EOH

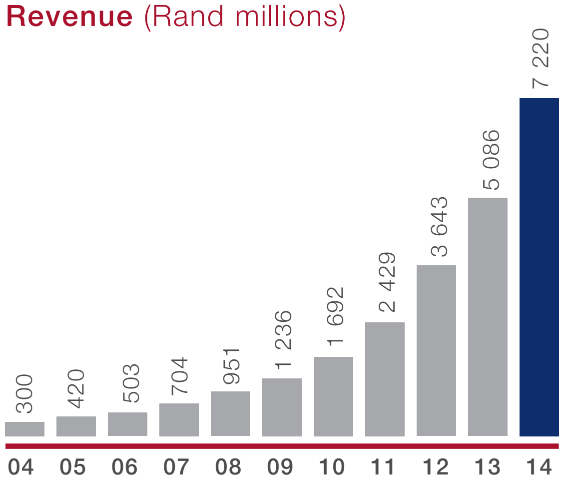
Systems make it possible...
People make it happen

2014 INTEGRATED ANNUAL REPORT

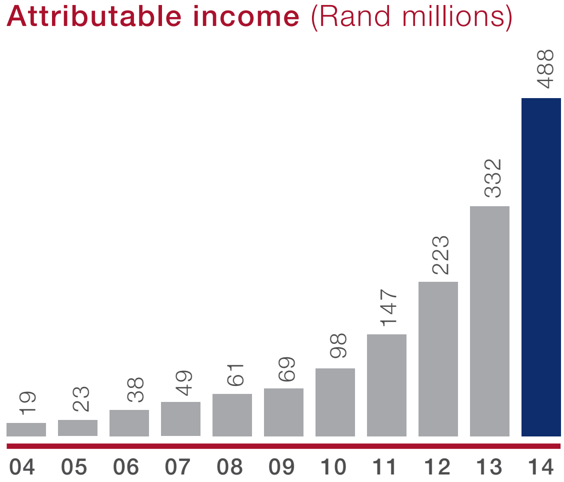
Contents

EOH provides the technology, knowledge, skills and organisational ability critical to Africa's development and growth.

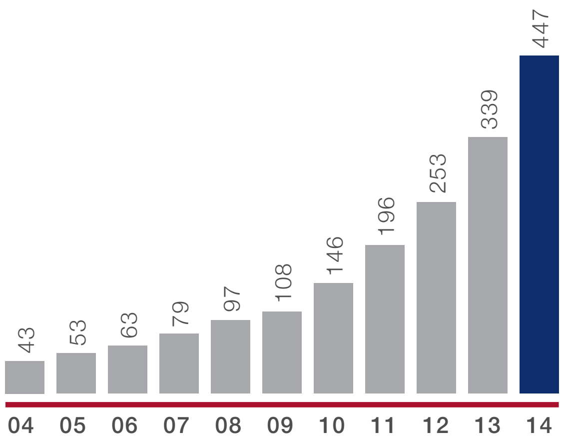
Revenue (Rand millions)



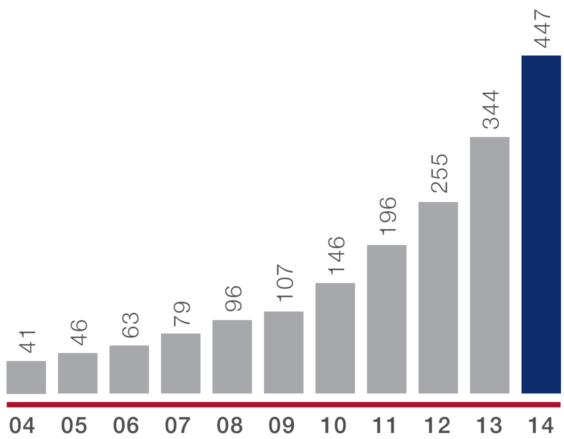
Attributable income (Rand millions)



Headline earnings per share (cents)



Earnings per share (cents)



About EOH

EOH is the largest ICT services organisation in Africa, providing technology, knowledge services and end-to-end solutions to medium and large enterprises.

EOH was listed in 1998 and is active in 134 locations in South Africa, 29 countries in Africa and internationally. As a large Enterprise Level 2 contributor, EOH is committed to driving economic and social change through the process of BBBEE and plays a leading role in sustainable transformation through programmes like the EOH Job Creation Initiative.

Today, EOH has grown to over 8 000 people, with a market capitalisation of over R14 billion and a reputation of consistently delivering strong financial results.

EOH purpose

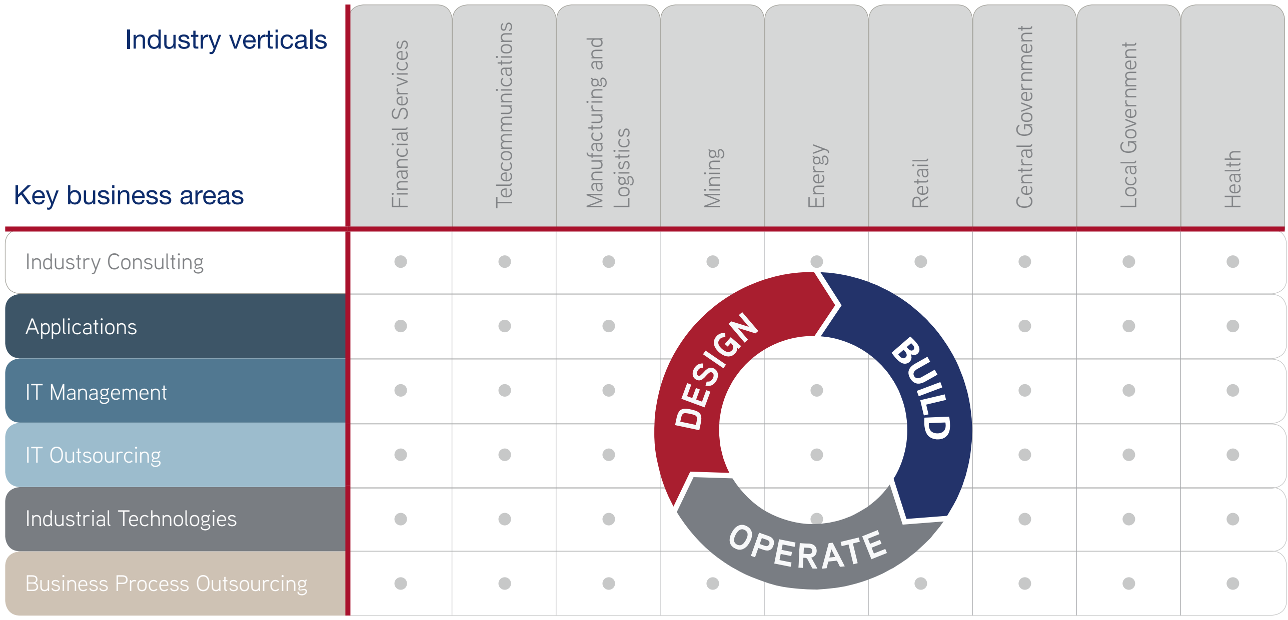
- To provide the technology, knowledge, skills and organisational ability critical to Africa's development and growth
- To be an ethical and relevant force for good and to play a positive role in society, beyond normal business practice

Achievements

- Compound year-on-year revenue growth of 44% over 16 years
- Ranked 2nd best performing company on the JSE by the Sunday Times Top 100 Companies in 2014
- Rated South Africa's 4th best company by the Financial Mail in 2014
- Large Enterprise Level 2 contributor and the highest BBBEE rating of its peers on the JSE
- EOH Youth Job Creation Initiative
- Trained 1 220 graduates/trainees on EOH's intern/learnership programme in 2013/2014
- Largest number of vendor certified practitioners across all applications
- Numerous top rated awards from international application vendors
- Asher Bohbot received the award for the 'Southern African Business Leader' of the Year in 2014

Our EOH operating model

EOH's operating model is two dimensional, centred around key business areas and industry verticals, offering end-to-end solutions via a simple 'Design, Build, Operate' formula.



Lines of business

EOH's business can be broadly described as a Consulting, Technology and Outsourcing service offering, structured into the five key business areas described below:

Applications

- Enterprise applications
- Information management
- Software development and integration
- Digital
- Own niche applications

IT Management

- IT performance management and optimisation
- IT security and governance
- IT infrastructure
- Datacentre and virtualisation
- End-user computing and mobility
- Cloud services

IT Outsourcing

- Applications
- Infrastructure
- Unified communications
- Network solutions

Industrial Technologies

- Connectivity infrastructure
- Security and safety
- Automation and control
- Energy infrastructure and services
- Infrastructure engineering

BPO

- Human capital solutions
- Learning and development
- Workplace health
- Customer services outsourcing
- Legal services

Industry verticals

EOH's approach to industry verticals is to complement its knowledge-based services with in-depth and specialised industry knowledge tailored to meet the specific requirements of its customers.

Financial highlights

During the year, EOH increased revenue by 54% (organically) and by 46% as a result of EOH successfully integrating new businesses into the EOH family.
The results reflect consistent growth over many years as a result of our understanding of the market and the needs and expectations of our customers.

Our financial status

42% ↑ Revenue
R7 220 million

47% ↑ Attributable income
R488 million

30% ↑ Earnings per share
447,0 cents

32% ↑ Headline earnings per share
446,6 cents

63% ↑ Cash
R1 065 million

26% ↑ Dividend per share
120 cents

Our financial stability is underpinned by:

- EOH's consistent business philosophy and principles
- A sound statement of financial position
- A strong management team and skilled resources
- Community involvement in CSI, job creation and enterprise development
- Strong accountability, risk management and compliance

EOH's performance over the past five years...

	31 July 2014	31 July 2013	31 July 2012	31 July 2011	31 July 2010
Revenue (R'000)	7 220 372	5 085 979	3 642 915	2 428 973	1 692 421
Attributable income (R'000)	487 608	331 509	222 577	147 273	97 511
Earnings per share (cents)	447,0	343,7	254,9	196,4	146,2
Headline earnings per share (cents)	446,6	339,1	253,1	196,1	146,1
Diluted earnings per share (cents)	418,2	309,8	226,2	172,6	132,7
Cash (R'000)	1 064 522	653 007	451 867	321 507	266 671
Dividend per share (cents)	120,0	95,0	70,0	48,0	36,0
Net asset value per share (cents)	2 206,6	1 461,8	1 118,7	744,2	582,2

Directorate

Sandile Zungu

BSc (Mechanical Engineering), MBA
Appointed 1 October 2013
Chairman

Responsibilities:
Non-Executive Chairman of the Board

Asher Bohbot

BSc (Industrial Engineering)
Re-appointed 27 February 2008
Group Chief Executive Officer ('Group CEO')

Responsibilities:
Group Chief Executive Officer
Member of the Board
Member: Risk Committee
Member: Social and Ethics Committee
Member: IT Governance Committee
Invitee: Audit Committee
Invitee: Remuneration and Nominations Committee
Chairman of EXCO*

John King

BCom, BAcc, CA(SA)
Re-appointed 1 March 2008
Group Financial Director ('Group FD')

Responsibilities:
Group Financial Director
Member of the Board
Member: Risk Committee (Chief Risk Officer)
Member: Social and Ethics Committee
Member: IT Governance Committee
Invitee: Audit Committee
Invitee: Remuneration and Nominations Committee
Member of EXCO*

Pumeza Bam

BSc (Biochemistry), PMD
Appointed 15 July 2009
Human Resources Director

Responsibilities:
Human Resources Director
Member of the Board
Invitee: Remuneration and Nominations Committee
Member: Social and Ethics Committee
Member of EXCO*

Dion Ramoo

BSc (Info Proc), CA(SA), A.I.M.F.O.
Re-appointed 23 February 2011
Executive Director

Responsibilities:
Member of the Board
Head of Public Sector Consulting
Member of EXCO*

Jane Thomson

Re-appointed 23 February 2011
Executive Director

Responsibilities:
Member of the Board
Managing Director of Softworks
Member of EXCO*

* *Executive Committee.*

Lucky Khumalo

BSc (Computer Science)
Re-appointed 11 February 2014
Independent Non-Executive Director
(Formerly Executive Director)

Responsibilities:
Member of the Board
Member: Remuneration and Nominations Committee
Member: IT Governance Committee

Danny Mackay

Appointed 1 November 2013
Non-Executive Director

Responsibilities:
Member of the Board

Tshilidzi Marwala

BSc (Mechanical Engineering),
MSc (Engineering), PhD
Re-appointed 11 February 2014
Independent Non-Executive Director

Responsibilities:
Member of the Board
Member: Audit Committee
Member: Risk Committee
Chairman: IT Governance Committee

Thoko Mnyango

BJuris
Appointed 18 June 2013
Non-Executive Director

Responsibilities:
Member of the Board

Tebogo Skwambane

BA, MBA
Re-appointed 11 February 2014
Independent Non-Executive Director

Responsibilities:
Member of the Board
Member: Audit Committee
Member: Risk Committee
Member: Remuneration and Nominations Committee

Rob Sporen

Re-appointed 3 February 2013
Lead Independent Non-Executive Director

Responsibilities:
Member of the Board
Chairman: Audit Committee
Chairman: Risk Committee
Chairman: Remuneration and Nominations Committee
Chairman: Social and Ethics Committee

Asher Bohbot Group CEO of EOH

It's all about focus, dedication, commitment and the unwavering support of our people, clients and vendors.

Group CEO's operational report

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

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

Our reputation for consistently delivering value to our customers is due to our deep industry expertise, great people, an understanding of clients' businesses and a 'Right 1st Time' approach to service delivery.

Our solutions draw from a comprehensive portfolio of Applications, IT Management, IT Outsourcing, Industrial Technologies and Business Process Outsourcing ('BPO') offerings. Driven by our design, build and operate approach, we are able to provide comprehensive, tailored solutions across all industry verticals.

The performance of the business

EOH has shown strong growth over many years due to its people, relevant solutions and financial discipline. Since inception, EOH has delivered 44% compound year-on-year revenue growth over 16 years, supported by a strong statement of financial position.

This achievement demonstrates our understanding of the needs of the market and our ability to meet client expectations.

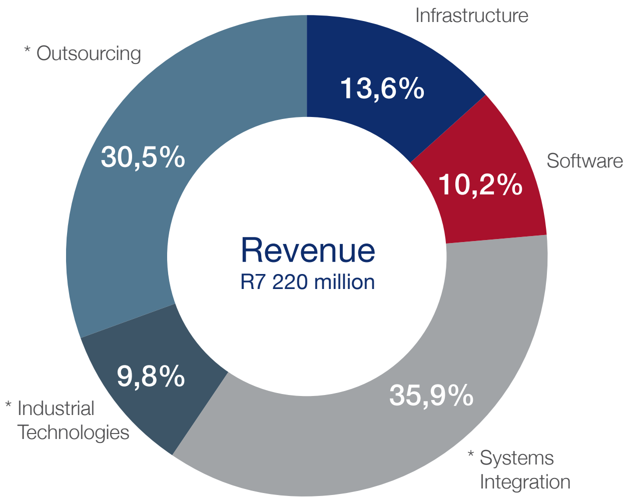
Our strong financial position has meant that we are regularly rated as one of South Africa's best performing companies on the Johannesburg Stock Exchange ('JSE') and as one of the best companies to invest in.

Once again, all areas of EOH's business operations have seen growth during the year under review with the revenue from services being the most significant contributor. During the year, EOH's primary focus was to consolidate and complement its existing service offerings in consulting, managed services, human capital and to significantly grow its individual technology and BPO business. EOH has also focused on growing its business activities with existing customers through its strategic account management initiatives.

During the year revenue increased by 42,0% to R7 220 million and profit after tax increased by 48,5% to R492 million. The growth is attributable to a combination of strong organic growth and recent acquisitions. Organic growth accounted for 54,4% of revenue growth and contributed 49,3% of the growth in profit before tax. Earnings per share ('EPS') and headline earnings per share ('HEPS') have grown by 30,1% and 31,7%, respectively, with cash increasing to R1 065 million. The statement of financial position is strong, with sufficient cash resources to ensure sustainable future growth.

Our strong financial position has meant that we are regularly rated as one of South Africa's best performing companies on the JSE.

Revenue



* Total Services revenue 76,2%

Group CEO's operational report (continued)

Segmental reporting

EOH's revenue is derived from the provision of Services (Systems Integration, Outsourcing and Industrial Technologies), Software (software sales and maintenance revenue) and Infrastructure products.

The revenue derived from Services is primarily from three sources: Systems Integration, Outsourcing and Industrial Technologies. ***Systems Integration*** includes services relating to our applications, technology solutions, information management, security, digital and knowledge consulting businesses and accounts for 47,1% of services revenue. ***Outsourcing*** includes infrastructure managed services, application managed services and BPO and accounts for 40,0% of services. ***Industrial Technologies*** include energy management, automation controls, connectivity infrastructure, engineering and mining technical services and accounts for 12,9% of services revenue.

We have recently revised our project based reporting modules which will enable us to report comparative figures in these three main service categories in the future.

The revenue derived from Software, which increased by 7,3%, comprises the sale of software licences and the annual maintenance fees in respect of such software and accounts for 10,2% of total revenue.

The revenue from Infrastructure products increased by 27,2% and includes traditional IT hardware, network infrastructure, telecommunications infrastructure and the hardware associated with security solutions. The revenue from infrastructure products accounts for 13,6% of total revenue.

Segment	Revenue		Profit before tax		Margin %
Figures in Rand thousand	2014	2013	2014	2013	2014
Services	5 501 221	3 627 362	522 455	346 873	9,5
– Systems Integration	2 588 898		217 502		8,4
– Outsourcing	2 201 505		219 618		10,0
– Industrial Technologies	710 818		85 335		12,0
Software	737 219	686 817	92 435	72 950	12,5
Infrastructure products	981 932	771 800	67 790	55 505	6,9
Not specifically allocated	–	–	(13 587)	(8 630)	–
Total	7 220 372	5 085 979	669 093	466 698	9,3

Growth through business combinations

During the year, EOH continued its strategy to consolidate and complement its existing service offerings in its Information Technology, Outsourcing and Industrial Technologies businesses.

EOH specifically focused on enhancing its service offering in the Financial Services, Telecommunications, Energy and Local Government sectors and growing its activities in Africa.

The cumulative assets acquired as a result of these activities were R833 million, which included trade and other receivables with a gross contractual value of R241 million (fair value of R237 million). The cumulative liabilities acquired were R450 million.

The aggregated revenue of businesses acquired reported in these results is R974 million, netting a profit before tax of R102 million.

Included in these figures is EOH's acquisition of 100% of the share capital of Sybrin Limited and Sybrin Systems Proprietary Limited, with effect from 1 August 2013, for an amount of R283 million. Sybrin is a specialised developer of software products for the financial services industry, including software for workflow, payments, imaging and document management.

Operating environment

EOH operates in the Information Technology ('IT'), Industrial Technologies and BPO space. The addressable market is estimated to be about R200 billion and growing at 8% per annum. EOH's share of this market remains relatively small despite growing its revenue by 42,0% this year.

We will continue to focus on enterprise solutions for medium to large enterprises. We have positioned ourselves to provide cost-effective solutions to improve efficiency and effectiveness and to assist these enterprises deliver a superior experience to their customers and end users.

There has been significant growth in our managed services businesses with significant wins in petrochemical, and retail companies and in the public sector. This area already accounts for over R2,2 billion of EOH's revenue and continues to grow.

EOH's Industrial Technologies businesses have grown substantially. Several companies providing services to manufacturing, energy, water and infrastructure enterprises also joined EOH during the year.

There are new and exciting opportunities in cloud computing and we have capitalised on our end-to-end service offerings to provide cloud services as an alternative solution for customers.

Business intelligence, big data and the need to translate data into valuable knowledge and information is essential for organisations to grow. We have grown significantly in this area and provide comprehensive solutions using a combination of our bespoke methodologies, software and vendor applications.

There has again been some consolidation in the IT sector, in which EOH has participated as a consolidator. The continued convergence of technology, IT, electrical, civil, mechanical and telecommunications is positive for EOH as we have a comprehensive range of solutions enabling us to be a single services integrator for our clients.

EOH's operating model

EOH's operating model is two dimensional, centred around key business areas and industry verticals, via a simple 'Design, Build, Operate' formula.

Industry consulting

EOH's consulting capability extends beyond traditional consulting services and focuses on industry specific solutions. With our insight into future business trends and drivers, together with the enabling features needed to support them, EOH has the skills and the capacity to deliver end-to-end knowledge services. By providing technology-agnostic business advice, our consultants are able to deliver practical, actionable and tangible business and technology knowledge services from inception to implementation.

IT Applications

As a market leader in enterprise solutions, EOH has developed an ecosystem that enables its customers to accelerate innovation, increase the return on their investments and achieve good results.

Our IT Applications lines of business include:

- Enterprise Applications
- Information Management
- Software Development and Integration
- Digital
- Niche Applications

Enterprise Applications

EOH is the largest enterprise applications provider in South Africa. EOH offers business specific innovations and comprehensive best-practice services that span all phases of an organisation's solution life cycle.

Information Management

A robust information management strategy has become a fundamental cornerstone of commercial success for today's organisations. EOH delivers solutions that address the challenges of big data through analytics, bandwidth and content. We assist our customers gain insight into big datasets, move data quickly and store data for long periods of time without increasing operational complexity.

Software Development and Integration

EOH's Software Development and Integration solutions are designed to meet the unique business software requirements of customers and to integrate them seamlessly with their core business systems. Our services are designed to deliver business outcomes that benefit the entire organisation while reducing overall costs.

Digital

EOH Digital is the innovative and fast paced digital arm of EOH. Our wealth of digital knowledge extends to strategy, multi-channel bespoke development, customer experience, digital marketing, self-service, mobility, analytics and managed solutions. Our collaborative approach within EOH ensures that our customers always get the best digital solution.

Niche Applications

EOH has industry-specific applications that address challenges not always covered by enterprise systems. These applications are owned, run and managed by EOH and are targeted at specific industries or particular challenges facing a wide range of customers across all sectors.

IT Management

The cornerstone of EOH's IT Management solutions is a journey towards IT maturity – a process of transitioning IT from the traditional reactive mode to the new IT as a Service ('ITaaS') model.

Our EOH IT Management businesses provide consultation, readiness assessments, agnostic needs analysis, planning, migration and on-site support. Our solutions are designed to protect business-critical servers that house an organisation's information assets.

Our IT Management lines of business include:

- Performance Management and Optimisation
- IT Infrastructure
- Data Centre and Virtualisation
- Cloud Services
- End-User Computing and Mobility

Performance Management and Optimisation

EOH has considerable experience in IT performance management, application testing, performance optimisation, performance monitoring, security, alerting and application management. With industry leading solutions, coupled with the EOH Managed Services offering, and the largest number of IT management experts in the country, EOH is ideally positioned to ensure application performance optimisation and business continuity.

IT Infrastructure

EOH IT Infrastructure provides information and communication technology solutions to commercial, industrial and manufacturing organisations. Technical services include *ad hoc* support, online support, outsourcing and consulting. EOH also delivers a comprehensive range of services ranging from information technology and networking infrastructure to ERP and back-office solutions.

Data Centre and Virtualisation

A mature IT environment requires organisations to optimise their infrastructure while driving down costs and increasing efficiencies. From consulting, strategic development and outsourced management, EOH assists organisations move from physical infrastructure to virtual solutions.

Cloud Services

EOH Cloud Services gives customers scalability, agility and ease of access, with flexible costs. Customers can outsource non-core business elements while focusing on their core business operations and customer service. We offer both managed cloud services and managed hosted cloud services.

End-user Computing and Mobility

Mobility offers efficiency and productivity gains. EOH provides organisations with the ability to manage, monitor and deliver an enterprise mobile solution. EOH often assumes responsibility for a customer's entire environment and manages it on their behalf, enabling the IT department to focus on other aspects.

IT Outsourcing

The increasing complexity of IT systems and the dependency on the availability of these systems requires highly skilled experts to manage and maintain such systems. We have the processes, tools and IP to ensure that they perform optimally.

EOH has a unique proposition and can provide a complete outsource solution to run a customer's IT department, without the involvement of other third party service providers.

