 163
Trade and other receivables*	222 706
Cash and cash equivalents	118 848
Other financial liabilities	(7 873)
Finance lease payables	(45 544)
Net deferred taxation liabilities	(24 560)
Net current taxation payables	(12 362)
Trade and other payables	(142 190)
Deferred income	(32 266)
Net assets acquired	319 344
Non-controlling interests measured at their share of the fair value of net assets	(11 570)
Amount capitalised	307 774
Transfer to retained earnings	570
Goodwill	436 036
Purchase price	744 380
<b>Consideration payable</b>	
Cash paid	(104 649)
Shares issued#	(42 531)
Cash to be paid	(288 173)
Shares to be issued	(309 027)
<b>Total consideration</b>	<b>(744 380)</b>

\* The gross contractual value of trade and other receivables for all acquisitions was R227 million.

# Shares issued at the fair value at the effective date.

Figures in Rand thousand	Total
<b>Contribution to trading results for the six months</b>	
Revenue	244 839
Profit before taxation*	35 194

\* Shown after the effects of amortisation on identifiable assets of R2,6 million.

Acquisition-related costs of R12 million are included in operating expenses in the statement of profit or loss and other comprehensive income.

### Businesses acquired

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 technology applications, software and consulting solutions capabilities, augment its BPO service offerings and enhance its industrial technology capabilities. The total purchase consideration for these acquisitions is R744 million, consisting of R393 million payable in cash and the issue of 2 211 835 EOH shares. In most instances 100% of the shares were acquired.

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

The contribution made by all acquisitions, to the trading results of the Group, 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 within the EOH group are considered. The fair value of shares issued as part of the purchase price was determined based on the share price at the effective date. The accounting of these subsidiaries and businesses is based on best estimates and provisional fair values. The Group has not yet completed its assessment of the fair value of all identifiable assets, liabilities and/or contingent liabilities. The fair values will be accurately determined within twelve months from the date of acquisition. Goodwill relates mainly to future profits of these businesses and the anticipated synergies to be derived as a result of joining EOH. Additional funding was obtained to finance some acquisitions. Had the effective dates of the acquisitions been from 1 August 2016, the contribution to revenue and profit before tax would have been R508 million and R73 million respectively.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JANUARY 2017

### 10 Related-party transactions

The Group entered into various sale and purchase transactions with related parties, in the ordinary course of business, on an arm's length basis. The nature of related-party transactions is consistent with those reported previously, none of which were significant.

### 11 Subsequent events

There have been no significant events and no significant capital expenditure authorised since 31 January 2017.

### 12 Directorships

During the period since 1 August 2016, Grathel Motau was appointed as a non-executive director and member of the audit committee with effect from 1 March 2017. Pumeza Bam resigned as an executive director and was appointed as a non-executive director with effect from 1 March 2017.

## 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)

Pumeza Bam (Appointed 1 March 2017)

Lucky Khumalo

Danny Mackay

Tshilidzi Marwala

Grathel Motau (Appointed 1 March 2017)

Audrey Mothupi

\* (Dutch)

#### Executive

Asher Bohbot (Group Chief Executive Officer)

John King (Group Financial Director)

Pumeza Bam (Resigned 1 March 2017)

Dion Ramoo

Jane Retief (née Thomson)

### Group Company Secretary

Adri Els

### Registered address

Block D, EOH Business Park  
Osborne Lane, Bedfordview, 2007  
PO Box 59, Bruma, 2026

Telephone: +27 (0) 11 607 8100

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

Investor e-mail: [eohir@kris.co.za](mailto:eohir@kris.co.za)

### Auditors

Mazars (Gauteng) Inc.

Registration number: 2000/026635/21

Erasmus Forum A, 434 Rigel Avenue South,  
Erasmusrand, Pretoria, 0181

### Sponsor

Merchantec Capital

Registration number: 2008/027362/07

2nd Floor, North Block,  
Hyde Park Corner Office Towers  
Corner 6th Road and Jan Smuts Avenue  
Hyde Park, 2196  
PO Box 41480, Craighall, 2024

### Transfer secretaries

Computershare Investor Services Proprietary Limited  
Registration number: 2004/003647/07

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
PO Box 61051, Marshalltown, 2107

**EOH**

*Technology makes it possible...*

*People make it happen.*