Our IT Outsourcing lines of business include:

- Unified Communications
- Application Outsourcing
- Infrastructure Outsourcing
- Network Solutions

Unified Communications

Unified Communications ('UC') is the convergence of all communications on IP networks. EOH offers innovation, experience, and a fully integrated UC solution. Our EOH UC solutions help enhance the way employees communicate, collaborate and work, by delivering contextual communications and collaboration to employees where, when and how they need it.

Application Outsourcing

EOH successfully delivers application outsourcing solutions to its customers, increasing efficiency, reliability and availability. Our approach is to provide businesses with an overall blueprint to optimise their technology solutions and to ensure the availability of mission-critical business processes. We deliver value through consistently managing performance, volume and improved data transparency across the entire IT landscape.

Infrastructure Outsourcing

EOH Infrastructure Outsourcing specialises in operating and supporting Information and Communication Technology ('ICT') infrastructure through a suite of comprehensive end-to-end solutions. Our service portfolio extends from procurement to the disposal of assets and includes all the IT management, support and advisory functions necessary to keep IT services secure and available.

Network Solutions

EOH Network Solutions delivers a full range of enterprise communications services. Through our investment in the development of national and international telecommunications infrastructure, EOH Network Solutions deploys, operates and manages large-scale telecommunications networks on behalf of its customers.

Industrial Technologies

EOH Industrial Technologies 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 through: 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 CO_2 emissions.

Our Industrial Technologies lines of business include:

- Connectivity Infrastructure
- Energy Infrastructure and Services
- Security and Safety
- Automation and Control
- Infrastructure Engineering

Connectivity Infrastructure

Today's connectivity infrastructure environment is complex. It spans the full spectrum, from structured cabling, fibre optic back-bones, wireless networking to business critical datacentre infrastructure. EOH has the ability to offer a complete solution – from the design and architectural phase through to ongoing maintenance after implementation.

Group CEO's operational report (continued)

Energy Infrastructure and Services

EOH offers leading energy infrastructure, energy management and optimisation solutions. We have developed a wealth of skills in applying a holistic approach to energy, gas and water resource management that ensures measurable and verifiable returns on investment and a continuous reduction in the use of energy.

Security and Safety

EOH Security and Safety offers a straight-forward approach to all safety and security needs. We combine multiple systems to create a comprehensive unified security and building management and workforce management solution.

Automation and Control

EOH has been active in the automation and control market for many years and is perceived as both a market and thought leader in this space. Our services include: Manufacturing Execution Systems ('MES'); Distributed Control Systems ('DCS'); Supervisory Control and Data Acquisition ('SCADA') systems; Human Machine Interface ('HMI') solutions; measurement and instrumentation; plant electrical infrastructure; environmental monitoring; and plant automation.

Infrastructure Engineering

Infrastructure engineering sits alongside and is part of what would have traditionally been regarded as the domain of information technology. EOH provides a range of knowledge services in the infrastructure engineering sphere. This allows us to provide holistic end-to-end services to our customers across many industries combining infrastructure know-how and information technology solutions.

Business Process Outsourcing

EOH Business Process Outsourcing ('BPO') takes care of non-core business processes, allowing our customers to focus on their organisation's goals and strategy.

In an environment where there is an increased focus on costs, compliance and service delivery, EOH's knowledge-based BPO service allows customers to achieve efficiency and cost saving on non-core business processes. At the same time our strategic ability, operational capacity, specialist skills and enabling technologies help customers achieve optimum performance.

Our BPO lines of business include:

- Human Capital Outsourcing
- Learning and Development Outsourcing
- Workplace Health Outsourcing
- Customer Services Outsourcing
- Legal Services Outsourcing

Human Capital Outsourcing

EOH has developed a deep understanding of customers' critical business goals. This enables us to dramatically improve the performance of our customers' business with an integrated approach to people requirements, reward and recognition mechanisms, HR IT requirements and organisational design and development needs.

Learning and Development Outsourcing

EOH Learning and Development is a multi-disciplinary education and training solutions provider. Our offerings include training academies, learning and development managed services, workplace learning and the hosting of conferences and seminars.

Workplace Health Outsourcing

EOH Workplace Health is a provider of workplace health and wellness strategic planning. We implement workplace health programmes and deliver comprehensive health, safety and wellness solutions.

Customer Services Outsourcing

Our offerings include employee benefit advisory services, wellness and event management, data analytics and business efficiency services.

Legal Services Outsourcing

EOH Legal Services offers a complete suite of legal services designed and developed to specifically comply with the legal requirements of any corporate or public enterprise. Our value proposition lies in our ability to adapt and improve the legal services of our customers through specific methodologies.

Africa

EOH has activities in 29 countries in Africa and 134 points of presence in South Africa.

Despite its many challenges, Africa is a continent that has shown remarkable economic expansion. Improvements in corporate governance and the overall business environment, coupled with stronger macroeconomic policies and trends, provides EOH with the opportunity to make a meaningful contribution to the development of this diverse continent.

With our substantial footprint in Africa, EOH has been able to acquire a deep understanding of the requirements of both businesses and the public sector in the various countries in Africa. This experience enables us to offer customers flexible and robust solutions to the unique challenges and opportunities that countries in Africa face.

Group CEO's operational report (continued)

Transformation and social responsibility

EOH's Employment Equity ('EE') initiatives are fully integrated into our business strategy. Sustainable transformation 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. EOH's current black shareholding is 36,3%. 54,3% of EOH's staff and 67% of its board members are black.

Enterprise development

EOH has several **enterprise development** initiatives aimed at developing black-owned ICT companies by providing both financial and non-financial support.

Corporate Social Investment

EOH has a comprehensive Corporate Social Investment ('CSI') programme and we have partnered with organisations to help us realise and support this vision. Below are some of the initiatives:

- Maths Centre for Professional Teachers
- Afrika Tikkun
- Tutudesk Project

Maths Centre for Professional Teachers

For several years we have supported the Maths Centre which focuses on the teaching of 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.

Afrika Tikkun

We provide support to the child and youth development programmes of Afrika Tikkun with the objective of providing a sustainable future for children in townships.

Tutudesk Project

We support the Tutudesk Project which provides portable school desks to children in sub-Saharan Africa, where over 95 million school children do not have the benefit of a classroom desk.

The EOH Youth Job Creation Initiative

EOH launched its successful EOH Youth Job Creation Initiative in 2011/2012. We recognised that business needs to skill people by placing school leavers and graduates in learnership and internship programmes. In 2013, 620 young people participated in EOH's learnership and intern programmes, and we directly employed over 450 of these candidates and managed to place the remaining people at our customers. In 2014, EOH took on another 600 interns to provide opportunities for young graduates to gain valuable knowledge and experience in business. If every business in South Africa were to do the same, it would mean the employment of hundreds of thousands of young South Africans, resulting in the eradication of youth unemployment.

We have also continued with our broader Youth Job Creation Initiative, to stimulate conversations, share ideas through workshops, and to support our customers with similar programmes. To date, thousands of jobs have been created by our customers and partners as a result of this initiative. This is a permanent function in EOH and we will continue to make a difference in the years to come.

Sustainability policy

EOH recognises the need for sustainability and has always embraced the philosophy of 'Partner for Life' for its people, customers, vendors and other stakeholders.

EOH believes that the inter-dependence of people, business and the community is inseparable and that a company is fundamentally a social structure. Sustainable principles have always been part of EOH's philosophy.

A comprehensive Sustainability Report is contained in this annual report, clearly outlining EOH's commitment to sustainability.

Future plans

EOH will continue to grow aggressively through the development of new solutions, new lines of business and the enhancement of industry specific businesses. The growth will be organic, complemented by strategic acquisitions. Growth will be focused on information technology outsourcing and processes, information management, analytics and digitalisation, industrial technologies and business outsourcing.

Our intention is to build on our experiences, and to make a positive contribution to the youth unemployment issues that the country faces.

We see our involvement in the public sector as both a responsibility and a business opportunity. With our wide range of offerings, expertise and experience, we are able to contribute to improved service delivery in this important sector of the economy.

EOH has made good progress in its foray into Africa. We plan to increase our in-country presence by increasing our service offerings through partnerships, joint ventures and acquisitions.

We will also begin distributing our own niche IP software products internationally. This growth area is significant in both size and strategic importance to our future.

EOH is recognised for the quality of its people and its strong delivery capabilities. We have the people, the scale, the offerings, the financial resources, the agility and the know-how to continue to grow aggressively.

Corporate governance report

EOH is committed to the highest levels of corporate governance

Corporate governance report

Governance philosophy and the Board

The Board of Directors ('the Board') is committed to the concept and principles of effective corporate governance. The directors recognise the need for adherence to generally accepted corporate governance practice in all spheres of business activities. Accordingly, EOH is committed to entrenching the highest levels of corporate governance and continues to make significant progress in implementing structures, policies and procedures all aimed at strengthening governance within the Group.

Corporate governance is defined as the systems by which companies are directed and controlled. This concept is integral to EOH's business philosophy of ethical leadership which is one of the cornerstones of EOH's corporate governance ethos.

There is no doubt that good corporate governance is a key element in improving economic efficiency and growth and it enhances investor confidence. EOH is committed to entrench the highest levels of corporate governance and will:

- Continue to make significant progress in implementing structures, policies and procedures aimed at strengthening governance;
- Recognise the principle of transparency as a critical element of effective sustainability reporting; and
- Successfully entrench King III principles and continually invest in the process.

Ethical leadership

Our value driven culture and Code of Ethics underpins EOH's governance structures and processes, committing the business to the highest standards of business integrity and ethics. The Board's ethical leadership provides the foundation for values which are central to the way we do business. Our decisions and actions are based on these values which form the basis of our codes of conduct:

- Integrity is non-negotiable;
- We respect the dignity of every individual;
- We are professional and strive for excellence;
- We are legitimate and long-term contributors;
- We care for the environment;
- We promote the fight against corruption;
- Everyone is a valued contributor; and
- We build relationships with our customers to understand and meet their needs.

The Executive Committee is responsible for ensuring these values are adhered to. The Board's Social and Ethics Committee ensures the application of these principles.

Sustainability

EOH's commitment to achieving operational excellence in a safe and responsible way benefits all stakeholders, including employees, governments and the communities in which we operate. EOH's efficient use of resources, together with the provision of a safe and healthy working environment, contributes to sustainability and the environment.

Stakeholder engagement

The Board has a clear understanding of its responsibilities to internal and external stakeholders. EOH's stakeholders are defined as those entities and individuals significantly affected by the Group's activities and those which have the ability to significantly impact the Group's ability to achieve its objectives.

Regulatory and statutory compliance

Compliance remains a core focus of the Board and it ensures that EOH complies with all relevant acts and regulations including, but not limited to:

- The Companies Act, No 71 of 2008 ('the Companies Act');
- The Income Tax Act;
- The Consumer Protection Act;
- The Competitions Act;
- The Protection of Personal Information Act; and
- The JSE Listings Requirements.

The Board strictly follows corporate governance guidelines and best-practice recommendations, including King III, the OECD Principles of Corporate Governance, the United Nations Global Compact and the Global Reporting Initiative guidelines.

Governance structures

EOH's financial and non-financial performance objectives are overseen by the Board and its committees. The Board has five committees:

- Audit Committee;
- Risk Committee;
- Remuneration and Nominations Committee;
- Social and Ethics Committee; and
- IT Governance Committee.

The roles and responsibilities of the different committees are encapsulated in their different reports.

The Board of Directors

The directors bring to the Board a wide range of experience and expertise and, in the case of the independent non-executives, an independent perspective and judgement on issues of policy, strategy and performance. The Board believes that appropriate policies are in place to ensure a balance of power amongst directors so that no one director has unfettered powers of decision-making.

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

The role and responsibilities of the Board are as follows:

The Board is responsible for the strategic objectives and policies of the Group and takes overall accountability for its management. The Board retains full and effective control over the Group and all material decisions are reviewed by the Board. The role and responsibilities of the Board encompass the following:

- Act in the best interests of the Group;
- Approve the strategic plan developed by management and monitor its implementation;
- Provide ethical leadership;
- Ensure that the Group's ethics are managed effectively through building an ethical culture, setting ethical standards and measuring adherence thereto;
- Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders;
- Monitor the Group's communication with all relevant stakeholders;
- Advise on the commercial and economic direction of the Group;
- Ensure that shareholders are treated equitably;
- Ensure that the Group complies with applicable laws, rules, codes and standards;
- Ensure that the Group is, and is seen to be, a responsible corporate citizen;
- Appreciate that strategy, risk, performance and sustainability are inseparable;
- Ensure that the Group has an effective and independent Audit Committee;
- Responsible for the governance of risk;
- Responsible for IT governance;
- Determine policies and processes to ensure the integrity and effectiveness of:
  - Risk management and internal controls;
  - Executive management and staff remuneration;
  - Selection of directors and chairman; and
  - The Integrated Annual Report.

Authority of the Board

The Group CEO is fully accountable to the Board for the Group's day-to-day operations. It is paramount that the executive directors lead the Group with integrity and good judgement. In exercising control of the Group, the Board is empowered to delegate. Board committees are established and structured to function with authority. Directors are entitled to full and unrestricted access to management and to the Group's proprietary information.

Chairman and Group Chief Executive Officer

The Chairman and Group CEO are separate roles and operate under distinct mandates issued and approved by the Board. These mandates clearly differentiate the division of responsibilities within the Group and ensure a balance of power and authority.

The Chairman, a non-executive director, presides over the Board providing it with effective leadership and ensuring that all relevant information is placed before it. The Chairman is free of any conflicts of interest. The Group CEO is responsible for the ongoing operations of the Group, developing its long-term strategy and presenting the business plan and budgets to the Board for approval.

The Board appraises the Chairman, while the Remuneration and Nominations Committee appraises the Group CEO. The Remuneration and Nominations Committee also assesses the remuneration of the Chairman and directors.

Details of the directors' emoluments are set out on page 109 of the Annual Financial Statements.

The role and responsibilities of the Board Chairman are:

- Set the ethical tone for the Board and the Group and provide overall leadership to the Board;
- Identify and participate in selecting Board members via the Remuneration and Nominations Committee and oversee a succession plan for the Board;
- Formulate the annual work plan for the Board and set the agenda for Board meetings;
- Preside over Board meetings and encourage candid and constructive debate among Board members;
- Manage conflicts of interest and ask affected directors to recuse themselves from discussions and decisions;
- Act as the link between the Board and management and particularly between the Board and the Group CEO;
- Be a colleague of Board members and management but maintain an arm's length relationship;
- Ensure that directors play a constructive role in the affairs of the Group and take a lead role in removing non-performing or unsuitable directors;
- Ensure that complete, timely, relevant and accurate information is placed before the Board to enable directors to reach an informed decision;

- Monitor the effectiveness of the Board and meet with individual directors periodically to evaluate their performance;
- Mentor directors and encourage them to speak and contribute at meetings;
- Ensure that all directors are aware of their responsibilities and ensure that there is a formal programme of continuing professional education;
- Ensure that good relations are maintained with the Company's major shareholders and preside over shareholders' meetings;
- Build and maintain stakeholders' trust and confidence in EOH; and
- Ensure that decisions by the Board are executed.

Changes to the Board

Sandile Zungu and Danny Mackay were both appointed during the reporting period. In accordance with the Company's MOI, each year one third of the non-executive directors shall retire from office at each Annual General Meeting. The non-executive directors to retire shall be those who have been in office for the longest period since their appointment.

Nominations and appointment to the Board

In considering potential appointments, consideration is given to experience, diversity, skills and demographics. New directors are on-boarded through a formal induction presentation detailing the Group's strategy and the duties and responsibilities of directors. The re-appointment of non-executive directors is subject to eligibility and performance.

Composition of the Board

The Group has a unitary Board, the composition of which promotes the balance of authority and precludes any one director from dominating decision-making. The Board of EOH is sufficiently equipped to conduct the business of a board in terms of its collective knowledge, skills, experience, resources and diversity. For the purpose of this Integrated Annual Report ('IAR'), directors are classified as executive directors if they are employed by EOH. Independent non-executive directors are classified as such in terms of the definition of an independent non-executive director in the King III report.

As at the date of this report, the Board consisted of twelve individuals, five of whom are executive directors, four of whom are independent non-executive directors and three of whom are non-executive directors. Eight of the Board members are black, of whom three are women.

Full details of the directorate are set out on pages 6 and 7.

Attendance

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

During the year under review, the attendance at Board meetings was as follows:

Director	Designation	Appointment	Attendance
Sandile Zungu	Non-executive (Chairman)	1 October 2013	4/5
Lucky Khumalo	Independent non-executive	11 February 2014	2/5
Danny Mackay	Non-executive	1 November 2013	4/5
Tshilidzi Marwala	Independent non-executive	11 February 2014	4/5
Thoko Mnyango	Non-executive	18 June 2013	5/5
Tebogo Skwambane	Independent non-executive	11 February 2014	4/5
Rob Sporen	Independent non-executive	5 February 2013	5/5
Asher Bohbot	Executive (Group CEO)	27 February 2008	5/5
Pumeza Bam	Executive	15 July 2009	4/5
John King	Executive (Group FD)	1 March 2008	5/5
Dion Ramoo	Executive	23 February 2011	2/5
Jane Thomson	Executive	23 February 2011	3/5

Corporate governance report (continued)

Board committees

The Board has delegated certain functions to committees. In doing so, the Board has not abdicated any of its own responsibilities.

The committees are chaired by non-executive directors. All the Board committees operate under Board-approved mandates and terms of references.

The Chairmen of these committees attend the Annual General Meeting to respond to any shareholder queries. Shareholders are required to elect the members of the Audit Committee at the Company's Annual General Meeting.

Non-executive directors may meet separately with operational management without the attendance of the executive directors.

The fundamental responsibility of the Board is to control, monitor and review the Group's overall performance.

Subsidiary boards

EOH has several wholly owned subsidiaries. The Group's operating business units operate as divisions of legal entities. Each of the Group's subsidiary companies has a separate Board of Directors. However, the main Board and its committees and the Executive Committee oversee all significant aspects and transactions of the subsidiaries. The Boards of the subsidiaries and management committees of the operating divisions are constituted with the necessary mix of skills, experience and diversity.

Board ethics

Directors are required to declare their interests annually in order to determine whether there is any conflict with their duties to EOH. Directors are also required to disclose any conflicts of interest if and when they arise.

Code of Ethics

All employees of the Group are required to maintain the highest ethical standards to ensure that the Group's business practices are conducted in a manner which is above reproach. To this effect all employees are required to adhere to EOH's 'Work Life Constitution'. A culture of individual employees assuming personal responsibility for their actions is encouraged, as is a culture of full disclosure. A Code of Ethics has been formally adopted by the Board.

The Board as a responsible corporate citizen

In determining the strategy and long-term sustainability of the Group, the members keep abreast of concerns and consider the impact of its operations on the economy, society and the environment.

Trading in Company shares

The Board complies with the JSE Listings Requirements. The Group Company Secretary informs the Board and management of its closed periods prohibiting trade in EOH shares by directors, senior executives and participants in the various long-term incentive schemes. The closed periods commence on 1 August and 1 February each year and remain in force until the publication of the interim and final results respectively. Any period during which the Company may trade under cautionary announcement would also be classified as a closed period.

All directors' dealings require the prior approval of the Group CEO/Group FD and are recorded. The Group Company Secretary retains a record of all such share dealings.

Directors' and prescribed officers' interests in EOH shares

It is not a requirement of the Company's Memorandum of Incorporation or the Board Charter that directors own shares in the Company. The shares held by the directors as at 31 July 2014 are contained in the Directors' Report on page 65.

The Board and its shareholders

The Board has a high regard for its shareholders and makes every effort to present a balanced and comprehensive assessment of the Group's position, addressing material matters of significant interest to stakeholders. The Board presents material aspects of the Group's activities in accordance with sound governance principles.

The International Financial Reporting Standards ('IFRS') are adhered to. The results for the year ended 31 July 2014 have been prepared in accordance with the Group's accounting policies, which comply with IFRS. Further details and definitions pertaining to the Group's accounting policies are set out fully in the Annual Financial Statements (pages 69 to 122).

Performance evaluation

In addition to the Remuneration and Nominations Committee's evaluation of the performance of the Board, the individual directors complete formal evaluations of their effectiveness. The Board also assesses the appropriateness of the Board structure and its effectiveness.

The Group Company Secretary, together with the Board members and committee members, assumes responsibility for any actions required.

Succession planning

Should a director retire, resign or be disqualified and removed, the Remuneration and Nominations Committee is tasked with identifying potential candidates. It performs an assessment as to the candidate's appropriateness for the position in terms of their experience and skills. The selection, induction and ongoing training of directors is a formal process.

Board statement of effectiveness

Internal controls

Based on a review of internal controls and risk management, service providers and management, and considering the information responses and explanations given by management, nothing has come to the attention of the Board that caused it to believe that the Group's system of internal control and risk management are not effective.

Group Company Secretary

Adri Els CA(SA) is the Group Company Secretary.
The Group Company Secretary acts in a supportive capacity to the directors and Chairman. The Board of Directors is satisfied that the Group Company Secretary is suitably qualified, competent and experienced to provide guidance to the Board in matters relating to governance and other related practices across the Group. The Group Company Secretary has direct access to, and ongoing communication with the Chairman of the Board. The Group Company Secretary is not a director of the Company and the Board is satisfied that an arm's length relationship is intact. All directors have access to the services of the Group Company Secretary and directors may obtain independent professional advice at the Group's expense, should the need arise. All directors are required to comply with the requirements of the JSE Listings Requirements, King III Report and the Companies Act.

The Group Company Secretary is responsible for, *inter alia*:

- Maintenance of Board and committee charters, terms of references and the compilation of Board papers;
- Providing input into the agenda as well as taking minutes at Board and committee meetings;
- Acting as a primary point of contact between directors and the Group;
- Guiding directors regarding their duties as directors, matters of ethics and good governance; and
- Monitoring the interests of directors, their dealing in shares and the administration of the various share incentive trusts.

The Group Company Secretary is also the secretary to the Board committees and the Group's subsidiary companies.

Statement of compliance

The Board, through the Audit and Risk committees, is satisfied with the Group's application of the King III Report and with the JSE Listings Requirements during the financial year ended 31 July 2014. The table as set out on pages 42 and 43 indicates how the Group has applied the principles set out in the King III Report during the period under review.

The Board has adopted the 'apply or explain' principle contained in King III as required in terms of the JSE Listings Requirements. The assessment of the application and implementation of King III, including current levels of compliance in respect of the guidance and oversight of risk, governance and compliance management across the Group, is ongoing. The results show that governance processes are well entrenched in EOH. Where gaps have been identified, plans are in place to ensure application.

During the year, additional refinements aimed at enhancing EOH's application of the King III Report included, *inter alia*:

- Revisions were made to the Board charter, work plan of the Board, terms of reference and the work plans of its various committees;
- Reviewed corporate governance gap analysis; and
- Completed a Board effectiveness evaluation.

The Audit Committee

The Audit Committee is independent and accountable to both the Board and shareholders. The Committee does not assume the functions of management, which remains the responsibility of the executive directors, officers and other members of senior management.

Role

The mandate of the Audit Committee ('the Committee') is to provide reasonable assurance relating to the integrity and reliability of the financial statements, and to safeguard, verify and ensure accountability of the Company's assets. The Committee evaluates internal and external risks and oversees the implementation of corporate governance principles throughout the Group.

The mandate of the Committee includes the subsidiaries, divisions and businesses of the Company.

Responsibilities

The Committee's statutory duties and responsibilities are varied and include:

- Nominate and appoint a registered auditor who, in the opinion of the Committee, is independent;
- Determine the fees to be paid and the terms of engagement of the auditor;
- Ensure that the appointment of the auditor complies with the Companies Act, JSE Listings Requirements and King III recommendations;
- Determine the nature and extent of any non-audit services which the auditor may provide to the Group; and
- Pre-approve any proposed contract with the auditor for the provision of these non-audit services.

Composition

The Committee comprises three independent non-executive directors and is chaired by an independent non-executive director, who is appointed by the Board. The members of the Committee have the requisite financial knowledge, skills and experience.

The members nominated by the Board for re-election as members of the Committee, subject to shareholder approval at the Annual General Meeting to be held on 11 February 2015, are:

- Rob Sporen
- Tshilidzi Marwala
- Tebogo Skwambane

Attendance

This Committee (as set out below) formally meets at least three times per annum and has met five times during the past financial year. The members, the Group CEO and Group FD attend Committee meetings by invitation. Representatives from the external auditors are present at Committee meetings where results are approved or audit services are discussed and approved. The Committee's Chairman reports to the Board on the activities and recommendations of the Audit Committee.

Member and Invitees	Designation	Status	Attendance
Rob Sporen	Chairman	Independent non-executive	5/5
Tshilidzi Marwala	Member	Independent non-executive	5/5
Tebogo Skwambane	Member	Independent non-executive	4/5
Asher Bohbot	Invitee	Group CEO	5/5
John King	Invitee	Group FD	5/5

Report on activities

In executing its delegated duties (as reflected in its terms of reference), the Audit Committee fulfilled, amongst other duties all its obligations including:

Financial statements

Reviewed the Annual Financial Statements, interim and preliminary announcements, accompanying reports to shareholders and all other announcements on the Company's results and other financial information that were made public, prior to submission to and approval by the Board.

Group Financial Director

As required by the JSE, the Company has a Group Financial Director who serves on the Board of Directors. The position is currently held by John King, who is an executive director.
The Committee confirms to shareholders that it is satisfied with the expertise and experience of John King.

Finance function

The Committee has reviewed the expertise, resources and experience of the Company's finance function, and confirms to shareholders that the finance function is effective. In making these assessments, the Audit Committee obtained feedback from the external auditors.

External auditor

The Committee is responsible for the appointment of the external auditor and overseeing the external audit process. In this regard, the Committee has nominated, for re-election at the Annual General Meeting, the re-appointment of Mazars (Gauteng) Inc., as the external audit firm and Sanjay Ranchhoojee as the designated audit partner responsible for performing the functions of auditor of the Company for the 2015 financial year. The Committee is satisfied that the audit firm and designated auditor are accredited and will act with unimpaired independence, free from any scope restrictions. In short, the Committee has, *inter alia:*

- Nominated an independent external auditor for re-appointment by shareholders at the Annual General Meeting;
- Determined the terms of engagement and fees to be paid to the auditor;
- Ensured that the appointment of the auditor complied with the Companies Act and other relevant legislation;
- Monitored and reported on the independence of the external auditor in the Annual Financial Statements;
- Pre-approved contracts for non-audit services to be rendered by the external auditor;
- Ensured there is a process for the Committee to be informed of any reportable irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor; and
- Reviewed the quality and effectiveness of the external audit process and ensured that the auditor was independent.

Integrated annual reporting

The Committee oversaw the integrated reporting and in particular has:

- Considered all factors and risks that may have an impact on the integrity of the IAR;
- Reviewed the Annual Financial Statements and summarised information;
- Considered whether there are any material sustainability issues;
- Reviewed the content of the summarised information to ensure that it provided a balanced view;
- Prepared a report to be included in the Annual Financial Statements; and
- Recommended the IAR to the Board for approval.

Review of internal controls

The review of internal controls remains the responsibility of the Audit Committee and the required testing and investigation are performed by external service providers and competent in-house financial staff.

The Committee is of the opinion, after having considered the assurance provided by management and external providers, that the Group's system of internal financial controls, in all material aspects, is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the Annual Financial Statements.

Sustainability policy

The Audit Committee, in conjunction with the Social and Ethics Committee, has ensured the establishment and maintenance of the relevant management structures and processes to meet the objectives of EOH's sustainability policy. Refer to the Sustainability Report on pages 45 to 55.

Conclusion

The Committee hereby reports to the shareholders that:

Going concern

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

Statutory reporting

The Audit Committee has evaluated the Annual Financial Statements of the Company and the Group for the year ended 31 July 2014 and considers that the Company and the Group comply, in all material respects, with the Companies Act, International Financial Reporting Standards ('IFRS'), SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, the JSE Listings Requirements and applicable legislation.

The Committee received no complaints on the accounting practices, financial statements or internal controls of the Company.

Integrated Annual Report

The Committee, having fulfilled the oversight role regarding the reporting process and all material factors that may impact the integrity of the IAR, recommends that the IAR and the consolidated Annual Financial Statements be approved by the Board.

The Committee is satisfied that it has met the requirements of its terms of reference.

Rob Sporen
Chairman, Audit Committee
28 November 2014

The Risk Committee

The EOH Board is responsible for the governance of EOH's risk and for setting levels of risk tolerance. It has tasked the Risk Committee with assisting the Board in carrying out its risk responsibilities. The Risk Committee ensures that there is ongoing assessment and monitoring of the risks. The Executive Committee is accountable to the Board for designing, implementing and monitoring EOH's risk management processes and senior managers are responsible for effectively managing risk within their respective areas of responsibility.

Role

The role of the Risk Committee ('the Committee') is to assist the Board with the implementation of effective policies and an effective plan for risk management.

Responsibilities

The Committee performs all functions necessary to fulfil its aforementioned role, including the following:

- Oversee the development and annual review of the risk policy and risk management plan;
- Monitor the implementation of the policy and plan;
- Approve systems and processes;
- Make recommendations to the Board regarding the level of risk tolerance;
- Oversee the risk management plan;
- Ensure that risk management assessments are performed on a continuous basis;
- Ensure that frameworks and methodologies are implemented to anticipate risks;
- Ensure that management considers and implements appropriate risk responses;
- Ensure that management monitors risk;
- Liaise closely with the Audit Committee to exchange information relevant to risk;
- Express an opinion to the Board on the effectiveness of the system and process of risk management; and
- Review the reporting of risk to be included in the IAR.

Composition

The Committee comprises three independent non-executive directors, the Group CEO and the Group FD. The members of the Committee have the requisite knowledge, skills and experience to effectively carry out the Committee's mandate.

The Committee consists of:

- Rob Sporen
- Tshilidzi Marwala
- Tebogo Skwambane
- Asher Bohbot
- John King

Corporate governance report (continued)

Attendance

During the year under review, the Risk Committee met and the attendance was as per the table below:

Member	Designation	Status	Attendance
Rob Sporen	Chairman	Independent non-executive	2/2
Tshilidzi Marwala	Member	Independent non-executive	2/2
Tebogo Skwambane	Member	Independent non-executive	1/2
Asher Bohbot	Member	Group CEO	2/2
John King	Member	Group FD	2/2

Enterprise Risk Management ('ERM') overview

The process of managing enterprise risk within EOH is encapsulated in the EOH Group ERM policy. The policy and framework describes EOH's risk management framework, philosophy, approach and process.

The effective management of enterprise risk is central to EOH. The EOH Group ERM philosophy drives the design and deployment principles of the enterprise-wide operational risk programme.

The identified risks, their likelihood of occurrence, severity if occurred, mitigating control and the risk management outcomes are discussed on a regular basis. Risks are ranked and prioritised, ensuring a swift response and intervention to risks outside of the tolerance levels. No risks identified exceeded tolerance levels. Liquidity risks are managed on a short-term and long-term basis ensuring the pairing of known cash in and outflows, with predictions of expected cash flows.

Ownership of risk management

The Committee, chaired by a non-executive director, is responsible for the risk management process and reports to the Board.

The EOH Executive Committee ('EXCO') is the business sponsor for the risk programme. This operational body monitors and reviews the Group's risk management system and reports its findings to John King, EOH's Chief Risk Officer, on a regular basis.

Operational responsibility for execution of the programme and the achievement of the agreed outputs is part of the responsibility of operational management. Those responsible for the management of risks are also responsible for ensuring that the necessary operational controls are adequate and effective at all times.

EOH Group ERM objectives

The central driving principle in achieving Group ERM objectives is the consistent application of the ERM framework.

The core objectives are:

- To protect shareholder value by understanding and minimising the impact of uncertain future events;
- To maintain EOH Group ERM policy;
- To provide an information platform for more effective Group strategic and operational planning;
- To enhance organisational resilience by maintaining an embedded enterprise risk management culture;
- To provide an information system to deal more effectively with potential business disruptions thereby minimising the financial impact on the organisation; and
- To provide a structure and systematic process to learn from loss events and to put the necessary controls in place to prevent the recurrence of such incidents.

ERM lines of defence

The 'three lines of defence' that support the Board:

First line – operating divisional management

The Group's first line of defence are the senior executives and business unit managers who are directly responsible for EOH's business operations. They are accountable for:

- Managing the day-to-day risk exposures by applying appropriate procedures, internal controls and Group policies;
- The effectiveness of risk management and risk outcomes;
- Allocating resources to execute risk management activities;
- Tracking risk events and losses;
- Identifying issues and implementing remedial actions to address these issues; and
- Reporting and escalating material risks and issues to the Chief Risk Officer and Risk Committee.

Second line – Group risk function

The Chief Risk Officer ('CRO') is a member of EXCO and is accountable for the effectiveness of EOH's risk management function. The CRO reports to the Group CEO and has direct and unrestricted access to the Risk Committee Chairman. He is responsible for developing Group-wide risk management policies, overseeing their implementation and reporting on risk issues to EXCO.

Third line – assurance

The third line of defence comprises the Group's independent assurance functions that provide an independent and balanced view of all aspects of risk management (both first and second line of defence) across the Group to the various governance bodies within the Group.

Rob Sporen
Chairman, Risk Committee
28 November 2014

The IT Governance Committee

The Board has tasked the IT Governance Committee with ensuring the effectiveness of EOH's information technology policies, processes and standards.

Role and responsibilities

The purpose of the Committee is to:
- Focus on the effectiveness of EOH's IT strategy;
- Evaluate and ensure effective and efficient IT systems, policies and procedures;
- Evaluate and ensure that there is appropriate management capacity and resources;
- Review the capital and operating budgets for all IT activities;
- Focus on the effectiveness of documentation for systems, programming, network and operations activities; and
- Focus on the effectiveness of business continuity and backup procedures.

Composition and Attendance

Member	Designation	Status	Attendance
Tshilidzi Marwala	Chairman	Independent non-executive	2/2
Lucky Khumalo	Member	Independent non-executive	1/2
Asher Bohbot	Member	Group CEO	2/2
John King	Member	Group FD	2/2
Rob Godlonton	Member	Executive	2/2
Hendrick Mosopa	Member	Group CIO	2/2

Conclusion

During the year, the Committee focused on the following:
- Reviewed and updated the IT charter and policies;
- Approved the information security strategy;
- Confirmed that there are adequate business resilience arrangements in place for disaster recovery;
- Monitored the return on investment of significant IT projects;
- Ensured that the IT risk management framework is adequate;
- Ensured that the IT governance measures and controls supporting IT services are adequate;
- Ensured that intellectual property is properly protected;
- Ensured that IT risks are adequately addressed; and
- Delegated and empowered management to implement the approved strategy.

The Committee, having fulfilled its oversight role regarding the risk management process, is satisfied that it has met the requirements of its terms of reference.

Tshilidzi Marwala
Chairman, IT Governance Committee
28 November 2014

The Remuneration and Nominations Committee

The Remuneration and Nominations Committee is responsible for reviewing and approving the remuneration of directors and senior management and recommending the appointment of directors to the Board.

Role

The Remuneration and Nominations Committee ('the Committee') meets formally at least twice a year. The Chairman of the Board and the Group CEO meet to discuss the performance of other executive directors and to make proposals as necessary.

The primary role of the Committee is to ensure that the Company's directors and senior executives are paid fairly for their individual contributions to the Company's performance, and that remuneration policies are appropriate to retain and motivate the directors and senior management.

Composition

The Committee consists of an independent non-executive Chairman and two other independent non-executive directors, the Group CEO, Group FD and the Human Resources Director ('HR Director'):

- Rob Sporen
- Tebogo Skwambane
- Lucky Khumalo
- Asher Bohbot
- John King
- Pumeza Bam

Responsibilities

The Committee must perform the following:

- Oversee the setting and administration of remuneration at all levels in the Group;
- Establish a remuneration policy to promote the achievement of strategic objectives and encourage outstanding individual performance;
- Review the implementation of the remuneration policy to ensure that objectives are being achieved;
- Ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the Group's needs and strategic objectives;
- Satisfy itself as to the accuracy of recorded performance measures that govern incentives;
- Ensure that all benefits are justified and correctly valued;
- Consider the results of the evaluation of the performance of the Group CEO and other executive directors;
- Regularly review incentive schemes;
- Advise on the remuneration of non-executive directors; and
- Oversee the remuneration report to be included in the IAR.

Attendance

The attendance at the Committee is indicated in the table below:

Member and Invitee	Designation	Status	Attendance
Rob Sporen	Chairman	Independent non-executive	2/2
Tebogo Skwambane	Member	Independent non-executive	1/2
Lucky Khumalo	Member	Independent non-executive	1/2
Asher Bohbot	Invitee	Group CEO	2/2
John King	Invitee	Group FD	2/2
Pumeza Bam	Invitee	HR Director	2/2

Corporate governance report (continued)

EOH's remuneration philosophy

EOH's primary remuneration philosophy is to employ and reward high calibre and high performing employees who subscribe to the values and culture of the Group. EOH recognises that the employees are integral to the achievement of corporate objectives and that they should be remunerated accordingly for their contribution and the value that they deliver. Fees for non-executive directors should be determined in the context of good governance and be market related.

In compliance with the principles of King III, the remuneration function of the Committee assists the Board of Directors in setting and administering remuneration policies. The remuneration policy within the EOH Group is reviewed annually by the Committee. The Committee ensures that the Company complies with the principles set out in King III and the Companies Act.

EOH's primary remuneration intent is to employ and reward high calibre and high performing employees.

EOH's remuneration strategy

EOH's remuneration strategy is aligned with the business strategy to attract, retain, motivate and reward employees to deliver on the strategy. The Remuneration and Nominations Committee uses third party information to benchmark the remuneration to ensure that it is market related:

- Guaranteed annual salaries (with benefits commensurate with the market place);
- Profit share incentive that rewards short-term operational performance; and
- Share option schemes (long-term, share-based incentives) that promote retention and drive performance in alignment with shareholder goals.

EOH's remuneration policy

The key principles of EOH's remuneration policy are:

- To provide appropriate remuneration packages to attract, retain and motivate staff, whilst giving consideration to remuneration levels, both within and outside the Group;
- To ensure that packages are competitive as talent is mobile both locally and globally and take advice from an external remuneration specialist from time to time to meet these objectives;
- Guaranteed remuneration is targeted broadly at the median position of the relevant market data. Annual salary adjustments are governed by factors such as the consumer price index (CPI), retention strategies, the producer price index (PPI), industry performance, projected growth, contractual arrangements and affordability;
- Permanent employees are required to belong to a medical aid scheme;
- Permanent employees are members of a defined contribution provident fund scheme – the assets of the provident funds are managed independently and do not form part of the Group's assets;
- Variable pay is an important component of remuneration and both annual and long-term performance-based schemes are in place in support of the Group business strategy;
- Incentive scheme performance measures are assessed by the Remuneration and Nominations Committee – these measures are weighted between corporate performance, individual performance, and financial and non-financial criteria;
- Performance measures are applicable to the time period to which the scheme relates;
- Annual bonuses are based on performance for the financial year, while the long-term incentive scheme measures are based on long-term sustainability and shareholder value;
- The Group CEO is empowered to determine the remuneration packages of senior executives based on the guidelines agreed at the Committee meetings; and
- To value and reward individual contributions – Executive reward is by its nature individualistic and performance based. Accordingly, there is a guaranteed component of an executive's remuneration with a variable component specific to each individual's performance.

Remuneration structure of employees

The salaries of employees are reviewed each year. Employees' salaries are recommended by the business unit leaders and are approved by the Group CEO. Changes in the scope and roles of individuals are considered. The table below details benefits provided to employees as part of their total cost to company ('TCTC').

Benefit	Detail
Provident fund	Participation in the EOH Provident Fund is available for permanent employees. The fund is a defined contribution fund.
Medical aid	It is a condition of employment that permanent employees, unless otherwise covered by a spouse's medical aid, must join one of the Company's designated medical aid schemes.
Group personal accident cover	It is a condition of employment that permanent employees participate in the Company's group risk cover. This includes Group Life, Global Education Protector in the event of death, Medical Premium waiver for a period of 12 months, disability, dread disease and family/funeral cover. There is also additional life cover available.
Car allowance	Employees who need to use their own transport during the course of their duties can elect to allocate a portion of their TCTC as a car allowance.

Bonuses are paid to certain employees based on them meeting preset performance criteria.

Remuneration structure of executives and senior management

The table below summarises the elements of the total remuneration package payable to executive directors, executive committee members and senior management:

Element	Policy
Total cost to company ('TCTC') (includes salary, car allowance, provident and medical aid contributions)	The Company pays market related salaries taking into account the individual's skill and experience.
Performance variable pay	
Bonus	• Targets and key performance indicators ('KPI') are set for each executive. Bonuses are paid based on performance.
Share option scheme	• The Share option scheme enables directors and service management to participate in the growth of the Group based on their own and the Company's performance. The share options lapse when a person ceases to be an employee or if the option has not been exercised after 10 years from due date.

The Group CEO and Group FD are employed in terms of executive employment contracts with a notice period of six months. Other executive directors and senior management are employed in terms of standard employment contracts with a notice period of three months.

Share option schemes

The Company has two share incentive schemes:

- The EOH Share Trust; and
- The Mthombo Trust.

Under the terms of the current schemes, up to 18% of issued shares (21 357 457 shares) are reserved for share options. The share options are equity-settled.

Share option scheme (EOH Share Trust Scheme)

The scheme is governed by a Trust Deed approved by shareholders and the JSE Limited in terms of Schedule 14. The share options lapse when a person leaves the employ of EOH for whatever reason or ten years after issue date.

The participant may exercise their options by paying the strike price and the applicable tax as indicated below:

- 25% after two years
- 25% after three years
- 25% after four years
- 25% after five years

The movements in the EOH Share Trust Scheme are described on page 66.

The Mthombo Trust

The scheme is governed by a Trust Deed which restricts participation to qualifying previously disadvantaged employees. The share options lapse when the participant is no longer employed by EOH or eight years after issue date.

The participant may exercise their options by paying strike price and applicable tax as indicated below:

- 33,3% after three years
- 33,3% after four years
- 33,3% after five years

The movements in the The Mthombo Trust for the year under review appear on page 66.

Non-executive directors' fees

As suggested by King III, Board fees comprise both a retainer fee and an attendance fee. Non-executive directors receive fees for their services as directors and as members of Board committees. The total remuneration payable to non-executive directors requires approval of shareholders at the Annual General Meeting. The last Annual General Meeting was held on 11 February 2014.

Directors' shareholding

The aggregate beneficial holdings of directors of the Company and their immediate families, in the issued ordinary shares of the Company, is detailed on page 65. Directors have no loans with the Company.

Interest of directors in contracts

The directors have certified that they had no material interest in any transaction of any significance with the Company or any of its subsidiaries. A register detailing directors' and officers' interest in the Company is available for inspection at the Company's registered address.

Role of the nomination function of the Committee

In applying the principles of the King Report on Governance for South Africa ('King III'), the nomination function of the Committee is to assist with the process of identifying and evaluating suitable candidates for appointment to the Board.

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

More specifically, the primary responsibilities are to:

- Appoint the Chairman of the Board;
- Ensure that the Board has the appropriate directors to enable it to execute its duties effectively;
- Identify suitable members for appointment to the Board;
- Perform reference and background checks of candidates prior to nomination;
- Ensure that directors are appointed through a formal process;
- Oversee the development of a formal induction programme for new directors;
- Oversee the development and implementation of continuing professional development programmes for directors;
- Consider the performance of directors and take steps to remove directors who do not make an appropriate contribution; and
- Ensure that formal succession plans are in place for the Board, Group CEO and senior executive appointments.

Conclusion

The following areas have been addressed during the year:

- The Company obtained the '2013 survey of the disclosures of Remuneration Policy by the top 80 JSE-listed companies' by PE Corporate Services (Pty) Ltd for consideration;
- Reviewed and approved increases for 2015;
- Reviewed and approved executive directors' remuneration for 2015; and
- Reviewed non-executive directors' remuneration for 2015 for approval at the next AGM.

The Committee met twice during the 2014 financial year and conducted its affairs in compliance with its terms of reference.

The Committee is satisfied that the overall principles laid down by King III have been applied, and that the Companies Act has been adhered to.

Rob Sporen
Chairman, Remuneration and Nominations Committee
28 November 2014

The Social and Ethics Committee

The Social and Ethics Committee is a statutory committee with an independent non-executive Chairman. The Committee has conducted its affairs in compliance with the Board approved terms of reference and has discharged all its responsibilities contained therein.

Role

The Social and Ethics Committee ('the Committee') assists the Board in monitoring the Group's activities in terms of legislation, regulation and codes of best practice relating to ethics, stakeholder engagement, strategic empowerment and compliance with transformation codes. The Committee applies international best practice to provide guidance to management in respect of its duties relating to social, ethics, transformation and sustainability issues.

Composition

- Rob Sporen
- Asher Bohbot
- John King
- Pumeza Bam
- Isobel Townsend
- Adri Els

Responsibilities

- Good corporate citizenship (including the promotion of equality), prevention of unfair discrimination and zero tolerance regarding bribery;
- The development of communities, sponsorships and donations;
- Consumer relations and compliance with consumer protection laws;
- Monitor changes in legislation and Codes of Best Practice;
- Social and economic development activities of the Group including health, public safety and environmental issues;
- Labour and employment practices;
- Management of stakeholder relationships; and
- Continuously monitoring transformation and sustainability initiatives.

Attendance

During the year under review, the attendance at Committee meetings was as follows:

Member and Invitees	Designation	Status	Attendance
Rob Sporen	Chairman	Independent non-executive	2/2
Asher Bohbot	Member	Group CEO	2/2
John King	Member	Group FD	2/2
Pumeza Bam	Member	HR Director	1/2
Isobel Townsend	Invitee	Finance Executive	2/2
Adri Els	Invitee	Group Company Secretary	2/2

Human resources and transformation

EOH continues its drive towards economic and social equity through the process of Broad-Based Black Economic Empowerment ('BBBEE'). Transformation is managed at an operational level and reported and monitored at Group level via EOH's various reporting structures. The best measure of EOH's overall success is reflected in the Group BBBEE rating – a Level 2 contributor status under the South African Department of Trade and Industry ('DTI') Code of Good Practice – the highest rating of its peers on the JSE.

The Board has formalised a transformation programme with measurable objectives for the Group in terms of transformation, skills development and training.

Summary of DTI Codes scores for the Group:

Element	Indicator	July 2014	July 2013
Management control	Black divisional executive directors	40,00%	36,00%
Employment equity	Black employees at senior management	21,65%	20,21%
	Black employees at middle management	39,76%	36,77%
	Black employees at junior management	74,16%	64,92%
Skills development	Skills development expenditure on learning programmes for black employees as a percentage of leviable amount	1,45%	2,49%
	Number of black employees participating in learnerships (category B, C and D).	980	676
Preferential procurement	BBBEE procurement spend as a percentage of total measured procurement spend.	79,61%	48,92%
Enterprise development	Value of all socio-economic development contributions and sector-specific programmes as a percentage of net profit after tax ('NPAT')	8,29%	7,20%
Socio-economic development	Value of enterprise development contributions and sector specific programmes measured as a percentage of NPAT	3,66%	1,97%
Ownership	Percentage of voting rights and economic interest of black people	36,31%	36,19%

The Board places significant emphasis on the use of empowered suppliers for goods and services.

As required by King III, the Committee has anti-corruption measures and procedures, designed to reduce the opportunity for corrupt activity.

Conclusion

During the year the Committee successfully addressed the following:

- Reviewed the Committee's terms of reference;
- Promoted the adoption of the Code of Ethics by all employees;
- Rolled out the Code of Ethics to existing and new employees;
- Trained members on social/ethical governance;
- Reviewed compliance with the BBBEE rating criteria;
- Reviewed the Skills Development Plan, Employment Equity Plan, Enterprise Development Plan; and
- Reviewed CSI initiatives/programmes.

The Committee met twice during the year and deliberated on all aspects relating to the expectations in accordance with Section 72 of the Companies Act, 71 of 2008 read in conjunction with regulation 43 of the Companies Regulations, 2011.

The Committee confirms that the Group gives the necessary attention to its transformation, social and ethics responsibilities. Policies and programmes are in place to contribute to social and economic development, ethical behaviour, fair labour practices, environmental issues and good client relations.

There were no areas of non-compliance with legislation and regulation, or non-adherence with the codes of best practice. The Committee is satisfied that it has met the requirements of its terms of reference.

Rob Sporen
Chairman, Social and Ethics Committee
28 November 2014

Application of the 27 King III Principles

	Activity	Responsible committee(s)	Response
2.1	The Board should act as the focal point for and custodian of corporate governance.	Board	Applied
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	Board Social and Ethics Committee Audit Committee Risk Committee	Applied
2.3	The Board should provide effective leadership on an ethical foundation.	Risk Committee	Applied
2.4	The Board should ensure that the Company is and is seen to be a responsible citizen.	Board Social and Ethics Committee Risk Committee	Applied
2.5	The Board should ensure that the Company's ethics are managed effectively.	Board Social and Ethics Committee	Applied
2.6	The Board should ensure that the Company has an effective and independent Audit Committee.	Board Audit Committee	Applied
2.7	The Board should be responsible for the governance of risk.	Board Audit Committee Risk Committee	Applied
2.8	The Board should be responsible for Information Technology ('IT') governance.	Board IT Governance Committee	Applied
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	Board Social and Ethics Committee	Applied
2.10	The Board should ensure that there is an effective risk-based internal audit.	Use of external service providers and internal finance persons outside of share services. Rotation of compliance/substantive reviews of business units	Applied
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation.	Board	Applied
2.12	The Board should ensure the integrity of the Company's integrated report.	Board Audit Committee	Applied
2.13	The Board should report on the effectiveness of the Company's system of internal controls.	Board Audit Committee	Applied

	Activity	Responsible committee(s)	Response
2.14	The Board and its directors should act in the best interests of the Company.	Board	Applied
2.15	The Board should consider business rescue proceedings and other turnaround mechanisms if the Company becomes financially distressed as defined in the Companies Act.	Board	Applied
2.16	The Board should elect a chairman of the Board who is a non-executive director. The Group CEO should not fulfil the role of Chairman of the Board.	Remuneration and Nominations Committee	Applied
2.17	The Board should appoint the Group CEO and establish a framework for the delegation of authority.	Board Remuneration and Nominations Committee	Applied
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	Board Remuneration and Nominations Committee	Applied
2.19	Directors should be appointed through a formal process.	Remuneration and Nominations Committee	Applied
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	Board Remuneration and Nominations Committee	Applied
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.	Board Remuneration and Nominations Committee	Applied
2.22	The evaluation of the Board, its committees and individual directors should be performed every year.	Board	Applied
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	Risk Committee Audit Committee Social and Ethics Committee IT Governance Committee Remuneration and Nominations Committee	Applied
2.24	A governance framework should be agreed between the Group and its subsidiaries' boards.	Board Risk Committee	Applied
2.25	Companies should remunerate directors and executives fairly and responsibly.	Remuneration and Nominations Committee	Applied
2.26	Companies should disclose the remuneration of each individual director.	Remuneration and Nominations Committee	Applied
2.27	Shareholders should approve the Company's remuneration policy.	Remuneration and Nominations Committee	Applied

Note: EOH's response to all the 75 principles of the King III report is disclosed on the EOH website: www.eoh.co.za

Sustainability Report

We collaborate with both government and the private sector and use technology, skills and know-how to make South Africa a better place.

Sustainability report

Group CEO's statement on sustainability

EOH is a technology and knowledge services organisation. Our purpose is to bring knowledge, technology, skills and organisational ability which is critical to our economy and society.

At EOH, we bring about solutions that not only generate profits for the Group, but that contribute to our country's democracy, governance and service delivery. This approach is underpinned by our strong appreciation that South Africa's development and growth is not the sole responsibility of government. Government is responsible for creating an enabling environment through legislation and other frameworks whilst corporates need to assist government meet these objectives. EOH is one of the leading organisations that is doing just this.

Our service offerings help public sector organisations deliver basic social services efficiently and effectively and we support government's commitment to reducing unemployment and inequality. We collaborate with both government and the private sector and use our technology, skills and know-how to make South Africa a better place.

We respond to the needs and requirements of the economy, the private sector and government. We have developed products and services that address these needs, including water, energy, infrastructure, engineering, health and other related services.

At EOH, we address the needs of all our stakeholders without compromise or sacrifice, to ensure the sustainability of both the Company and the environment in which we operate.

Social and Ethics Committee Chairman's statement on sustainability

The Social and Ethics Committee is responsible for developing and reviewing the Group's policies relating to sustainability.

During the year under review, the Board approved the revised Code of Ethics and updated its Terms of Reference. The Social and Ethics Committee carefully monitors developments relating to the BBBEE Charter and ICT Industry Charter and determines the appropriate response thereto. During the year, working groups drafted a compliance table articulating EOH's adherence to the ICT Charter; promotion of equality and human rights; promotion of health and safety; promotion of good customer relations; environmental consciousness; labour and employment practices; prevention of fraud, bribery and corruption; and compliance with good corporate governance principles. The Committee is satisfied with the Group's progress in all these areas and with the Social and Ethics Plans for 2015.

South Africa remains one of the most unequal societies in the world with high poverty levels and high unemployment. The level of productivity also remains one of the key challenges facing South Africa. Education needs to be improved as this further exacerbates the level of unemployment.

The country's inability to develop the necessary skills makes it difficult for business to sustain reasonable growth levels and to venture into new growth areas. More importantly, these challenges present South Africa with an added burden of having to 'take care' of more people than is necessary. This, in turn, impacts on the development of critical social initiatives, such as health, infrastructure, housing, water and electricity.

At EOH, we believe that it is our responsibility to help overcome these challenges. We view sustainability as our ability to be relevant, and to contribute to the upliftment of the economic, social and environmental elements of our business and society.

Over the years, we have contributed to the development of skills through our job-creation initiative. We have implemented a health and wellness programme and we continue to ensure that the business remains profitable.

Beyond the regulatory requirements of establishing the required Board sub-committees and complying with the BBBEE codes of good practice, EOH has gone a step further by being a good corporate citizen.

This report reflects EOH's efforts in responding to the challenges in South Africa, while continuing to grow the business to take advantage of opportunities in both South Africa and the rest of Africa.

Sustainability is a journey, and we will continue to refine our sustainability approach and practices.

Sustainability report

This report describes our sustainability initiatives from an environmental, social and economic perspective.

The report has been prepared in accordance with the fourth generation ('G4') Global Reporting Initiatives ('GRI') guidelines which is the latest set of guidelines issued by the GRI. GRI guidelines promote the use of sustainability reporting as a means for organisations to become more sustainable and contribute to sustainable development. In accordance with the requirements of the GRI G4, we have applied the following principles in defining the report content and quality.

Principles for the **content** of the report include stakeholder inclusiveness, sustainability context, materiality and completeness.

Principles for the **quality** of the report include balance, comparability, accuracy, timeliness, clarity and reliability.

During the current financial year, EOH collated the required sustainability data from all of its businesses with the assistance of CoZero, a company specialising in sustainability measurements and reporting.

Due to the nature of EOH and its diverse management structure, the operational control approach has been implemented. Therefore, all EOH subsidiaries have been included in the measurement framework.

Sustainability strategy

EOH recognises the need for sustainability and has always embraced the philosophy of Best People, Partner for Life (for its people, customers, vendors and other stakeholders), Right 1st Time, Sustainable Transformation and to Lead and Grow.

EOH believes that the inter-dependence of people, business, and the community are inseparable, and that a company is fundamentally a social structure. EOH's sustainability philosophy is informed by EOH's desire to be in business forever.

Sustainability resonates with EOH's core approach to business, namely understanding what people want, what they feel and what they need. EOH then creates a business and an environment that fulfils these needs. We create a sustainable environment and ensure that our impact is positive and sustainable in relation to the three P's: Planet, People and Prosperity.

EOH concentrates its efforts in the following areas:

Planet

- Energy saving;
- Water resource optimisation; and
- Reducing travelling.

People

- Training and developing employees;
- Upholding best labour relations practices;
- Contributing to job creation; and
- Supporting health and wellness.

Prosperity

- Providing technology, knowledge, skills and organisational ability; and
- Ensuring sustainable profitable growth.

Ethics and integrity

Code of Ethics

All employees are required to maintain the highest ethical standards to ensure that the Group's business practices are conducted in a manner that is above reproach. To this effect, all employees are required to adhere to EOH's 'Work Life Constitution'. A culture of individual employees assuming personal responsibility for their actions is encouraged, as is a culture of full disclosure.

Board ethics

Directors are required to declare their interests at least annually in order to determine whether there is any conflict with their duties to EOH. Directors are also required to disclose any conflicts of interest if and when they arise.

Ethical leadership

The Board's philosophy of ethical leadership provides the foundation for values which are central to the way business is conducted. Decisions and actions are based on these values which include:

- Integrity is non-negotiable;
- Respect the dignity of every individual;
- Strive for professional excellence;
- Caring for the environment;
- Promote the fight against corruption;
- Everyone's contribution creates value; and
- Building relationships with customers.

The Executive Committee is responsible for ensuring these values are adhered to. The Board's Social and Ethics Committee ensures compliance with these principles.

Core values

Integrity	Integrity requires all stakeholders to be honest, truthful and to build trust through their relationships and actions.
Professionalism	Professionalism requires all stakeholders to deliver quality products and services professionally, on time and in accordance with end-users' expectations. 'Right 1st Time'.
Fairness	Fairness requires all stakeholders to treat people fairly and with respect and dignity.
Loyalty	Loyalty requires all stakeholders to be loyal through their personal conduct and not to undermine the Company in any way.
Accountability	Accountability requires all stakeholders to take full ownership and responsibility for their actions.

Stakeholder inclusiveness

Understanding what people want, feel and need cannot be achieved without engaging with stakeholders. The stakeholder engagement process is core to our business strategy and to achieving our business objectives. EOH works with its people, customers, suppliers, investors, Non-Government Organisations ('NGOs') and official bodies, and is receptive to their views. Open and continuous dialogue helps us understand stakeholder expectations and raises our awareness and commitment.

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

EOH's involvement in community projects contributes to local economies, both in South Africa and in the rest of Africa.

Sustainability report (continued)

Stakeholder inclusiveness (continued)

Stakeholder group	Strategic approach	Activities
Society/community	Build a prosperous South Africa through improved education, health, wellness and job creation.	• Job creation initiatives • CSI initiatives • Donations to community projects • Engage directly with local communities
Customers	Deliver high-quality products and services to clients that meet their needs and expectations. This is ensured through EOH's 'Right 1st Time' quality process.	• Account Executives for strategic accounts • Customer visits • Customer service desks • EOH website and social media
Employees	Attract, develop and retain the best people.	• Superior recruitment policies and procedures • Employment Equity forums • Employee surveys • Health and safe environment • Performance appraisals • Employee benefits • Employee wellness
Investors	Remain an attractive investment.	• Investor open days • Investor meetings (one-on-one) • Internet updates/communications • Publication of results – interim and annual results
Suppliers/Technology Partners	Maintain long-term relationships with suppliers.	• Communication with key suppliers • Supplier agreements
Government	Strengthen relations with all tiers of government.	• Proactive interaction and communication at all levels • Compliance with the relevant acts, regulations and legislation • Contribute to improved service delivery

Environmental, social and economic performance

EOH has identified a number of issues and is actively managing each of these:

	Issue	Description	Response
Environmental responsibility	Waste management	Avoid, minimise and manage the disposal of general and hazardous waste.	All hazardous IT waste is responsibly disposed of or recycled. Paper waste is recycled. Processes are being developed to sort, monitor and recycle general waste.
	Energy and greenhouse gases	Improve energy efficiency. Promote renewable energy usage.	Develop an energy and greenhouse gas data collection and monitoring system. Buildings are systematically being 'greened'.
Social responsibility	Education	Improve the level of education.	Ongoing funding of maths and science training of teachers to ensure that we equip school leavers with the necessary skills. EOH Academy performs an important function here.
	Job creation	Unemployment is at the core of our societal issues. Create jobs through the Youth Job Creation initiative.	EOH has embarked on a major job creation drive to assist in the creation of sustainable jobs. To date, over 1 220 graduates and school leavers have been trained. Most have been permanently employed by EOH.
	Healthy employees and society	Assist with programmes to improve the health of workers/ employees.	EOH has wellness days and screening facilities in major centres. More than 1 300 employees participated in either health screenings or personal health assessments and HIV counselling and testing.
	Training and development	Increase the number of people trained.	The EOH Academy continuously trains and develops employees. Financial assistance is available to employees who wish to enhance their career paths. Learnership development programmes are in place.
	Employment equity	Comply with and exceed regulatory and legislative targets.	EOH has achieved a BBBEE Level 2 – the highest in its sector.
Economic sustainability	Economic value generated and distributed	Transparent disclosure to stakeholders.	This sustainability report clearly indicates revenue, operational costs, taxes paid, interest payments, salaries paid to employees and other shareholders. Detailed financial results are included in this Integrated Annual Report.

Sustainability report (continued)

Environmental responsibility

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

EOH and its subsidiaries are committed to the protection of the environment through the implementation of effective environmental management programmes. The Group complies with all applicable environmental legislation and makes all reasonable efforts to exceed its formal obligations to protect the environment.

The sustainability journey at EOH is ongoing and we will continue to strive to improve in all areas.

Environmental data

Indicator/period	2014	2013	2012
Scope 1 emissions (tonne CO_2e)	3 274	3 412	2 847
Scope 2 emissions (tonne CO_2e)	6 138	6 508*	4 932
Scope 3 emissions (tonne CO_2e)	5 765	2 350*	4 664
Fuel consumption diesel (litres)	398 422	356 339	191 396
Fuel consumption petrol (litres)	917 423	1 078 552	1 008 916
Electricity consumption (kWh)	5 821 366	6 173 153*	4 981 922
Estimated business air travel (passenger km)	10 998 651	9 979 637	8 030 716
Employee travel in personal cars for business purposes (km) (tonne CO_2e)	2 134	324	3884
Employee travel in personal cars for business purposes (diesel litres)	761 681	330 082	267 727
Employee travel in personal cars for business purposes (petrol litres)	1 328 964	1 032 844	936 805
Business travel in rental cars (km)	912 874	658 941	484 976
Paper consumption estimated (tonnes)	21,3	19,9	83,2
Water consumption (kilolitres)	18 395	6 906	13 242
Emissions intensity (Scope 1 and 2 emissions/#FTE)	1,2	2,3	1,7

** Restated based on updated information*

Social responsibility

EOH is certified as a Large Enterprise Level 2 Contributor, with a BBBEE Procurement Recognition of 156% as a Value Adding Vendor. EOH realises that the role of the private sector is key to fulfilling the transformation goals of the country.

EOH's black shareholding is in excess of 36,3%, of which 8,3% are black women. 67% of the Board members are black and 46,8% of EOH's senior, middle, and junior management staff are black.

EOH has demonstrated its commitment to transformation by embarking on numerous CSI, enterprise development and job creation initiatives. Refer to the Social and Ethics Committee report on page 38.

EOH was ranked in the top 10 CSI companies in South Africa in the *Sunday Times' Top 100* rankings.

In addition to the several initiatives already mentioned on page 16, we also have been active in the Rand Water Foundation, Jacob Zuma RDP Education Trust and the Cape Town All Stars, to mention but a few.

Rand Water Foundation

EOH donated R1,25 million to the Rand Water Foundation. The funds were utilised to acquire a number of different machines for the development of a sewing centre which is part one of a community project.

Jacob Zuma RDP Education Trust

EOH donates funds to the RDP trust which has been set up to assist disadvantaged children, youth and senior citizens with educational material and food parcels. The trust supports over 4 000 youth and 5 000 senior citizens. The fund provides access to education for the most needy and disadvantaged youth in society.

Cape Town All Stars

EOH entered into a development programme with the Cape Town All Stars Soccer Club in Gugulethu. The programme focuses on developing underprivileged children by providing them with soccer training, general life skills training as well as ensuring they have basic needs such as food, shelter and clothing.

"Sustainability is a journey, and we will continue to make a positive contribution in this area."

Sustainability report (continued)

Economic sustainability

All areas of EOH's business operations have seen strong growth during the period under review, with a further shift to services in line with EOH's strategic intent.

The Board of Directors of EOH expressed its satisfaction with the performance for the period under review. Revenue increased by 42% to R7 220 million and profit after tax is up by 49% to R492 million. The growth is attributable to a combination of both organic growth and recent acquisitions.

"EOH's success is largely attributable to its unfailing business philosophy that is centred on people," says Group CEO Asher Bohbot. "We have always strived to attract, develop and retain the best people in the industry with the purpose of creating life-long, mutually beneficial partnerships with our customers and partners. Doing things 'Right 1st time' epitomises the philosophy of EOH."

Health and safety

Health and safety committees are set up regionally with trained health and safety representatives. Health and safety initiatives, such as first aid kits at all locations, staff trained in first aid techniques and incident registers are in place. EOH has a Health and Safety Manager responsible for ensuring compliance with all relevant health, safety and environmental legislation.

Compliance

EOH respects and complies with the laws of the countries in which it operates. This includes corporate laws, common law and all the relevant and specific laws and regulations applicable to EOH.

Transformation

Commitment

EOH is committed to the empowerment of those who have been economically marginalised and previously disadvantaged through discriminatory practices. EOH does not discriminate and creates a work environment that promotes equal opportunities for all. EOH acknowledges and accepts that it has an important role to play in normalising society through positive intervention programmes.

Ownership

EOH is a listed Company with shares held by private individuals and public entities alike. EOH's black shareholding is 36,3% and we will continue to strive to improve this percentage.

Employment equity

EOH complies with the requirements of the Employment Equity Act and currently has a total PDI staff complement of 54%.

Management and control

EOH has a board consisting of twelve directors. There are seven non-executive directors – one white and six black members, of whom two are female. There are five executive directors – three white and two black members, of whom one is female. The participation by black directors is quantified at 67% and the participation by black female directors is 25%.

Skills development

EOH's skills development policy, implemented at operational level, meets the aims and objectives of the Skills Development Act. The total cost of skills development for black people, adjusted using the gender recognition, was R41,4 million.

EOH had 980 black trainees on training programmes during the last financial year. Another 600 trainees will be recruited for 2014/2015.

The EOH Academy, accredited through the Services SETA, plays a vital role in developing employees. Employees also attend external training programmes and seminars in line with their functional requirements.

Preferential procurement

EOH has developed and implemented policies and procedures to increase and maintain procurement from black-owned and black-controlled enterprises. EOH spent 61% of its total measured procurement spend on suppliers with a BBBEE status varying from Level 1 to Level 8 and the weighted BBBEE procurement spend equated to 79,6% of total measured procurement spend.

Enterprise development

Enterprise development includes monetary and non-monetary contributions made to beneficiary entities, with the objective of contributing to the development, sustainability, financial and operational independence of those beneficiaries. Total Enterprise Development contributions by EOH totalled R38,3 million in the form of loans, grants, mentorship programmes, donations, discounts and other forms of assistance.

EOH has established an Enterprise Development Trust which facilitates enterprise development funding to small enterprises. The object of the trust is to take reasonable measures to ensure that benefits are transferred to beneficiaries through the effective and efficient use of available resources.

Corporate social investment

EOH supported many organisations during the year under review. These organisations and programmes have been highlighted throughout this report and in the report by the Social and Ethics Committee. Through these upliftment programmes a much larger group of people has benefited.

Employee relations

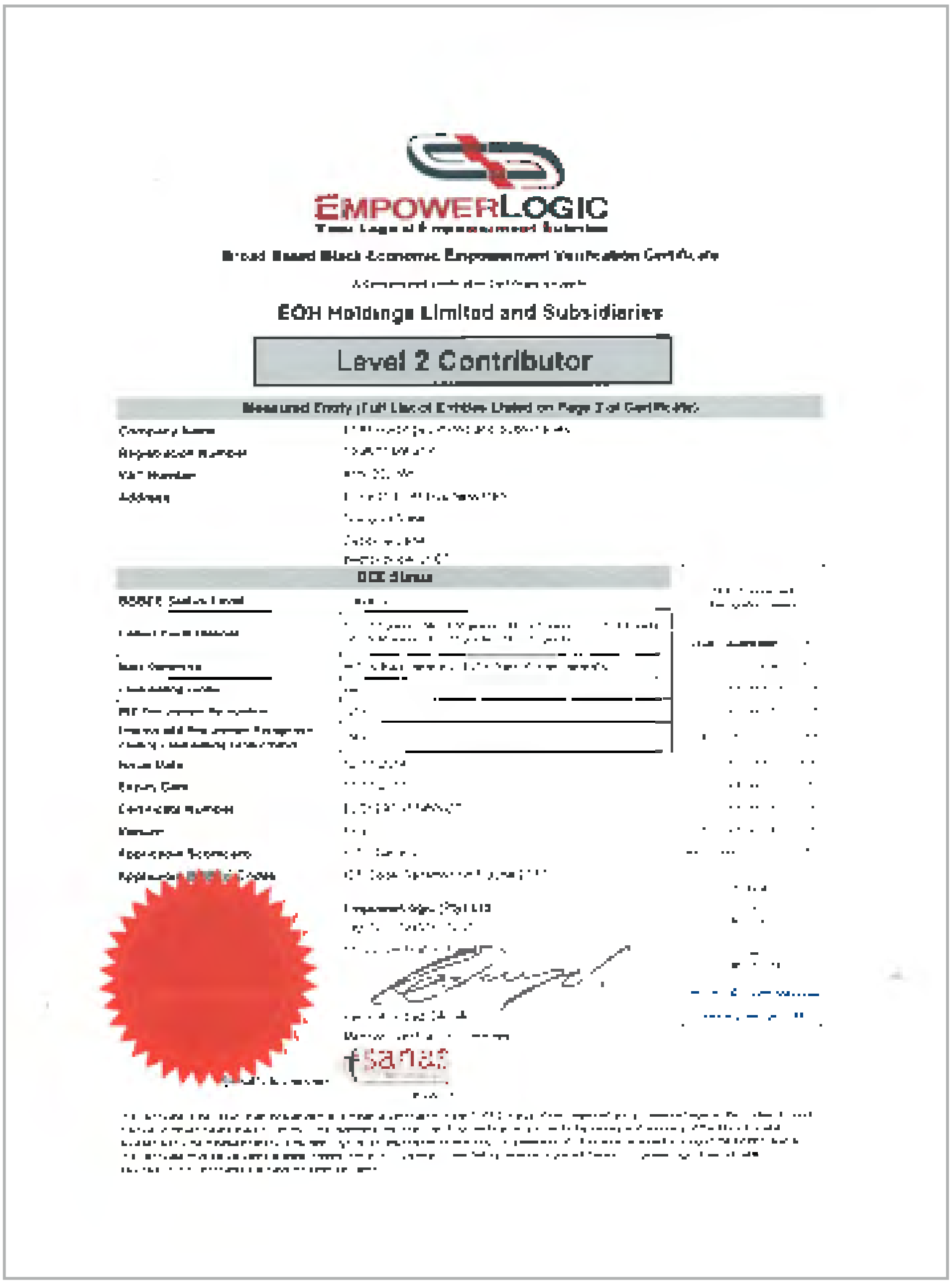
The Group provides equal employment opportunities and has a strong culture of upliftment of its people through extensive employee development programmes and through leadership development.

The Employment Equity and training plan is compiled in consultation with employee representatives and is lodged with the Department of Labour in line with the required reporting dates each year. The major objectives adopted in this plan are:

- The promotion of equal opportunities and fair treatment of employees;
- The promotion of affirmative action measures to redress any disadvantages in South Africa's employment practices of the past; and
- The continuous development of employees.

The Employment Equity Committee monitors the implementation of the plan.

The Group has an established and well-recognised policy of encouraging employee involvement on a wide range of issues. Various participative structures are designed to achieve good employer/employee relationships through effective sharing of relevant information.


EMPOWERLOGIC

Broad Based Black Economic Empowerment Verification Certificate

EOH Holdings Limited and Subsidiaries

Level 2 Contributor

Measured Entity (Full List of Entities Listed on Page 2 of Certificate)

Company Name

Registration Number

VAT Number

Address

BEE Status

B-BBEE Status Level

Issue Date

Expiry Date

Certificate Number

Empowerlogic (Pty) Ltd

sanas

Independent reports

Independent auditor's report to the shareholders of EOH Holdings Limited

We have audited the financial statements of EOH Holdings Limited which comprise the consolidated and separate statements of financial position as at 31 July 2014, the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 69 to 122.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of EOH Holdings Limited as at 31 July 2014, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 July 2014, we have read the directors' report, the Audit Committee's report and the Group Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Mazars (Gauteng) Inc.

Mazars (Gauteng) Inc
Registered Auditor
Director: **S Ranchhoojee**
Johannesburg
28 November 2014

Directors' responsibility statement

The directors of the Group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Annual Financial Statements. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act.

The Group's independent external auditors, Mazars (Gauteng) Inc, have audited the Annual Financial Statements and their unmodified report appears on page 58.

The directors are also responsible for the systems of internal control which are designed to provide reasonable, but not absolute, assurance as to the reliability of the Annual Financial Statements, to adequately safeguard, verify and account for assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel. There is appropriate segregation of authority and duties.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

The Annual Financial Statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the Group will not remain a going concern for the foreseeable future.

The directors' report and Annual Financial Statements set out on pages 61 to 122 were approved by the Board of Directors on 28 November 2014 and are signed on its behalf by:

Asher Bohbot
Group Chief Executive Officer
28 November 2014

Rob Sporen
Non-executive Director
28 November 2014

Certification by the Group Company Secretary

In terms of Section 88 (2)(e) of the Companies Act, I certify that to the best of my knowledge and belief, the Company and the Group has lodged with the Companies Intellectual Property Commission, for the financial year ended 31 July 2014, all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Adri Els
Group Company Secretary
28 November 2014

Report of the Audit Committee

The Audit Committee ('the Committee') comprises Rob Sporen (Chair), Tebogo Skwambane and Prof Tshilidzi Marwala, who are all independent non-executive directors of the Company. The Committee is satisfied that it has performed all the functions required to be performed by an audit committee as set out in the Companies Act and the Committee's terms of reference.

The Committee has satisfied itself through enquiry that the auditors of EOH Holdings Limited are independent as defined by the South African Companies Act, 2008 (Act 71 of 2008), as amended.

There is a formal procedure governing any non-audit services performed by the external auditor.

The Committee recommended the re-appointment of the current auditors for the 2015 financial year. Such appointment is subject to the approval of shareholders at the Annual General Meeting to be held in February 2015. Sanjay Ranchhoojee is to be assigned as the designated audit partner of EOH Holdings Limited.

The Audit Committee is satisfied with the effectiveness of the internal controls and the experience and expertise of the Group's finance function.

Rob Sporen
Chairman of the Audit Committee
28 November 2014

Directors’ report

Directors' report

The directors have pleasure in submitting their report on the activities of the Company and the Group for the year ended 31 July 2014.

Nature of business

EOH is the largest ICT services provider in South Africa and is committed to providing the technology, knowledge, skills and organisational ability critical to Africa's development and growth. EOH has been listed on the JSE Limited ('JSE') since 1998 and has consistently delivered strong financial results.

EOH provides a full range of end-to-end service offerings. EOH is the largest implementer of enterprise applications solutions and has a wide range of outsourcing, cloud, managed services and Business Process Outsourcing ('BPO') solutions. EOH's 8 000 staff members deliver these services to customers across all major industries with a focus on the financial services, telecommunications, public sector, mining, manufacturing and retail sectors.

EOH operates from 134 points of presence in South Africa, 29 countries in Africa and in the UK.

EOH is a Level 2 contributor and has the highest BBBEE rating of its peers on the JSE.

EOH's purpose

- To provide technology, knowledge, skills and organisational ability critical to Africa's development and growth
- To be an ethical and relevant force for good and to play a positive role in society, beyond normal business practice

Basis of preparation

The audited consolidated results for the year ended 31 July 2014 have been prepared by the Group Financial Director, John King, CA(SA), in accordance with International Financial Reporting Standards ('IFRS'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act.

The accounting policies and methods of computation applied in the preparation of these audited consolidated results for the year under review, which are based on reasonable judgements and estimates, are in accordance with IFRS and are consistent with those applied in the preparation of the Group's Annual Financial Statements for the year ended 31 July 2013, and any amendments required thereto as a result of new standards and mandatory amendments effective for the first time in the current year.

Trading results

The results of operations for the year ended 31 July 2014 are detailed in the table below. Earnings attributable to ordinary shareholders amounted to R505 million, representing earnings per share of 447,0 cents and headline earnings per share of 446,6 cents per share. The Group's operating income is attributable to its core business operations. A summary of the Group's trading results and comparatives is set out below:

Figures in Rand thousand	2014	**2013**
Revenue	7 220 372	5 085 979
Profit before tax	669 093	466 698
Taxation	(176 930)	(135 339)
Profit for the period	492 163	331 359
Earnings per share (cents)	447,0	343,7
Headline earnings per share (cents)	446,6	339,1
Diluted earnings per share (cents)	418,2	309,8
Diluted headline earnings per share (cents)	417,9	305,6
Dividend per share (cents)	120,0	95,0

Group's financial position

The financial position of the Company and Group are set out in the statements of financial position, statements of comprehensive income and statements of cash flows in the Annual Financial Statements section of this report.

Business combinations

EOH will continue to grow organically and through strategic acquisitions. During the year under review EOH continued to consolidate and complement its existing service offerings and expand into new services and territories.

Further details are made available in the business combinations note (note 37) to the Annual Financial Statements.

Investments in subsidiaries

Full details of all interests in subsidiaries are included in the Annual Financial Statements, in note 34.

Stated capital

7 805 675 shares were issued during the year as a result of employees exercising share options in terms of the EOH share option schemes and to settle vendors for acquisitions.

Ordinary shares in issue totalled 118 653 543 at 31 July 2014. At 31 July 2014, 2 598 961 shares were held by a wholly-owned subsidiary of EOH. These shares will not be cancelled. Between the year-end and the publication of this report, 5 269 079 ordinary shares have been issued.

Shareholding

At 31 July 2014, the major categories of shareholders were as follows:

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	4 753	56,08	2 129 179	1,79
1 001 – 10 000 shares	2 961	34,93	9 659 257	8,14
10 001 – 100 000 shares	619	7,30	17 930 920	15,12
100 001 – 1 000 000 shares	129	1,52	40 854 432	34,43
1 000 001 shares and over	14	0,17	48 079 755	40,52
	8 476	100,00	118 653 543	100,00
Distribution of shareholders				
Banks	44	0,52	13 449 462	11,34
Close corporations	123	1,44	532 477	0,45
Endowment funds	44	0,52	401 107	0,34
Individuals	6 577	77,60	32 941 317	27,76
Insurance companies	30	0,35	670 117	0,56
Investment companies	15	0,18	3 442 078	2,90
Medical schemes	3	0,04	6 070	0,01
Mutual funds	84	0,99	20 285 389	17,10
Other corporations	79	0,93	1 306 291	1,10
Own holdings	1	0,01	1 866 886	1,57
Private companies	237	2,80	12 294 723	10,36
Public companies	7	0,08	77 092	0,06
Retirement funds	72	0,85	14 795 850	12,47
Share trusts	1 160	13,69	16 584 684	13,98
	8 476	100,00	118 653 543	100,00

Major shareholders

According to the records of the Company, the only shareholders registered at 31 July 2014 holding 3% or more of the Company's shares were:

	Shareholding		Shareholding	
	31 July 2014	%	31 July 2013	%
Government Employee Pension Fund	11 547 880	9,73	4 525 300	4,08
Fidelity	7 766 200	6,55	8 322 000	7,51
Bejaled Trust	7 085 336	5,97	6 730 685	6,07
V55 Investments (Pty) Ltd	n/a	n/a	5 470 158	4,93
Tactical Software Systems (Pty) Ltd	6 848 866	5,77	4 143 492	3,74
The Mthombo Trust	3 724 842	3,14	4 107 367	3,71
PSG Investments	n/a	n/a	4 047 320	3,65
Foord	n/a	n/a	3 504 997	3,16
	36 973 124	31,16	40 851 319	36,85
Public vs non-public				
Public	97 785 716	82,42	93 787 381	84,60
Non-public:				
Directors and associates of the Company holdings	15 168 480	12,78	7 375 343	6,65
Share trusts	1 866 886	1,57	4 214 986	3,82
Own holdings	3 832 461	3,23	5 470 158	4,93
	118 653 543	100,00	110 847 868	100,00

Directorate

The following directors served during the period:

- Sandile Zungu (Chairman) (appointed 1 October 2013)
- Asher Bohbot (Group CEO)
- John King (Group FD)
- Danny Mackay (appointed 1 November 2013)
- Dion Ramoo
- Jane Thomson
- Lucky Khumalo
- Pumeza Bam
- Rob Sporen
- Tebogo Skwambane
- Thoko Mnyango
- Tshilidzi Marwala

Directors' interest in the shares of the Company

At 31 July 2014 the directors' direct and indirect interest in the Company's issued shares were as follows:

	Direct beneficial		Share based expense		Share options			
	Number of shares		(R'000)	(R'000)	Number of options	Average strike price (cents)	Number of options	Average strike price (cents)
	2014	2013	2014	2013	2014	2014	2013	2013
Directly								
Asher Bohbot	–	–	2 412	1 390	1 025 000	2034	1 650 000	599
Pumeza Bam	28 370	27 620	207	95	234 167	360	264 167	360
Lucky Khumalo	–	–	–	95	–	–	166 667	444
John King	580 026	189 066	1 127	878	400 000	2046	800 000	721
Dion Ramoo	108 000	110 000	213	196	30 000	4920	241 667	360
Jane Thomson	306 682	217 972	830	838	475 000	1292	700 000	798
Sandile Zungu	1 200	–	–	–	–	–	–	–
Mathews Phosa	–	–	–	859	–	–	–	–
Tebogo Skwambane	–	–	–	68	–	–	–	–
Tshilidzi Marwala	–	–	–	68	–	–	–	–
Indirectly								
Asher Bohbot	7 085 336	6 730 685	–	–				
Danny Mackay	6 848 866	–	–	–				
Rob Sporen*	210 000	210 000	–	68				

**Rob Sporen: Indirect-beneficial Rnil (2013: 79 000 shares).*

Movement in share options during the year

- Asher Bohbot increased his interest by 526 088 shares by exercising 925 000 share options and selling 127 533 shares at R85.79 and 271 379 shares at R88.39. The proceeds of the sale of these shares were used to settle the exercise price and the tax in respect thereon. The average strike price for share options exercised was 409 cents. (2013: Asher Bohbot exercised 500 000 share options to increase his interest by 252 513 shares.)
- Pumeza Bam exercised 50 000 share options through the sale of shares at R72.51. She increased her interest by 5 750 shares by exercising 10 000 share options and selling 4 250 shares at R92.93. The proceeds of the sale of these shares were used to settle the exercise price and the tax in respect thereon. The average strike price for share options exercised was 360 cents. (2013: Pumeza Bam exercised 15 000 share options through the sale of shares at R40.65.)
- John King increased his interest by 137 891 shares by exercising 250 000 share options and selling 58 960 shares at R70.53 and selling 53 149 at R85.99. The proceeds of the sale of shares were used to settle the exercise price and tax in respect thereon. He also exercised 250 000 share options through the sale of shares at R84.04. The average strike price for share options exercised was 501 cents. (2013: John King exercised 250 000 share options to increase his interest by 126 256 shares. He also exercised 125 000 share options through the sale of shares at R37.91.)

- Dion Ramoo increased his interest by 69 456 shares by exercising 120 834 share options and selling 51 378 at R85.99. He also exercised 120 833 share options through the sale of shares at R68.79. The proceeds of the sale of shares were used to settle the exercise price and tax in respect thereon. The average strike price for share options exercised was 360 cents. (2013: Dion Ramoo exercised 25 000 share options to increase his interest by 13 575 shares. He also exercised 133 333 share options through the sale of the shares at R37.91.)
- Jane Thomson increased her interest by 148 710 by exercising 275 000 share options and selling 126 290 shares at R70.53. The proceeds of the sale of shares were used to settle the exercise price and tax in respect thereon. The average strike price for share options exercised was 694 cents. (2013: Jane Thomson exercised 162 500 share options to increase her interest by 85 624 shares. She also exercised 175 000 share options through the sale of shares at R37.91.)
- Lucky Khumalo exercised 166 666 share options through the sale of shares at R71.35. The average strike price for share options exercised was 444 cents (2013: Lucky Khumalo exercised 166 666 share options through the sale of shares at R37.91.)

Movement in share options since year-end

- John King increased his shareholding by 74 488 shares by exercising 137 500 share options.
- Asher Bohbot increased his shareholding by 179 754 shares by exercising 325 000 share options.
- Jane Thomson increased her shareholding by 132 097 shares by exercising 237 500 share options.
- Pumeza Bam increased her shareholding by 117 936 shares by exercising 204 167 share options.

Directors' interest in contracts

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

Share incentive scheme

The Company has a share incentive scheme giving directors and management the opportunity to participate in the growth of the Group. The Mthombo Trust Share Scheme restricts participation to qualifying PDI directors/managers/employees.

Under the terms of the current schemes up to 18% of the issued share capital is reserved for share options (21 357 457 shares).

	The EOH Share Trust	The Mthombo Trust	Total
Opening balance	9 958 831	2 855 646	12 814 477
Granted	1 850 000	548 000	2 398 000
Exercised	(3 471 068)	(1 017 105)	(4 488 173)
Forfeited	(137 500)	(506 237)	(643 737)
Closing balance	8 200 263	1 880 304	10 080 567
Exercisable in the current year	2 381 622	748 665	

**Percentage of available share options utilised is 47%.*

Between year-end and publishing of the Integrated Annual Report, the following shares were issued to employees:

- The EOH Share Trust – 1 236 500 ordinary shares
- The Mthombo Trust – 436 000 ordinary shares

Liquidity and solvency

The directors performed the liquidity and solvency test as required by the Companies Act and concluded that the liquidity and solvency of the Group is adequate.

Contingent liabilities

There are instances where the business is involved in litigation to recover monies due and payable from its clients for services rendered. Where there is a risk of only partial recovery or no recovery at all, management has made the appropriate doubtful debt or credit note allowances.

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

Litigation statement

Save for the above-mentioned, the directors, whose names are given on pages 6 and 7 of the report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have a material effect on the Group's financial position.

Subsequent events

Other than the events noted in the Integrated Annual Report, no material event or transaction has occurred subsequent to 31 July 2014 that warrants adjustment to, or notification in, the Annual Financial Statements.

Special resolutions

At the Annual General Meeting held on 11 February 2014, EOH's shareholders passed the following special resolutions:

Special resolution 1:
Approval of the non-executive directors' remuneration

Special resolution 2:
General approval to acquire shares

Special resolution 3 and 4:
Financial assistance in terms of section 44 and 45

Dividends

A gross cash dividend of 120 cents (2013: 95 cents) per share ('the dividend') was declared and paid to shareholders recorded in the books at the close of business on Friday, 31 October 2014. This represents a 26% increase in dividends compared with the previous year. Shareholders were advised that the last day of trade *cum* dividend was Friday, 24 October 2014. The shares traded *ex* dividend as from Monday, 27 October 2014. Payment was made on Monday, 3 November 2014.

Shareholders were advised that the Company would withhold the dividend tax and pay over the required amount to SARS on their behalf.

- The dividend was paid out of income reserves;
- The local dividend tax rate is 15%;
- There were no secondary tax on companies credits utilised against the dividend;
- The gross local dividend was 120 cents per share for shareholders exempt from paying the new dividend tax;
- The net local dividend amount was 102 cents per share for shareholders liable to pay the new dividend tax;
- EOH's tax reference number is 9248321847; and
- There are 118 653 543 ordinary shares in issue.

No change statement

The Integrated Annual Report for the year ended 31 July 2014 does not contain any material modifications to the reviewed results which were published on 17 September 2014.

Annual Financial Statements

for the year ended 31 July 2014

Statement of financial position

as at 31 July 2014

Figures in Rand thousand	Notes	Group 2014	Group 2013	Company 2014	Company 2013
Assets					
Non-current assets					
Investment property	3	–	2 872	–	–
Property, plant and equipment	4	404 572	226 324	–	–
Goodwill and intangible assets	5	2 001 181	1 031 945	–	–
Investments in subsidiaries	34	–	–	159 549	95 127
Equity accounted investments	6	2 090	–	–	–
Other financial assets	7	3 676	26 551	–	–
Deferred tax	8	212 021	103 544	–	–
Finance lease receivables	9	114 462	74 894	–	–
		2 738 002	1 466 130	159 549	95 127
Current assets					
Inventory	10	142 221	66 479	–	–
Loans to group companies	34	–	–	679 627	473 952
Other financial assets	7	61 017	12 401	–	–
Current tax receivable		26 031	27 265	–	–
Finance lease receivables	9	66 136	46 595	–	–
Trade and other receivables	11	1 588 132	1 185 075	675	334
Cash and cash equivalents	12	1 064 522	653 007	46	7
		2 948 059	1 990 822	680 348	474 293
Total assets		5 686 061	3 456 952	839 897	569 420
Equity and liabilities					
Equity					
Equity attributable to owners of the parent					
Stated capital	13	627 006	398 909	797 727	560 313
Shares to be issued		371 066	167 527	14 896	–
Reserves		349 106	170 718	8 863	6 953
Accumulated profit		1 270 985	883 170	827	1 799
		2 618 163	1 620 324	822 313	569 065
Non-controlling interest		10 647	403	–	–
		2 628 810	1 620 727	822 313	569 065
Liabilities					
Non-current liabilities					
Other financial liabilities	17	730 007	351 416	–	–
Finance lease obligations	18	40 820	1 793	–	–
Deferred tax	8	169 249	53 398	184	78
		940 076	406 607	184	78
Current liabilities					
Other financial liabilities	17	627 201	217 777	17 040	–
Current tax payable		49 465	30 180	–	–
Finance lease obligations	18	33 756	1 333	–	–
Trade and other payables	19	1 033 724	1 020 429	289	246
Deferred income		372 958	159 868	–	–
Dividend payable		71	31	71	31
		2 117 175	1 429 618	17 400	277
Total liabilities		3 057 251	1 836 225	17 584	355
Total equity and liabilities		5 686 061	3 456 952	839 897	569 420

Statement of comprehensive income

for the year ended 31 July 2014

		Group		Company	
Figures in Rand thousand	Notes	2014	2013	2014	2013
Revenue	22	7 220 372	5 085 979	–	–
Cost of sales		(4 631 650)	(3 075 359)	–	–
Gross profit		2 588 722	2 010 620	–	–
Operating expenses		(1 680 917)	(1 413 876)	(866)	(8 989)
Depreciation	4	(90 748)	(48 881)	–	–
Amortisation of intangible assets	5	(97 543)	(52 140)	–	–
Operating profit/(loss) before interest and impairments	23	719 514	495 723	(866)	(8 989)
Investment income	24	29 676	18 483	105 305	70 607
Impairment of assets	5	–	(6)	–	–
Share of profits of equity accounted investments		337	–	–	–
Finance costs	25	(80 434)	(47 502)	–	(2)
Profit before taxation		669 093	466 698	104 439	61 616
Taxation	26	(176 930)	(135 339)	(106)	38
Profit for the year		492 163	331 359	104 333	61 654
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	15	12 636	1 500	–	–
Total comprehensive income for the year		504 799	332 859	104 333	61 654
Profit attributable to:					
Owners of the parent		487 608	331 509	104 333	61 654
Non-controlling interest		4 555	(150)	–	–
		492 163	331 359	104 333	61 654
Total comprehensive income attributable to:					
Owners of the parent		500 244	333 009	104 333	61 654
Non-controlling interest		4 555	(150)	–	–
		504 799	332 859	104 333	61 654
Earnings per share (cents)	27	447,0	343,7		
Diluted earnings per share (cents)	27	418,2	309,8		

Statement of changes in equity

for the year ended 31 July 2014

Figures in Rand thousand	Stated capital	Shares to be issued to vendors
Group		
Balance at 1 August 2012	285 553	112 933
Profit for the year	–	–
Other comprehensive income	–	–
Issue of shares	194 455	–
Treasury shares	(66 440)	–
Non-controlling interest acquired	–	–
The effects of consolidating the Mthombo Trust	(14 659)	–
Shares to be issued**	–	54 594
Share-based payments (note 14)	–	–
Dividends	–	–
Balance at 1 August 2013	398 909	167 527
Profit for the year	–	–
Other comprehensive income	–	–
Issue of shares	237 414	–
Non-controlling interest acquired (note 37)	–	–
Movement in treasury shares*	(9 317)	–
Shares to be issued**	–	203 539
Share-based payments (note 14)	–	–
Dividends	–	–
Balance at 31 July 2014	627 006	371 066
Notes	13	
Company		
Balance at 1 August 2012	365 858	–
Profit for the year	–	–
Issue of shares	194 455	–
Treasury shares	–	–
Dividends	–	–
Balance at 1 August 2013	560 313	–
Profit for the year	–	–
Issue of shares	237 414	–
Shares to be issued**	–	14 896
Treasury shares	–	–
Dividends	–	–
Balance at 31 July 2014	797 727	14 896
Notes	13	

** R99 415 162 was paid to increase the number of treasury shares by 1 201 317*

*** Shares to be issued to vendors comprises shares to be issued to vendors as consideration relating to both current and prior years' business combinations*

Foreign currency translation reserve	Other reserves	Total reserves	Accumulated profit	Total attributable to shareholders	Non-controlling interest	Total equity
(119)	111 509	111 390	618 562	1 128 438	1 400	1 129 838
–	–	–	331 509	331 509	(150)	331 359
1 500	–	1 500	–	1 500	–	1 500
–	–	–	–	194 455	–	194 455
–	41 647	41 647	–	(24 793)	–	(24 793)
–	47	47	–	47	(847)	(800)
–	–	–	–	(14 659)	–	(14 659)
–	–	–	–	54 594	–	54 594
–	16 134	16 134	–	16 134	–	16 134
–	–	–	(66 901)	(66 901)	–	(66 901)
1 381	169 337	170 718	883 170	1 620 324	403	1 620 727
–	–	–	487 608	487 608	4 555	492 163
12 636	–	12 636	–	12 636	–	12 636
–	–	–	–	237 414	–	237 414
–	–	–	–	–	5 689	5 689
–	141 282	141 282	–	131 965	–	131 965
–	–	–	–	203 539	–	203 539
–	24 470	24 470	–	24 470	–	24 470
–	–	–	(99 793)	(99 793)	–	(99 793)
14 017	335 089	349 106	1 270 985	2 618 163	10 647	2 628 810
15	16					
–	3 879	3 879	10 751	380 488	–	380 488
–	–	–	61 654	61 654	–	61 654
–	–	–	–	194 455	–	194 455
–	3 074	3 074	–	3 074	–	3 074
–	–	–	(70 606)	(70 606)	–	(70 606)
–	6 953	6 953	1 799	569 065	–	569 065
–	–	–	104 333	104 333	–	104 333
–	–	–	–	237 414	–	237 414
–	–	–	–	14 896	–	14 896
–	1 910	1 910	–	1 910	–	1 910
–	–	–	(105 305)	(105 305)	–	(105 305)
–	8 863	8 863	827	822 313	–	822 313
15	16					

Statement of cash flows

for the year ended 31 July 2014

		Group		Company	
Figures in Rand thousand	Notes	2014	2013	2014	2013
Cash flows from operating activities					
Cash generated from/(used in) operations	28	718 891	532 912	(1 164)	(8 822)
Investment income	24	29 676	18 483	–	1
Dividends received	24	–	–	105 305	70 606
Finance costs	25	(80 434)	(47 502)	–	(2)
Tax paid	29	(260 695)	(154 688)	–	–
Net cash inflow from operating activities		407 438	349 205	104 141	61 783
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(158 604)	(86 634)	–	–
Sale of property, plant and equipment	4	8 730	2 345	–	–
Purchase of other intangible assets	5	(40 298)	(113)	–	–
Net cash (outflow)/inflow from acquisition of businesses	37	(143 595)	27 979	–	–
Loans advanced to Group companies		–	–	(22 829)	–
Proceeds from loans to Group companies		–	–	23 992	5 735
Outflow relating to financial assets		(9 555)	(56 634)	–	–
Net cash (outflow)/inflow from investing activities		(343 322)	(113 057)	1 163	5 735
Cash flows from financing activities					
Proceeds from other financial liabilities		641 920	201 351	–	–
Repayment of other financial liabilities		(342 083)	(180 869)	–	(120)
Proceeds from treasury shares		165 472	14 354	–	3 074
Finance lease payments		(18 255)	(3 012)	–	–
Dividends paid	30	(99 753)	(67 464)	(105 265)	(70 615)
Net cash inflow/(outflow) from financing activities		347 301	(35 640)	(105 265)	(67 661)
Total cash inflow/(outflow) movement for the year		411 417	200 508	39	(143)
Cash at the beginning of the year		653 007	451 867	7	150
Effect of exchange rate movement on cash balances		98	632	–	–
Total cash at the end of the year	12	1 064 522	653 007	46	7

Accounting policies

for the year ended 31 July 2014

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act. The Annual Financial Statements have been prepared on the historical cost basis, except for the measurement of investment properties which has been accounted for at fair value and financial instruments accounted for in terms of IAS 39. The Annual Financial Statements incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period, except for necessary changes as a result of new standards and amendments mandatorily effective for the first time in the current year as described in note 2.

The Annual Financial Statements are presented in South African Rand, which is the Company's functional currency. All financial information has been rounded to the nearest thousand.

1.1 Consolidation

Basis of consolidation

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

The results of subsidiaries are included in the consolidated Annual Financial Statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the Annual Financial Statements of subsidiaries to bring their accounting policies in line with those of the Group.

Inter-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised in equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for the non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. The remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except for the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

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

1. Presentation of Annual Financial Statements (continued)

1.1 Consolidation (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-Current Assets Held-For-Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes.

Non-controlling interest arising from a business combination is measured at their share of the fair value of the assets and liabilities of the acquiree.

The Group measures goodwill at the acquisition date as:

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

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

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

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the Group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Investments in joint ventures

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

1. Presentation of Annual Financial Statements (continued)

1.1 Consolidation (continued)

The results and assets and liabilties of joint ventures are incorporated in these consolidated Annual Financial Statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5.

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

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

1.2 Use of significant estimates and judgements

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information, historical experience and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Significant judgements include:

Valuation allowances

Valuation allowances may be raised against loans and receivables. Management determines estimates based on the information available.

Options granted

Management used the Binomial model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 14.

Fair value estimation

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

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

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

1. Presentation of Annual Financial Statements (continued)

1.2 Use of significant estimates and judgements (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill, intangible and tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value-in-use of goodwill, intangible and tangible assets are inherently uncertain and could materially change over time.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably. Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Transaction costs are included in the initial measurement. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the Group; and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment is depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

1. Presentation of Annual Financial Statements (continued)

1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	50 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	3 to 6 years
IT equipment	2 to 3 years
Computer software	2 years
Leasehold improvements	Period of the lease
Medical equipment	4 years
Other equipment	5 to 7 years

Land included in land and buildings is not depreciated.

Leased assets are depreciated over the shorter of the lease term and the asset's useful life. If it is reasonably certain that the Group will obtain ownership by the end of the lease term, the asset is then depreciated over the useful life of the asset.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Assets under construction are not depreciated and only depreciated when they are available for use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Goodwill and intangible assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Goodwill and intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Subsequently intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis and adjustments, where applicable, are made on a prospective basis.

1. Presentation of Annual Financial Statements (continued)

1.5 Goodwill and intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as goodwill and intangible assets.

Amortisation, charged to the statement of comprehensive income, is provided to write down the intangible assets, on a straight-line basis, over the finite useful life of the asset, to nil as follows:

Item	Useful life
Contracts	1 to 5 years
Customer relations	2 to 5 years
Intellectual property	2 to 7 years
Internally generated software	3 to 10 years
Other intangible assets	2 to 5 years

1.6 Investments in subsidiaries

In the Company's separate Annual Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- The fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- Any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.7 Financial instruments

Classification

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

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

Initial recognition and measurement

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value. When there is a difference between the transaction price of a financial instrument on initial recognition and the fair value thereof, the difference is treated as follows:

- If that fair value is evidenced by a quoted price in an active market for an identical instrument, the difference is recognised in profit or loss immediately; and
- In all other cases, the difference is deferred and recognised in profit or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the instrument.

Transaction costs directly attributable to the acquisition or issue of loans and receivables as well as financial liabilities at amortised cost are included in the measurement of these financial instruments on initial recognition.

1. Presentation of Annual Financial Statements (continued)

1.7 Financial instruments (continued)

Subsequent measurement

After initial recognition loans and receivables are measured at amortised cost, using the effective interest method, less accumulated impairment losses. Loans to Group companies, other financial assets, cash and cash equivalents and trade and most other receivables fall into this category of financial instruments.

The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are subsequently measured at amortised cost, using the effective interest method or at fair value through profit and loss based on appropriate classification.

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

Offsetting and derecognition

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a current legally enforceable right to set off the recognised amount and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised if the Group's rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control of substantially all risks and rewards of the asset.

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

Impairment of financial assets

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

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss. Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised. Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written-off are credited against operating expenses.

1.8 Taxation

Tax assets and liabilities

Tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1. Presentation of Annual Financial Statements (continued)

1.8 Taxation (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, unless the deferred tax liability arises from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

- The parent is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- Is not a business combination; and
- At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, to the extent that it is probable that:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- A business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessor

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

1. Presentation of Annual Financial Statements (continued)

1.9 Leases (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

Operating leases – lessor

Operating lease income is recognised as income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual payments are recognised as an operating lease receivable.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as expense on a straight-line basis over the lease term. The difference between the amounts recognised as expense and the contractual payments is recognised as an operating lease accrual. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

1.10 Inventory

Inventory is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventory is based on the first-in, first-out formula and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition.

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

1.11 Deferred income and expenditure

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

1.12 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the Group tests goodwill acquired in a business combination for impairment on an annual basis. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

1. Presentation of Annual Financial Statements (continued)

1.12 Impairment of non-financial assets (continued)

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; then
- To the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset, other than goodwill, attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, all of which are available for use by the Group unless otherwise stated.

1.14 Stated capital

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

Shares in the Company, held by its subsidiaries, are classified in the Group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. Distribution received on treasury shares is eliminated on consolidation.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those treasury shares is deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.15 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

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

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

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably. If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted.

1. Presentation of Annual Financial Statements (continued)

1.15 Share-based payments (continued)

Vesting conditions which are not market related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments is not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved. The fair value of equity-settled options is not remeasured subsequently.

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

Management reassesses the number of options expected to ultimately vest based on non-market vesting conditions. The impact of the revision to the original estimates, if any, is recognised in the statement of comprehensive income, with a corresponding adjustment to equity.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

1.16 Short-term employee benefits

The cost of short-term employee benefits (those expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of value-added tax, trade discounts and volume rebates. Revenue is recognised provided the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and specific criteria have been met for each of the Group's activities.

The Group recognises the revenue from the sale of goods in profit or loss when the significant risks and rewards of ownership of the goods have been transferred to the buyer and the Group no longer retains managerial involvement or control over the goods.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed based on surveys of work performed. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, using the effective interest method. Rental income is recognised on a straight-line basis over the term of the lease.

Accounting policies (continued)

for the year ended 31 July 2014

1. Presentation of Annual Financial Statements (continued)

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Depreciation directly attributable to revenue generating activities is included in cost of sales.

1.19 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Translation of foreign currencies

Functional and presentation currency

Items included in the Annual Financial Statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated Annual Financial Statements are presented in Rand, which is the Company's functional currency and the Group's presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Annual Financial Statements are recognised in profit or loss in the period in which they arise.

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

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1. Presentation of Annual Financial Statements (continued)

1.20 Translation of foreign currencies (continued)

Foreign operations

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.21 Dividends

Dividends are accounted for on the date of declaration and are not accrued as a liability in the Annual Financial Statements until declared.

1.22 Segment reporting

The reportable segments of the Group have been identified based on the nature of their 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 comprise mainly corporate assets, head office expenses and tax assets and liabilities.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year:

In the current year, the Group has adopted the following standards that are applicable to its operations.

IFRS 10 – Consolidated financial statements

- New standard that replaces the consolidation requirements in SIC-12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*. The Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess (effective 1 January 2013).
- Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information (effective 1 January 2013).

IFRS 11 – Joint arrangements

- New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities (effective 1 January 2013).
- Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information (effective 1 January 2013).

IFRS 12 – Disclosure of Interests in other entities

- New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, consolidated structured entities and unconsolidated structured entities (effective 1 January 2013).
- Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information (effective 1 January 2013).

IFRS 13 – Fair value measurement

- New guidance on fair value measurement and disclosure requirements (effective date 1 January 2013).
- *Annual Improvements 2010 – 2012 Cycle*: Amendments to clarify the measurement requirements for those short-term receivables and payables (effective 1 July 2014).

IAS 27 – Consolidated and separate financial statements

- Consequential amendments resulting from the issue of IFRS 10, 11 and 12 (effective 1 January 2013).

IAS 28 – Investments in associates

- Consequential amendments resulting from the issue of IFRS 10, 11 and 12 (effective 1 January 2013).

IAS 34 – Interim financial reporting

- *Annual Improvements 2009–2011 Cycle:* Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities (effective 1 January 2013).

The amendments became effective in the current financial period and the adoption of these amendments affects neither the financial position nor performance of the Group, but only the disclosures.

2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective

The following standards and interpretations have been published and will become mandatory for the Group's accounting periods beginning on or after 1 August 2014 or later periods which are not yet effective. These standards and interpretations will be adopted when they become effective.

IFRS 2 – Share-based payments

- *Annual Improvements 2010 – 2012 Cycle:* Amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions (effective 1 July 2014).

IFRS 3 – Business combinations

- *Annual Improvements 2010 – 2012 Cycle:* Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9 (effective 1 July 2014).
- *Annual Improvements 2011 – 2013 Cycle:* Amendments to the scope paragraph for the formation of a joint arrangement (effective 1 July 2014).

IFRS 8 – Operating segments

- *Annual Improvements 2010 – 2012 Cycle:* Amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations (effective 1 July 2014).

IFRS 9 – Financial instruments

- *Annual Improvements 2010 – 2012 Cycle:* Amendments to the measurement requirements for all contingent consideration assets and liabilities included under IFRS 9 (effective 1 July 2014).
- A finalised version of IFRS 9 has been issued which replaces IAS 39 *Financial Instruments: Recognition and Measurement.* The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition (effective 1 January 2018).
  (*IFRS 9 (2014) supersedes any previous versions of IFRS 9, but earlier versions of IFRS 9 remain available for application if the relevant date of application is before 1 February 2015**).
- The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.
- IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.
- IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

** IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.*

IFRS 11 – Joint arrangements

- Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions (effective 1 January 2016).

IFRS 15 – Revenue from contracts from customers

- New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers (effective 1 January 2017).

2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 15 – Revenue from contracts from customers (continued)

- The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements (effective 1 January 2017).

  The new standard supersedes:
  - IAS 11 Construction contracts;
  - IAS 18 Revenue;
  - IFRIC 13 Customer loyalty programmes;
  - IFRIC 15 Agreements for the construction of real estate;
  - IFRIC 18 Transfers of assets from customers; and
  - SIC-31 Revenue — Barter transactions involving advertising services.

IAS 16 – Property, plant and equipment

- *Annual Improvements 2010 – 2012 Cycle*: Amendments to the revaluation method – proportionate restatement of accumulated depreciation (effective 1 July 2014).
- Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset (effective 1 January 2016).
- Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets (effective 1 January 2016).

IAS 24 – Related party disclosures

- *Annual Improvements 2010 – 2012 Cycle:* Amendments to the definitions and disclosure requirements for key management personnel (effective 1 July 2014).

IAS 27 – Consolidated and separate financial statements

- Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements (effective 1 January 2016).

IAS 36 – Impairment of assets

- Amendments to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal (effective 1 January 2014).

IAS 38 – Intangible assets

- Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset (effective 1 January 2016).
- Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets (effective 1 January 2016).

IAS 40 – Investment property

- *Annual Improvements 2011 – 2013 Cycle:* Amendments to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property (effective 1 July 2014).

Note: The Directors are still in the process of assessing what the impact of these new standards and interpretations will be.

3. Investment property

Figures in Rand thousand	Group 2014	Group 2013	Company 2014	Company 2013
Opening balance	2 872	2 872	–	–
Transfer to property, plant and equipment	(2 872)	–	–	–
Closing balance	–	2 872	–	–

Details of property

Waterford, portion 178 of the farm Lyttelton 381 held under Title Deed No ST 129734/2011. The building has been reclassified to property, plant and equipment due to the fact that it is now owner-occupied. Direct operating costs (including repairs and maintenance) for the year ended 31 July 2014: R503 (2013: R1 367).

Measurement of fair value

The fair value of the property is based on a directors' valuation at date of transfer, taking into account available market evidence. The fair value has been categorised as a level 2 fair value based on the inputs to the valuation techniques used.

4. Property, plant and equipment

Figures in Rand thousand	2014 Cost	2014 Accumulated depreciation	2014 Carrying value	2013 Cost	2013 Accumulated depreciation	2013 Carrying value
Group						
Land and buildings	84 750	(264)	84 486	70 086	(151)	69 935
Furniture and fixtures	50 718	(13 333)	37 385	36 526	(8 456)	28 070
Motor vehicles	31 506	(9 292)	22 214	13 741	(6 066)	7 675
Office equipment	99 931	(25 743)	74 188	20 177	(11 074)	9 103
IT equipment	213 400	(135 578)	77 822	155 350	(101 191)	54 159
Computer software	118 464	(48 111)	70 353	55 026	(27 688)	27 338
Leasehold improvements	62 840	(33 641)	29 199	47 327	(20 287)	27 040
Medical equipment	4 552	(3 630)	922	4 483	(2 784)	1 699
Other equipment	9 308	(1 305)	8 003	1 478	(173)	1 305
	675 469	(270 897)	404 572	404 194	(177 870)	226 324

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

Figures in Rand thousand	Opening balance	Additions	Business combinations	Disposals	Reallocations	Foreign exchange movements	Depreciation	Total
2014								
Land and buildings	69 935	–	11 793	–	2 872	–	(114)	84 486
Furniture and fixtures	28 070	9 077	6 671	(853)	(455)	83	(5 208)	37 385
Motor vehicles	7 675	6 959	13 503	(980)	–	–	(4 943)	22 214
Office equipment	9 103	71 811	5 414	(3 902)	6 636	(5)	(14 869)	74 188
IT equipment	54 159	43 235	25 394	(642)	(6 626)	7	(37 705)	77 822
Computer software	27 338	63 912	4 487	(1 782)	368	–	(23 970)	70 353
Leasehold improvements	27 040	15 424	89	–	–	–	(13 354)	29 199
Medical equipment	1 699	314	32	–	(12)	–	(1 111)	922
Other equipment	1 305	1 975	5 714	(39)	89	–	(1 041)	8 003
	226 324	212 707	73 097	(8 198)	2 872	85	(102 315)	404 572
2013								
Land and buildings	65 198	4 850	–	–	–	–	(113)	69 935
Furniture and fixtures	20 481	8 581	2 480	(320)	422	–	(3 574)	28 070
Motor vehicles	6 690	1 776	1 958	(387)	–	–	(2 362)	7 675
Office equipment	10 586	4 039	593	(570)	(2 830)	–	(2 715)	9 103
IT equipment	34 705	27 694	4 399	(499)	16 350	–	(28 490)	54 159
Computer software	30 112	17 903	3 367	(60)	(14 166)	–	(9 818)	27 338
Leasehold improvements	13 472	21 513	405	(377)	–	–	(7 973)	27 040
Medical equipment	2 612	245	–	(3)	–	–	(1 155)	1 699
Other equipment	–	33	1 155	–	224	–	(107)	1 305
	183 856	86 634	14 357	(2 216)	–	–	(56 307)	226 324

Depreciation expense included in cost of sales is R11 567 (2013: R7 426) and in operating expenses is R90 748 (2013: R48 881).
Buildings were pledged as security against other financial liabilities with a carrying value of R24 091 (2013: R18 853). The pledge is limited to the carrying value of the related liability (note 17).

Additions of R54 103 relate to finance leases.

Property, plant and equipment subject to finance lease*

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Motor vehicles	11 174	2 257	–	–
Office equipment	842	–	–	–
IT equipment	38 302	–	–	–
Medical equipment	138	273	–	–
	50 456	2 530	–	–

** Shown at carrying value.*

5. Goodwill and intangible assets

Figures in Rand thousand	Cost 2014	Accumulated amortisation 2014	Carrying value 2014	Cost 2013	Accumulated amortisation 2013	Carrying value 2013
Group						
Goodwill	1 764 848	–	1 764 848	976 332	–	976 332
Contracts	101 596	(92 561)	9 035	77 262	(72 200)	5 062
Customer relations	204 753	(123 000)	81 753	89 514	(65 491)	24 023
Intellectual property	15 100	(4 000)	11 100	15 100	(1 000)	14 100
Internally generated software	146 965	(14 289)	132 676	8 274	(104)	8 170
Other intangible assets	13 844	(12 075)	1 769	13 844	(9 586)	4 258
	2 247 106	(245 925)	2 001 181	1 180 326	(148 381)	1 031 945

Reconciliation of intangible assets and goodwill

Figures in Rand thousand	Opening balance	Additions	Additions through business combinations	Foreign currency conversion	Impairment	Reallocation	Amortisation	Total
2014								
Goodwill	976 332	–	778 572	9 944	–	–	–	1 764 848
Contracts	5 062	–	24 334	–	–	–	(20 361)	9 035
Customer relations	24 023	–	115 238	–	–	–	(57 508)	81 753
Intellectual property	14 100	–	–	–	–	–	(3 000)	11 100
Internally generated software	8 170	40 298	96 988	1 405	–	–	(14 185)	132 676
Other intangible assets	4 258	–	–	–	–	–	(2 489)	1 769
	1 031 945	40 298	1 015 132	11 349	–	–	(97 543)	2 001 181
2013								
Goodwill	722 993	–	253 339	–	–	–	–	976 332
Contracts	7 060	–	11 945	–	–	–	(13 943)	5 062
Customer relations	44 598	–	12 031	–	–	–	(32 606)	24 023
Intellectual property	14 100	–	–	–	–	–	–	14 100
Internally generated software	–	29	1 145	–	–	7 100	(104)	8 170
Other intangible assets	12 746	84	4 021	–	(6)	(7 100)	(5 487)	4 258
	801 497	113	282 481	–	(6)	–	(52 140)	1 031 945

5. Goodwill and intangible assets (continued)

Impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's reporting units. The impairment tests were based on the value-in-use and were determined by discounting the future cash flows to be generated from the continuing operations of businesses in the divisions. A maximum of five years was used in all discounted future cash flows. The aggregate carrying amounts of goodwill were allocated to the following business units:

	Goodwill	
Figures in Rand thousand	2014	2013
EOH Mthombo	256 376	250 732
Sybrin	187 617	–
HVT	172 757	–
EOH Abantu	146 799	141 317
TSS MS and M-IT	118 416	118 416
XDS	97 317	–
Denis	94 613	94 613
Regro	85 840	–
Multiple units without significant goodwill	605 113	371 254
Total goodwill	1 764 848	976 332

The recognition of impairment losses was not required as the recoverable amounts exceed the carrying amounts of goodwill allocated.

Key assumptions used in discounted cash flow projection calculations

The discount rates used in the discounted cash flow models are calculated using the principles of the Capital Asset Pricing model, taking into account the current market conditions.

A pre-tax weighted-average cost-of-capital rate ranging between 15,5% and 19,7% (2013: 15,2% and 18,1%) was used in discounting the projected cash flows depending on the nature of business. The cash flow projections were based on approved 2015 budgeted results and a reasonable growth rate applied for a further four years thereafter based on market conditions and historic trends. Thereafter a perpetuity growth rate of 4,5% (2013: 3,5%) was applied.

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

6. Equity accounted investments

Figures in Rand thousand		% holding 2014	% holding 2013	Carrying amount 2014	Carrying amount 2013
Group					
Sun Cybernetics JV Proprietary Limited	Unlisted	50	–	198	–
Roadlab Prehab JV Proprietary Limited	Unlisted	50	–	1 892	–
				2 090	–

The carrying amounts of joint ventures are shown net of impairment losses.

The summarised financial information in respect of the Group's joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial records, before intergroup eliminations, and after fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

Figures in Rand thousand	2014	2013
Non-current assets	7 773	–
Current assets	24 084	–
Non-current liabilities	(1 062)	–
Current liabilities	(23 857)	–
Net profit from continuing operations and total comprehensive income	675	–

7. Other financial assets

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Loans and receivables				
Enterprise development loans The loans' maturity dates range between 1 and 3 years.	17 026	14 586	–	–
Shareholders' loans The loans' maturity dates range between 1 and 2 years.	4 854	11 582	–	–
Roadlab Prehab JV Proprietary Limited The loan matures within 1 year.	9 116	–	–	–
Quantified Living Proprietary Limited The loan matures within 1 year.	6 512	–	–	–
CA Incorporated Limited The loans' maturity dates range between 1 and 2 years.	4 101	2 990	–	–
Vendor loans and receivables The loans' maturity dates range between 1 and 2 years.	9 545	7 243	–	–
Other loans and receivables The loans are unsecured, interest free and have no fixed terms of repayment. The loans and receivables consist of a number of smaller loans to unrelated parties.	13 539	2 551	–	–
	64 693	38 952	–	–
Non-current loans and receivables	3 676	26 551	–	–
Current loans and receivables	61 017	12 401	–	–
	64 693	38 952	–	–

7. Other financial assets (continued)

Measurement of loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method. The present value of the loans and receivables was calculated by using a risk adjusted discount rate.

As of 31 July 2014, loans and receivables of R4 522 (2013: R4 522) were impaired and provided for. The creation and release of an allowance for impairment will be included in operating expenses in the statement of comprehensive income. The credit quality of loans receivables are considered to be fair. The Group does not hold any collateral as security.

8. Deferred tax

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Liabilities				
Deferred cost	(81 739)	(25 128)	–	–
Prepaid expenses	(16 755)	(13 642)	(184)	(78)
Leases	(14 622)	(11 567)	–	–
Intangibles	(51 788)	(1 540)	–	–
Property, plant and equipment	(1 381)	(1 521)	–	–
Other	(2 964)	–	–	–
Total liabilities	(169 249)	(53 398)	(184)	(78)
Assets				
Valuation allowances	29 691	11 300	–	–
Bonuses	25 092	19 586	–	–
Leave pay	28 401	23 907	–	–
Deferred income	122 082	45 674	–	–
Assessed losses	5 966	3 077	–	–
Other	789	–	–	–
Total assets	212 021	103 544	–	–
Deferred tax movement				
Opening	50 146	39 222	(78)	(116)
Current year	35 505	1 823	(106)	38
Acquisitions	(43 962)	9 101	–	–
Effect of foreign exchange rate changes	1 083	–	–	–
Closing balance	42 772	50 146	(184)	(78)

9. Finance lease receivables

Figures in Rand thousand	Group 2014	Group 2013	Company 2014	Company 2013
Gross investment in the lease due				
– within one year	91 711	63 171	–	–
– in second to fifth year inclusive	154 506	90 913	–	–
	246 217	154 084	–	–
Less unearned finance income	(65 619)	(32 595)	–	–
	180 598	121 489	–	–
Present value of minimum lease payments due				
– within one year	66 136	46 595	–	–
– in second to fifth year inclusive	114 462	74 894	–	–
	180 598	121 489	–	–

The Group entered into finance leasing arrangements for certain IT equipment.

The lease terms are three to five years and the average effective lending rate is 2% to 5% above prime lending rates.

10. Inventory

	Group 2014	Group 2013	Company 2014	Company 2013
Work in progress	53 766	20 320	–	–
Finished goods	93 145	12 352	–	–
Merchandise and consumables	866	36 612	–	–
	147 777	69 284	–	–
Inventory (write-downs)	(5 556)	(2 805)	–	–
	142 221	66 479	–	–
Carrying value of inventories carried at net realisable value	14 023	13 796	–	–

11. Trade and other receivables

	Group 2014	Group 2013	Company 2014	Company 2013
Trade receivables	1 520 312	1 105 270	–	–
Prepayments	61 747	54 511	478	277
Deposits	–	744	–	–
VAT	598	4 585	196	56
Other receivables	5 475	19 965	1	1
	1 588 132	1 185 075	675	334

Trade and other receivables amounting to R736 982 (2013: R521 854) have been pledged to the Group's bankers for facilities.

Trade and other receivables that are neither past due nor impaired are considered to be of good credit quality and no significant default in payment is expected. This assessment is based on the fact that the vast majority of these debtors are established large enterprises and public sector entities. There is no pattern of default by these customers.

11. Trade and other receivables (continued)

Trade and other receivables past due but not impaired

Trade and other receivables that are less than 90 days past due are not considered to be impaired. At 31 July 2014, R269 612 (2013: R201 086) were past due but not impaired, as there has not been significant changes in the credit quality and the amounts are still considered recoverable.

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
The ageing of amounts past due but not impaired is as follows:				
– 90 days	63 506	52 069	–	–
– 120 days and over	206 106	149 017	–	–
Allowance for doubtful debts				
The Group's trade receivables are stated after allowances for doubtful debts based on management's assessment of creditworthiness, an analysis of which is as follows:				
The ageing of these receivables is as follows:				
– 30 days	56	–	–	–
– 60 days	28	–	–	–
– 90 days	6 019	–	–	–
– 120 days and over	106 237	114 588	–	–
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	114 588	43 331	–	–
Utilised	(11 707)	(5 080)	–	–
Charged to profit or loss	9 459	76 337	–	–
	112 340	114 588	–	–

The creation and release of an allowance for doubtful debts has been included in operating expenses in the statement of comprehensive income. Amounts charged to the allowance account will be written-off only when there is no expectation of recovering additional cash.

The Group does not hold any collateral as security.

12. Cash and cash equivalents

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Cash and cash equivalents consist of:				
Cash on hand	864	1 205	–	–
Bank balances	983 283	600 116	46	7
Short–term deposits	80 375	51 686	–	–
	1 064 522	653 007	46	7
The total amount of undrawn facilities available for future operating activities and commitments	230 620	205 100	144 100	144 100

13. Stated capital

Figures in Rand thousand	Group 2014	Group 2013	Company 2014	Company 2013
Authorised				
500 000 000 ordinary shares				
Reconciliation of number of shares issued:				
Opening balance	101 270	89 192	110 848	100 866
Specific shares issue to share scheme*	2 781	2 497	2 781	2 497
Issues in terms of business combinations**	5 024	7 485	5 024	7 485
Treasury shares	3 426	2 096	–	–
Closing balance	112 501	101 270	118 653	110 848

381 346 457 (2013: 389 152 132) unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last Annual General Meeting subject to the provisions of section 38 of the Companies Act and the requirements of the JSE. This authority remains in force until the next Annual General Meeting. The directors are only authorised to issue up to an aggregate maximum of 10% of the issued share capital for cash in a financial year.

At year-end 2 598 961 (2013: 5 470 158) EOH shares were held by a wholly owned subsidiary of EOH and will not be cancelled.

	Group 2014	Group 2013	Company 2014	Company 2013
Issued				
Stated capital	627 006	398 909	797 727	560 313

* *Average issue price R8,18 (2013: R5,67)*
** *Average issue price R43,83 (2013: R24,09)*

14. Share-based payments

The Group has two share incentive schemes giving directors and management the opportunity to participate in the growth of the Group. The Mthombo Trust restricts participation to qualifying previously disadvantaged directors and employees. For both trusts the employee needs to be in the employ of the Group in order to exercise vested options.

Under the terms of the current schemes, up to 18% of issued shared capital (21 357 457 shares) are reserved for share options. The share options are equity-settled.

Figures in Rand thousand	2014	2013
Total expense recognised arising from share-based payment	24 470	16 134

14. Share-based payments (continued)

The EOH Share Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option price is equal to the share price at date of the offer less 40% discount. The participant may exercise the option in respect of the shares offered in tranches from time to time as set out below. The share options will lapse 10 years after issue date.

- 25% after two years
- 25% after three years
- 25% after four years
- 25% after five years

The Mthombo Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option price is equal to the share price at date of the offer less 40% discount. The participant may exercise the option in respect of the shares offered in tranches from time to time as set out below. The share options will lapse 8 years after issue date.

- 33,33% after three years
- 33,33% after four years
- 33,33% after five years

	The EOH Share Trust (number of shares)	Weighted average strike price of shares (cents)	The Mthombo Trust (number of shares)	Weighted average strike price of shares (cents)
Reconciliation of share options				
Outstanding at the beginning of the year	9 958 831	913	2 855 646	843
Granted during the year	1 850 000	4 536	548 000	4 507
Forfeited during the year	(137 500)	1 965	(506 237)	1 142
Exercised during the year	(3 471 068)	581	(1 017 105)	588
Outstanding at the end of the year	8 200 263	1 875	1 880 304	1 946
Number of shares exercisable at year-end	2 510 308	702	748 666	653
Exercise date within one year	1 870 352		493 638	
Exercise date from two to five years	3 819 603		638 000	
	5 689 955		1 131 638	

14. Share-based payments (continued)

	The EOH Share Trust	The Mthombo Trust
Basis of valuation		
Fair value was determined by using the Binomial mode. The following inputs were used:		
Weighted average share price (cents)	7 560	7 512
Options price (cents)	4 536	4 507
Expected volatility (%)	21,4	22,3
Expected dividend yield (%)	3,0	3,0
Weighted average expected life (years)	3,7	4,1
Weighted fair value of options issued (cents)	3 142	3 076
Expiry date from issue	10 years	8 years

The volatility of the share price at issue date was determined using the share trading history of EOH prior to issue date and the after tax risk-free rate applied was the zero-swaps curve at the date of option.

15. Foreign currency translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign entities from their functional currencies to the Group's presentation currency are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences accumulated in this reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign entity.

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Opening balance	1 381	(119)	–	–
Translation of foreign entities	12 636	1 500	–	–
	14 017	1 381	–	–

16. Other reserves

	Group 2014	Group 2013	Company 2014	Company 2013
Opening balance	169 337	111 509	6 953	3 879
Profit on sale of treasury shares	141 282	41 647	1 910	3 074
Non-controlling interest acquired*	–	47	–	–
IFRS 2 expense relating to share options	24 470	16 134	–	–
	335 089	169 337	8 863	6 953

** Acquired the remaining 30% of Hlanganani Blick (Pty) Ltd during the 2013 financial year.*

17. Other financial liabilities

Figures in Rand thousand	Group 2014	Group 2013	Company 2014	Company 2013
Interest bearing bank loans secured by debtors as per note 11	863 684	388 644	–	–
The loans' maturity dates range between 4 and 13 years with interest rates between 7,50% and 12,38%.			–	–
Interest bearing bank loans secured by certain property with a carrying value of R67 million (2013: R56 million)	24 091	18 853	–	–
The loans' maturity dates range between 10 and 13 years with interest rates between 7,50% and 12,38%.				
Non-interest bearing liabilities	28 865	9 699	–	–
The above balance is made up of a number of smaller loans and are unsecured, interest free and have no fixed terms of repayment.				
Vendors for acquisition	440 568	151 997	17 040	–
The amounts due to vendors represent the expected purchase consideration owing in respect of acquisitions and will be settled through the issue of a variable number of shares and/or cash resources when the relevant profit warranties have been fulfilled.				
	1 357 208	569 193	17 040	–
Non-current liabilities	730 007	351 416	–	–
Current liabilities	627 201	217 777	17 040	–
	1 357 208	569 193	17 040	–

The carrying amounts of financial liabilities are denominated in Rands.

18. Finance lease obligations

	Group 2014	Group 2013	Company 2014	Company 2013
Minimum lease payments due				
– Within one year	39 175	1 566	–	–
– In two to five years	44 734	1 952	–	–
	83 909	3 518	–	–
Less future finance charges	(9 333)	(392)	–	–
	74 576	3 126	–	–
Present value of minimum lease payments due				
– Within one year	33 756	1 333	–	–
– In two to five years	40 820	1 793	–	–
	74 576	3 126	–	–

It is Group policy to lease certain motor vehicles and equipment under finance leases. The year of maturity ranges from 2014 to 2019 and bears interest rates up to prime plus 4%. The Group's obligations under finance leases are secured by the lessor's charge over the leased assets, (note 4).

19. Trade and other payables

Figures in Rand thousand	Group 2014	Group 2013	Company 2014	Company 2013
Trade payables	432 346	343 208	175	132
Amounts received in advance	–	402	–	–
VAT	25 997	47 563	–	–
Payroll accruals	204 391	221 027	–	–
Other accrued expenses	366 323	274 815	114	114
Other payables	4 667	133 414	–	–
	1 033 724	1 020 429	289	246

20. Retirement benefits

The group has a defined contribution plan

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

21. Financial instruments by category

	Group 2014	Group 2013	Company 2014	Company 2013
Loans and receivables				
Loans to Group companies	–	–	679 627	473 952
Other financial assets	64 693	38 952	–	–
Trade and other receivables	1 525 787	1 125 235	1	1
Cash and cash equivalents	1 064 522	653 007	46	7
	2 655 002	1 817 194	679 674	473 960
Financial liabilities at amortised cost				
Other financial liabilities	916 640	417 196	–	–
Trade and other payables	803 336	751 437	289	246
	1 719 976	1 168 633	289	246
Financial liabilities at fair value through profit and loss				
Vendors for acquisition	440 568	151 997	17 040	–
Reconciliation of movement				
Opening balance	151 997	187 814	–	120
Additions through business combinations	375 157	129 788	24 057	–
Net changes in fair value	26 855	(21 698)	14 220	–
Settlements	(113 441)	(143 907)	(21 237)	(120)
	440 568	151 997	17 040	–

The Group does not have any financial assets or liabilities that are subject to offsetting.

The fair value of vendors for acquisition has been categorised as a level 3 fair value based on the valuation techniques used.

22. Revenue

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Sale of goods	922 772	1 486 600	–	–
Rendering of services	6 275 967	3 583 539	–	–
Rental Income	613	1 353	–	–
Interest received (trading)	21 020	14 487	–	–
	7 220 372	5 085 979	–	–

23. Operating profit/(loss)

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Operating profit for the year is stated after accounting for the following:				
Operating lease charges	113 482	82 566		
– Premises	107 265	74 501	–	–
– Equipment	6 217	8 065	–	–
Profit on sale of property, plant and equipment	532	129	–	–
Loss on settlement of financial liability with equity	–	(5 203)	–	–
Gain on bargain purchase	–	4 387	–	–
Loss/(gain) on remeasurement of contingent consideration	4 558	(30 807)	–	–
Share-based payment expense	24 470	16 134	–	–
Loss/(profit) on exchange differences	15 348	(1 272)	–	–
Employee costs	1 029 391	1 003 829	–	14
Directors' emoluments*	21 702	18 930	–	–
– Short-term employee benefits	14 750	13 479	–	–
– Share-based payments	4 789	4 555	–	–
– Directors' fees	2 163	896	–	–

**Further details can be found under Directors' emoluments (note 33).*

24. Investment income

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Dividend revenue				
Dividends received from subsidiaries	–	–	105 305	70 606
Interest revenue				
Bank	18 233	15 079	–	1
Other interest received	11 443	3 404	–	–
	29 676	18 483	105 305	70 607

25. Finance costs

Figures in Rand thousand	Group 2014	Group 2013	Company 2014	Company 2013
Other financial liabilities	66 365	36 849	–	–
Finance lease obligations	3 963	283	–	–
Bank	4 395	6 479	–	2
Other interest paid	5 711	3 891	–	–
	80 434	47 502	–	2

26. Taxation

	Group 2014	Group 2013	Company 2014	Company 2013
Current				
Local income tax – current period	196 413	134 701	–	–
Local income tax – recognised in current tax for prior periods	7 824	1 511	–	–
Security transfer tax	5 326	950	–	–
Foreign income tax – current period	2 872	–	–	–
	212 435	137 162	–	–
Deferred				
Originating and reversing temporary differences	(37 754)	(99)	106	(38)
Prior period adjustments	2 249	(1 724)	–	–
	(35 505)	(1 823)	106	(38)
Total taxation	176 930	135 339	106	(38)
Reconciliation of tax expense	%	%	%	%
Rate of SA company taxation	28,0	28,0	28,0	28,0
Exempt income	–	–	(27,9)	(28,1)
Prior year adjustments	1,5	0,2	–	–
Tax rate difference to 28% for foreign entities	0,2	–	–	–
Disallowable charges	1,3	3,3	–	–
Security transfer tax	0,8	0,2	–	–
Deferred tax (utilised)/not raised on estimated losses	(2,1)	2,5	–	–
Deferred tax asset raised	(3,3)	(5,2)	–	–
	26,4	29,0	0,1	(0,1)
Unrecognised deferred tax assets				
Deferred tax assets not recognised in respect of tax losses	235 447	224 263	31 831	30 587

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future profit will be available against which the Group can utilise the benefits therefrom.

In 2014, R85 649 (2013: R58 441) of previously unrecognised tax losses were recognised as management considered it probable that future taxable profits would be available against which they can be utilised.

27. Earnings per share

Figures in Rand thousand	Group 2014	Group 2013
Earnings per share		
Basic earnings per share and diluted earnings per share are based on profit attributable to shareholders of the Company	487 608	331 509
Earnings per share (cents)	447,0	343,7
Diluted earnings per share (cents)	418,2	309,8
Headline earnings per share		
Profit attributable to ordinary shareholders	487 608	331 509
Adjustments:		
Profit on disposal of assets (gross R532 (2013: R129))	(383)	(93)
Impairments of assets (no tax effect)	–	6
Gain on bargain purchase (no tax effect)	–	(4 387)
	487 225	327 035
Headline earnings per share (cents)	446,6	339,1
Diluted headline earnings per share (cents)	417,9	305,6
Weighted average number of ordinary share		
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share	109 086	96 453
Dilutive impact of share options	5 113	8 772
Dilutive impact of shares to be issued to vendors	2 388	1 782
Net asset value per share		
Net asset value per share (cents)	2 206,6	1 461,8
Net tangible asset value per share (cents)	520,0	530,8

Dividends per share

A gross dividend of 120 cents (2013: 95 cents) per share was declared and paid to shareholders recorded in the books at the close of business on Friday, 31 October 2014.

28. Cash generated by operations

Figures in Rand thousand	Group 2014	Group 2013	Company 2014	Company 2013
Profit before taxation	669 093	466 698	104 439	61 616
Adjustments for:				
Depreciation and amortisation	199 858	108 447	–	–
Profit on sale of assets	(532)	(129)	–	–
Loss on foreign exchange	15 348	1 272	–	–
Share of profits of equity accounted investments	(337)	–	–	–
Dividends received	–	–	(105 305)	(70 606)
Investment income	(29 676)	(18 483)	–	(1)
Finance costs	80 434	47 502	–	2
Loss/(gain) on remeasurement of contingent consideration	4 558	(30 807)	–	–
Impairment loss	–	6	–	–
Unwinding of interest on financial instruments	16 832	8 864	–	–
Share-based payment expense	24 470	16 134	–	–
Gain on bargain purchase	–	(4 387)	–	–
Loss on settlement of financial liability with equity	–	5 203	–	–
Other non-cash items	416	–	–	–
Changes in working capital:				
Inventory	(28 451)	(16 111)	–	–
Trade and other receivables	(218 014)	(39 562)	(341)	83
Trade and other payables	(144 513)	56 042	43	84
Deferred income	129 405	(67 777)	–	–
	718 891	532 912	(1 164)	(8 822)

29. Tax paid

	Group 2014	Group 2013	Company 2014	Company 2013
Balance at the beginning of the year	(2 915)	(4 110)	–	–
Current tax for the year recognised in profit or loss	(212 435)	(137 162)	–	–
Capital gains tax	(31 987)	(8 852)	–	–
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	(36 791)	(7 479)	–	–
Tax due at the end of the year	23 433	2 915	–	–
	(260 695)	(154 688)	–	–

30. Dividends paid

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Balance at the beginning of the year	(31)	(594)	(31)	(40)
Dividends	(99 793)	(66 901)	(105 305)	(70 606)
Balance at the end of the year	71	31	71	31
	(99 753)	(67 464)	(105 265)	(70 615)

31. Commitments

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Authorised capital expenditure already contracted for but not yet acquired				
– Property, plant and equipment	3 857	5 109	–	–
– Computer software	–	13 600	–	–
	3 857	18 709	–	–
This committed expenditure relates to PPE and the implementation of a new ERP system for the Group which will be financed internally.				
Minimum operating lease payments due – as lessee				
– Within one year	(63 948)	(48 329)	–	–
– In second to fifth year inclusive	(93 500)	(96 682)	–	–
	(157 448)	(145 011)	–	–
Operating lease payments represent rentals payable by the Group for certain of its office properties. No contingent rent is payable.				
Minimum operating lease receivable due – as lessor				
– Within one year	562	1 319	–	–
– In second to fifth year inclusive	303	65	–	–
	865	1 384	–	–

32. Contingencies

There are instances where the business is involved in legal action to recover monies due and payable from its clients for services rendered. Where it is felt that there is a risk of part or no recovery, management makes appropriate doubtful debt or credit note allowances.

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

33. Directors' emoluments

Figures in Rand thousand	Remuneration	Bonuses	Fees for other services	Directors' fees	Total
Executive directors					
2014					
A Bohbot	2 546	1 850	–	–	4 396
P Bam	1 520	470	–	–	1 990
JW King	1 940	1 250	–	–	3 190
DD Ramoo	1 668	100	–	–	1 768
JS Thomson	1 756	1 650	–	–	3 406
	9 430	5 320	–	–	14 750
2013					
A Bohbot	2 372	1 750	–	–	4 122
P Bam	1 433	440	–	–	1 873
JW King	1 835	1 200	–	–	3 035
DD Ramoo	1 523	603	–	–	2 126
JS Thomson	1 648	675	–	–	2 323
	8 811	4 668	–	–	13 479
Non-executive directors					
2014					
L Khumalo	–	–	1 000	137	1 137
D Mackay	–	–	–	93	93
T Marwala	–	–	–	150	150
T Mnyango	–	–	–	140	140
T Skwambane	–	–	–	139	139
RMM Sporen	–	–	–	180	180
SD Zungu	–	–	–	417	417
	–	–	1 000	1 256	2 256
2013					
Dr NM Phosa	–	–	–	335	335
L Khumalo	–	–	–	130	130
T Marwala	–	–	–	141	141
T Skwambane	–	–	–	133	133
RMM Sporen	–	–	–	157	157
	–	–	–	896	896

For further details, please refer to pages 6,7 and 65.

Notes to the annual financial statements (continued)

for the year ended 31 July 2014

34. Subsidiary companies

All subsidiaries are incorporated in South Africa unless otherwise indicated.

Name of company	Effective shareholding (%)		Cost of shares (figures in Rand thousand)		Loans to Group companies (figures in Rand thousand)	
	2014	2013	2014	2013	2014	2013
Company						
Direct subsidiaries						
Axia Business Solutions (Pty) Ltd*	100	100	–	–	–	–
CA Southern Africa (Pty) Ltd*	100	100	–	–	49 110	39 837
Enterprise Softworks (Pty) Ltd*	100	100	–	–	40 775	28 921
Enterweb (Pty) Ltd*	100	100	–	–	–	–
EOH Abantu (Pty) Ltd*	100	100	–	–	311 725	203 432
EOH Consulting (Pty) Ltd*	100	100	43 846	43 846	13 710	14 077
EOH Consulting Services KZN (Pty) Ltd*	100	100	–	–	–	–
EOH Intelligent Infrastructure (Pty) Ltd*	100	100	67 692	3 270	30 613	23 334
EOH Mthombo (Pty) Ltd*	100	100	2 302	2 302	153 525	69 218
Intellient (Pty) Ltd*	100	100	7 140	7 140	25 105	22 105
Mthombo IT Services (Pty) Ltd*	100	100	39 642	39 642	8 000	8 000
V55 Investments (Pty) Ltd*	100	100	–	–	13 308	13 308
Indirect subsidiaries						
Amber Moon Trading 5 (Pty) Ltd*	100	100	–	–	–	–
Ashreq Environmental & Occupational Hygiene Consultants (Pty) Ltd*	100	–	–	–	–	–
Ashreq Health & Safety Services (Pty) Ltd*	100	–	–	–	–	–
Blick Properties SA (Pty) Ltd*	100	100	–	–	–	–
Change Logic CS (Pty) Ltd*	100	100	–	–	–	–
Coastal and Environmental Services (Pty) Ltd*	100	–	–	–	–	–
Compensation Technologies Holdings (Pty) Ltd*	100	100	–	–	–	–
Compensation Technologies Share Based Incentives (Pty) Ltd*	100	100	–	–	361	–
Compu-Power (Pty) Ltd*	100	–	–	–	–	–
Computerised Health and Environment Surveillance Systems (Pty) Ltd*	65	65	–	–	–	–
Cortez Trading (Pty) Ltd*	100	100	–	–	–	–
CyberCare (Pty) Ltd*	100	–	–	–	–	–
Denis UK Limited – United Kingdom	100	100	–	–	–	–
Dental Information Systems (Pty) Ltd*	100	100	–	–	450	–
Dental Information Systems Holdings (Pty) Ltd*	100	100	–	–	–	–
Denis Insurance Administrators (Pty) Ltd*	100	100	–	–	–	–
Denis Underwriting Managers (Pty) Ltd*	100	100	–	–	–	–
Dihlase Consulting Engineers (Pty) Ltd*	100	–	–	–	–	–
ECDOH's Differentiated Amenities (Pty) Ltd*	100	100	–	–	–	–
Educos Vision S.A.R.L – Luxembourg	100	–	–	–	–	–
Educos Vision Services S.A.R.L – Luxembourg	100	–	–	–	–	–

34. Subsidiary companies (continued)

Name of company	Effective shareholding (%)		Cost of shares (figures in Rand thousand)		Loans to Group companies (figures in Rand thousand)	
	2014	2013	2014	2013	2014	2013
Indirect subsidiaries (continued)						
Enablemed (Pty) Ltd*	100	100	–	–	–	–
Enablemed Investment Holdings (Pty) Ltd*	100	100	–	–	–	–
Enablemed Services (Pty) Ltd*	100	100	–	–	–	–
Energy Cybernetics (Pty) Ltd*	100	–	–	–	–	–
Energy Insight (Pty) Ltd*	100	–	–	–	–	–
Enerweb (Pty) Ltd*	100	100	–	–	–	–
EOH (Pty) Ltd* – Austria	100	100	–	–	–	–
EOH Consulting Services Eastern Cape (Pty) Ltd*	100	100	–	–	–	–
EOH Europe (Pty) Ltd* – United Kingdom	100	100	–	–	–	–
EOH Employee Benefits (Pty) Ltd*	100	–	–	–	–	–
EOH Financial Solutions (Pty) Ltd*	100	–	–	–	–	–
EOH Human Capital Solutions (Pty) Ltd*	100	100	–	–	2 000	2 000
EOH Impact Consulting Services (Pty) Ltd*	100	100	–	–	–	–
EOH Legal Services (Pty) Ltd*	100	100	–	–	154	–
EOH Managed Services PS (Pty) Ltd*	100	100	–	–	–	–
EOH Microsoft Coastal (Pty) Ltd*	100	100	–	–	312	–
EOH Security and Building Technologies (Pty) Ltd*	100	100	–	–	519	–
EOH Wealth (Pty) Ltd*	100	–	–	–	–	–
EOH Wellness Centre (Pty) Ltd*	100	100	–	–	–	–
E-Secure Distribution (Pty) Ltd*	100	100	–	–	750	750
Faculty Training Institute (Pty) Ltd*	100	100	–	–	–	–
Faranani Sapremo (Pty) Ltd*	100	100	–	–	–	–
Freethinking Business Consultants (Pty) Ltd*	100	100	–	–	–	–
GLS Consulting (Pty) Ltd*	100	–	–	–	–	–
GLS Software (Pty) Ltd*	100	–	–	–	–	–
Golden Dividend 382 (Pty) Ltd*	100	–	–	–	–	–
HCI Financial Services (Pty) Ltd*	100	–	–	–	–	–
HR Professional Resources (Pty) Ltd*	100	100	–	–	–	–
High Voltage Technology Power Systems (Pty) Ltd*	100	–	–	–	–	–
Highveld Wealth Management (Pty) Ltd*	100	100	–	–	–	–
Hlanganani Blick (Pty) Ltd*	70	70	–	–	–	–
Hospitality Professionals South Africa (Pty) Ltd*	100	100	–	–	81	–
Imaging Solutions (Pvt) Ltd – Zimbabwe	75	–	–	–	–	–
Impact Human Resources (Pty) Ltd*	100	–	–	–	–	–
Infrastructure System Integrators (Pty) Ltd*	100	–	–	–	–	–
ITS Technologies (Pty) Ltd*	100	100	–	–	–	–
Ivy-Moon 112 (Pty) Ltd*	100	100	–	–	–	–

Notes to the annual financial statements (continued)

for the year ended 31 July 2014

34. Subsidiary companies (continued)

Name of company	Effective shareholding (%) 2014	2013	Cost of shares (figures in Rand thousand) 2014	2013	Loans to Group companies (figures in Rand thousand) 2014	2013
Indirect subsidiaries (continued)						
Lan Metrix (Pty) Ltd*	100	100	–	–	–	–
Lighting Cybernetics (Pty) Ltd*	100	–	–	–	–	–
Managed Print Solutions (Pty) Ltd*	100	100	–	–	–	–
Medical Services Organisation South Africa (Pty) Ltd*	100	100	–	–	339	–
Medical Services Organisation International (Pty) Ltd*	70	70	–	–	110	–
MPC Recruitment (Pty) Ltd*	100	–	–	–	–	–
Prehab Testing (Pty) Ltd*	100	–	–	–	–	–
Proserv Tourism South Africa (Pty) Ltd*	100	100	–	–	–	–
Pinnacle Health Solutions (Pty) Ltd*	100	100	–	–	5 239	5 000
Regro Technologies (Pty) Ltd*	100	–	–	–	–	–
Riverbend Trade and Invest 38 (Pty) Ltd*	100	100	–	–	–	–
Rosstone Consulting (Pty) Ltd*	100	100	–	–	–	–
SI Analytics (Pty) Ltd*	100	100	–	–	–	–
Siyanqoba Seminars (Pty) Ltd*	100	100	–	–	–	–
SWX Investments (Pty) Ltd*	100	–	–	–	–	–
Sybrin Systems (Pty) Ltd*	100	–	–	–	–	–
Sybrin Limited (Guernsey)	100	–	–	–	–	–
Synergy Bus. Intelligence (Switzerland) GmbH	100	–	–	–	–	–
Tifozi Trading (Pty) Ltd*	100	–	–	–	–	–
Totem Analytics (Pty) Ltd*	100	–	–	–	–	–
TSS Managed Services (Pty) Ltd*	100	100	–	–	21 531	28 000
Umbane Systems (Pty) Ltd*	100	–	–	–	–	–
V & V Holdings (Pty) Ltd*	100	–	–	–	–	–
V & V Software Development (Pty) Ltd*	100	–	–	–	–	–
Veritek (Pty) Ltd*	100	–	–	–	–	–
Xpert Decisions Systems (Pty) Ltd*	100	100	–	–	–	–
Trusts						
EOH Enterprise Development Trust	–	–	–	–	–	–
The Mthombo Trust	–	–	–	–	92	15 609
The EOH Share Trust	–	–	–	–	1 818	361
			160 622	96 200	679 627	473 952
Impairment			(1 073)	(1 073)	–	–
			159 549	95 127	679 627	473 952

The loans are unsecured, interest free and have no fixed terms of repayment. The maximum exposure is limited to the above cost of shares and loans to subsidiaries.

** Proprietary Limited has been abbreviated to '(Pty) Ltd'.*

35. Related parties transactions

Related party transactions relate only to dividends received from subsidiaries, the recovery of group expenses and loans to subsidiaries. The details of loans to subsidiaries are reflected in note 34. The dividends received from and expenses recovered are reflected below:

	Dividends received		Group expenses recovered
Figures in Rand thousand	2014	2013	2014
CA Southern Africa Proprietary Limited	(8 500)	(15 000)	(773)
Dental Information Systems Proprietary Limited	(15 000)	–	(450)
Enterprise Softworks Proprietary Limited	(5 305)	(3 000)	(647)
EOH Abantu Proprietary Limited	(5 000)	(20 000)	(1 375)
EOH Consulting Proprietary Limited	–	(1 500)	–
EOH Human Capital Solutions Proprietary Limited	(2 000)	–	–
EOH Intelligent Infrastructure Proprietary Limited	(1 500)	(1 500)	(660)
EOH Legal Services Proprietary Limited	(4 000)	(6 000)	(154)
EOH Managed Services PS Proprietary Limited	(23 000)	–	–
EOH Microsoft Coastal Proprietary Limited	(5 000)	–	(311)
EOH Mthombo Proprietary Limited	(15 000)	–	(4 754)
EOH Security and Building Technologies Proprietary Limited	(7 000)	–	(519)
Hospitality Professionals South Africa Proprietary Limited	–	–	(81)
Intellient Proprietary Limited	(3 000)	(3 500)	–
Medical Services Organisation International Proprietary Limited	–	–	(110)
Medical Services Organisation South Africa Proprietary Limited	(3 000)	–	(339)
Pinnacle Health Solutions Proprietary Limited	(1 000)	(5 000)	(239)
TSS Managed Services Proprietary Limited	(7 000)	(15 106)	(531)

Note: In 2013, Group expenses were included in the dividends received from subsidiaries.

Key management personnel

The executive directors are defined as key management personnel. Refer to pages 6,7 and 65.

36. Risk management

Financial risk management

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

- Liquidity risk;
- Interest rate risk;
- Credit risk; and
- Currency risk.

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

Capital risk management

The Group's objective is to safeguard the Group's ability to continue as a going concern and to maintain an appropriate capital structure while growing the business. This is consistent with previous years.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

The debt to equity ratios at 2014 and 2013 respectively were as follows:

	Group	
Figures in Rand thousand	2014	2013
Total debt	1 431 784	572 319
Total equity	2 618 163	1 620 324
Debt to equity ratio	54,7%	35,3%

36. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by reviewing future commitments and credit facilities to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Number of shares	Less than 1 year	Between 2 and 5 years
Group		
At 31 July 2014		
Other financial liabilities	630 939	743 971
Finance lease obligations	39 175	44 734
Trade and other payables	1 007 727	–
At 31 July 2013		
Other financial liabilities	219 072	358 556
Finance lease obligations	1 566	1 952
Trade and other payables	972 866	–
Company		
At 31 July 2014		
Trade and other payables	289	–
At 31 July 2013		
Trade and other payables	246	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above. There were no defaults or breaches of any of the borrowing terms or conditions.

Interest rate risk

The cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate owing to changes in the market interest rate. The fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in the market interest rates. The Group assumes exposure to the effects of the fluctuations in the prevailing levels if the market interest rates on both the fair value and cash flow risks fluctuate.

The interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group policy is to maintain most of its borrowings in variable rate instruments. The variable rates are influenced by movements in the prime borrowing rates. During the reporting period, the Group's borrowings at variable rates were denominated in Rands.

The Group analyses its interest rate exposure on an ongoing basis. The Group is not highly geared and does not hedge against fluctuations in interest rates.

At 31 July 2014, if the interest rate on Rand-denominated borrowings had been 1% higher with all other variables held constant, pre-tax profit for the year would have been R10 million (2013: R5 million) lower, mainly as a result of higher interest expense on floating rate borrowings.

36. Risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's other financial assets, finance lease receivables, trade and other receivables and cash and cash equivalents.

Trade receivables and finance lease receivables comprise a widespread customer base, spread across diverse industries and geographical areas. The Group has a general policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Management evaluates credit risk relating to customers on an ongoing basis, taking into account its financial position, past experience and other relevant factors. If customers are independently rated, these ratings are also considered.

The carrying amount of financial assets, which are net of impairment losses, represents the maximum credit exposure. Financial assets exposed to credit risk at year-end were as follows:

Financial instrument

	Group		Company	
Figures in Rand thousand	2014	2013	2014	2013
Other financial assets	64 693	38 952	–	–
Trade and other receivables	1 525 787	1 125 235	1	1
Cash and cash equivalents	1 064 522	653 007	46	7
Loans to Group companies	–	–	679 627	473 952

At the reporting date, the Group did not consider there to be any significant concentration of credit risk which has not been adequately catered for.

Currency risk

The Group operates internationally but has limited exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, the Euro and the British Pound.

To manage foreign exchange risk arising from commercial transactions and recognised assets and liabilities, management use forward exchange contracts when considered appropriate.

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities that are denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has limited investments in foreign operations, where the assets are exposed to foreign currency translation risk. Currency exposure arising from net assets of the Group's foreign operations will have no effect on the post-tax profit as the effect of the translation is recognised directly in the foreign currency translation reserve. As at 31 July 2014, if the foreign entities local currencies had weakened or strengthened by 10% against the rand, with all other variables held constant, the impact on equity for the Group would have been as follows:

	2014	
Figures in Rand thousand	Pre-tax	Post-tax
Weakened	4 424	4 424
Strengthened	(4 424)	(4 424)

36. Risk management (continued)

	Group	
Figures in Rand thousand	2014	2013
Foreign currency exposure at the end of the reporting period		
Current assets		
Australian Dollar	118	117
British Pound	11 367	2 426
Kenyan Shilling	2 510	–
Mozambican Metical	93	–
Namibian Dollar	686	–
Swiss Franc	3 958	252
US Dollar	19 655	3 056
Cash and cash equivalents	38 387	5 851
Arab Emirates Dirham	239	–
Australian Dollar	116	–
Botswana Pula	–	1 396
British Pound	6 576	13 955
Euro	755	90
Lesotho Loti	235	–
Kenyan Shilling	2 405	–
Namibian Dollar	3 391	–
US Dollar	70 548	15 194
Trade and other receivables	84 265	30 635
Current liabilities		
British Pound	(2 035)	(1 398)
Euro	(424)	(1 803)
Japanese Yen	(226)	–
Kenyan Shilling	(17)	–
Namibian Dollar	(2 909)	–
Swiss Franc	(792)	–
US Dollar	(26 577)	(33 135)
Trade and other payables	(32 980)	(36 336)
Exchange rates used for the conversion of foreign items were:		
Arab Emirates Dirham	2,92	2,70
Australian Dollar	9,95	8,82
Botswana Pula	1,20	1,09
British Pound	18,01	14,72
Euro	14,31	12,88
Japanese Yen	0,10	0,10
Kenyan Shilling	0,12	0,11
Lesotho Loti	1,00	1,00
Mozambican Metical	0,35	0,33
Namibian Dollar	1,00	1,00
Swiss Franc	11,79	10,29
US Dollar	10,68	9,74

The majority of trade and other receivables and trade and other payables are fixed in the Company's functional currency.

37. Business combinations

Figures in Rand thousand	Sybrin	Other	2014	2013
Fair value of assets and liabilities acquired				
Property, plant and equipment	14 763	58 334	73 097	14 357
Intangible assets	94 716	141 844	236 560	29 142
Equity-accounted investments	–	1 751	1 751	–
Net deferred tax (liabilities)/assets	(20 361)	(23 601)	(43 962)	9 101
Inventory	9 417	37 875	47 292	10 967
Other financial assets	4 183	12 529	16 712	9 172
Trade and other receivables	17 291	219 394	236 685	335 079
Cash and cash equivalents	59 956	160 919	220 875	100 863
Non-controlling interests	(917)	(4 772)	(5 689)	847
Finance lease obligations	–	(35 981)	(35 981)	(1 866)
Trade and other payables	(13 875)	(143 943)	(157 818)	(267 872)
Other financial liabilities	(28 863)	(57 785)	(86 648)	(2 851)
Deferred income	(23 947)	(59 738)	(83 685)	(120 080)
Current tax payable	(7 649)	(29 142)	(36 791)	(7 479)
Gain on bargain purchase	–	–	–	(4 274)
Goodwill	178 253	600 319	778 572	253 339
	282 967	878 003	1 160 970	358 445
Net cash inflow/(outflow) on acquisition				
Cash consideration paid	(118 200)	(246 270)	(364 470)	(72 884)
Cash acquired	59 956	160 919	220 875	100 863
	(58 244)	(85 351)	(143 595)	27 979
Consideration				
Cash paid	(118 200)	(246 270)	(364 470)	(72 884)
Shares issued	(27 614)	(87 782)	(115 396)	(52 243)
Cash to be paid	(68 119)	(266 215)	(334 334)	(129 788)
Shares to be issued*	(69 034)	(277 736)	(346 770)	(103 530)
	(282 967)	(878 003)	(1 160 970)	(358 445)
Acquisition-related costs**	5 849	2 700	8 549	100

* *Includes R40 823 000 classified as a financial liability in 2014.*

** *Included in operating expenses in the statement of comprehensive income for the year.*

37. Business combinations (continued)

For all acquisitions the following is applicable:

The results of operations have been accounted for from the effective date of the business combination. In determining the purchase consideration paid, we considered the profit history of the relevant business and its growth prospects in the EOH stable. The fair value of shares issued as part of the purchase price was determined based on the share price at the effective date.

Where warranties are applicable, the warranties allow for a defined adjusted value to the consideration payable in the event that the full profit after tax ('PAT') warranted is not achieved and a sharing of the surplus should the profit warranted be exceeded. Where contingent consideration is applicable, the fair value of the contingent consideration was estimated by applying the income approach and calculating the present value of the expected payments using a risk adjusted discount rate.

Unobservable inputs (as per IFRS 13) include budgeted earnings based on margins and revenue growth rates historically achieved by the various segments. Any changes in these inputs may affect the fair value of the vendor for acquisition liability. Contingent consideration classified as equity is not remeasured and settlement is accounted for within equity. Changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions does not significantly change the fair value.

The consideration is expected to be paid within a 24-month period from acquisition date. As at 31 July 2014, amounts previously recognised for 'contingent consideration' payable changed resulting in a net increase of R5 million. Revised contingent consideration payable is based on the latest approved budgeted results and reasonable growth rates for the remainder of the relevant warranty periods.

Sybrin Group

During the year under review, the Group acquired 100% of the share capital of Sybrin Limited and Sybrin Systems Proprietary Limited, hereinafter collectively referred to as 'Sybrin', with effect from 1 August 2013 for an amount of R283 million consisting of R186 million payable in cash and the balance through the issue of EOH shares.

Sybrin is a specialised developer of software products for the financial services industry, including software for workflow, payments, imaging and document management solutions. EOH acquired the shares in Sybrin to strengthen its financial services industry vertical and its expansion into Africa.

The assets acquired were R200 million, including trade and other receivables with a gross contractual value of R17 million (which approximated its fair value). The liabilities acquired were R95 million, and non-controlling interests were R1 million. The goodwill of R178 million that was raised relates to expected profits to be generated as a result of being part of EOH. Sybrin's revenue and profit before tax for the current year amounted to R147 million and R26 million respectively.

Other non-material acquisitions

The acquisition 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 12 months from the date of acquisition.

The total purchase consideration for these acquisitions is R878 million, consisting of R513 million in cash and 4 432 611 EOH shares, with total profit warranted over a two year period in relation to these acquisitions of R460 million.

During the year, EOH continued with its strategy to consolidate and complement its existing service offerings. In order to bolster the Group's intelligent infrastructure capability, EOH acquired various businesses for a total purchase consideration of R423 million. The Group augmented its BPO and human capital service offerings through the acquisition of several businesses for a total purchase consideration of R159 million. EOH also enhanced its technology applications and consulting service offerings, by acquiring businesses for a total consideration of R296 million. In all instances either 100% of the shares or 100% of the business operations were acquired.

The cumulative assets acquired were R633 million, including trade and other receivables with a gross contractual value of R224 million (fair value of R219 million). The cumulative liabilities acquired were R355 million. The non-controlling interest acquired of R5 million is measured at the proportionate share of net assets. The aggregated revenue of businesses acquired included in these results is R827 million, netting a profit before tax of R76 million. Had these businesses been acquired with effect from 1 August 2013, the aggregated revenue would have been R1 161 million and PBT R113 million. The goodwill of R600 million associated with these acquisitions relates mainly to future profits of these businesses and the anticipated synergies to be derived as a result of joining EOH.

38. Events after the reporting period

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

The Group acquired a number of other businesses subsequent to year-end in order to enhance its software development capabilities and business intelligence offerings, and augment its ICT infrastructure capabilities.

The fair value of assets and liabilities shown are based on provisional quantifiable values and the amount and extent of disclosure will change subject to a more comprehensive assessment of the relevant asset and liability fair values as management is still assessing various underlying information. Additional identifiable intangible assets still need to be determined and fair valued.

The total purchase consideration for these acquisitions is R772 million, consisting of R430 million in cash and 3 460 987 EOH shares. In determining the purchase consideration paid, we considered the profit history of the relevant business as well as its growth prospects in the EOH stable.

Total profit warranted in relation to these acquisitions is R319 million. The warranties allow for a defined adjusted value in the event that the full profit warranted is not achieved and a sharing of the surplus should the profit warranted be exceeded. As at authorisation date, management expects to pay the full purchase consideration in respect of all acquisitions.

Financial assets of R240 million, non-current assets of R29 million and other non-financial assets of R14 million were acquired. Financial liabilities of R190 million and tax liabilities of R4 million were acquired.

Goodwill arising on these acquisitions relates to the increase in business activity anticipated by these businesses as a result of EOH's size and scale, its extensive client network and cross-selling opportunities.

CCS Group

100% of the share capital of Construction Computer Software Proprietary Limited, hereinafter referred to as 'CCS', was acquired with effect from 19 September 2014 for an amount of R350 million of which R200 million is payable in cash and the balance through the issue of EOH shares.

CCS is a specialised developer of software products used by the construction industry. EOH acquired the shares in CCS to enhance its software development capabilities and to strengthen its service offerings in the construction industry.

Financial assets of R62 million, non-current assets of R5 million, and financial liabilities of R37 million were acquired.

MIE Group

During the year under review, the Group acquired 100% of the share capital of Managed Integrity Evaluation Proprietary Limited and Afiswitch Proprietary Limited, hereinafter collectively referred to as 'MIE', with effect from 1 November 2014 for an amount of R239 million of which R117 million is payable in cash and the balance through the issue of EOH shares.

MIE offers electronic verification services and has developed its own bespoke software for such purpose. EOH acquired the shares in MIE to reinforce its Business Process Outsourcing and financial sector service offerings. Financial assets of R26 million, non-current assets of R14 million and other non-financial assets of R2 million were acquired. Financial liabilities of R16 million and a tax liability of R4 million were acquired.

Goodwill arising on these acquisitions is associated with the anticipated increase in the revenue and profitability generated by MIE and CCS resulting from EOH introducing the services offered by these businesses to existing EOH clients. In addition, the consideration paid includes the benefits of other expected synergies and future market development.

39. Segment reporting

EOH's revenue is derived from the following revenue streams:

- Services – Systems Integration, Outsourcing and Industrial Technologies
- Software – Software Sales and Maintenance Revenue
- Infrastructure – Sale of Infrastructure Products

Figures in Rand thousand	Infra-structure	Software	Services				Total
			Systems Integration	Out-sourcing	Industrial Technologies	Total Services	
2014							
Revenue	981 932	737 219	2 588 898	2 201 505	710 818	5 501 221	7 220 372
Intersegment income	142 697	24 978	392 935	331 427	32 719	757 081	924 756
Segment profit before taxation	67 790	92 435	217 502	219 618	85 335	522 455	682 680
Included in profit before taxation:							
– Investment income	2 918	1 401	11 124	11 439	2 372	24 935	29 254
– Finance costs	(17 768)	(6 705)	(41 184)	(5 341)	(9 434)	(55 959)	(80 432)
– Depreciation and amortisation	(25 851)	(17 527)	(86 608)	(43 166)	(15 137)	(144 911)	(188 289)
Reportable segment assets	465 299	454 885	2 233 771	972 004	1 209 078	4 414 853	5 335 037
Capital expenditure	(40 721)	(17 079)	(134 176)	(13 380)	(8 349)	(155 905)	(213 705)
Reportable segment liabilities	(271 764)	(303 919)	(1 436 071)	(377 626)	(643 455)	(2 457 152)	(3 032 835)
2013							
Revenue	771 800	686 817				3 627 362	5 085 979
Intersegment income	45 633	4 995				122 230	172 858
Segment profit before taxation	55 505	72 950				346 873	475 328
Included in profit before taxation:							
– Investment income	1 321	846				15 839	18 006
– Finance costs	(4 219)	(6 280)				(36 732)	(47 231)
– Depreciation and amortisation	(8 952)	(12 211)				(79 858)	(101 021)
– Net impairment of assets	–	–				(6)	(6)
Reportable segment assets	527 851	427 887				2 468 680	3 424 418
Capital expenditure	4 389	9 479				72 478	86 346
Reportable segment liabilities	(216 874)	(233 729)				(1 381 450)	(1 832 053)

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

For further information refer to page 10.

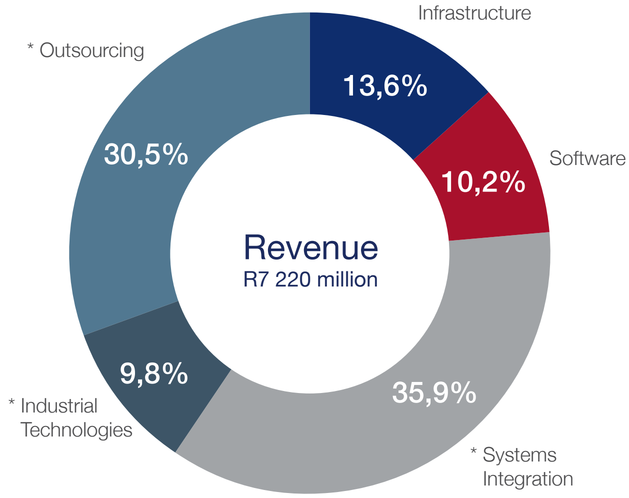
Note: EOH has revised the basis of categorising Services revenue to include Systems Integration, Outsourcing and Industrial Technologies and hence comparatives are not available.

39. Segment reporting (continued)

Reconciliations of reportable segments and amounts not specifically allocated to a segment.

Figures in Rand thousand	Reportable segments 2014	Amount not specifically allocated 2014	Totals 2014	Reportable segments 2013	Amount not specifically allocated 2013	Totals 2013
Revenue	7 220 372	–	7 220 372	5 085 979	–	5 085 979
Segment profit before taxation	682 680	(13 587)	669 093	475 328	(8 630)	466 698
– Investment income	29 254	422	29 676	18 006	477	18 483
– Finance costs	(80 432)	(2)	(80 434)	(47 231)	(271)	(47 502)
– Depreciation and amortisation	(188 289)	(1)	(188 290)	(101 021)	–	(101 021)
– Net impairment of assets	–	–	–	(6)	–	(6)
Reportable segment assets	5 335 037	351 024	5 686 061	3 424 418	32 534	3 456 952
Capital expenditure	(213 705)	–	(213 705)	86 346	–	86 346
Reportable segment liabilities	(3 032 835)	(24 416)	(3 057 251)	(1 832 053)	(4 172)	(1 836 225)

Revenue by segment



* Total Services revenue 76,2%

Notice of Annual General Meeting

EOH Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1998/014669/06
Share code: EOH ISIN: ZAE000071072
("EOH" or "the Company" or "the Group")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given, that the sixteenth Annual General Meeting ("AGM") of shareholders of EOH will be held at 11h00 on Wednesday, 11 February 2015 in the boardroom of the Company, Ground Floor, Block D, Gillooly's View, 1 Osborne Lane, Bedfordview, 2007 for the purpose of considering, and, if deemed fit, passing with or without modification, the ordinary and special resolutions set out hereunder.

The Board of Directors ("Board") of the Company has determined, in terms of Section 62(3)(a), as read with Section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended (the "Companies Act") the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 30 January 2015. Accordingly, the last day to trade EOH shares in order to be recorded in the register to be entitled to vote will be Friday, 23 January 2015.

Kindly note that meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.

Ordinary resolutions

The minimum percentage of voting rights required for each of the resolutions set out in items 1 to 5 below to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the AGM.

1. Ordinary Resolution number 1: Presentation of the Annual Financial Statements

To present the audited Annual Financial Statements for the year ended 31 July 2014, including the reports of the directors, auditors and the Audit and Risk Committees.

2. Ordinary Resolution number 2: Rotation of directors

To re-elect, each by way of a separate resolution, the following independent non-executive directors who retire by rotation in accordance with the Company's Memorandum of Incorporation ("the MOI") but, being eligible to do so, offer themselves for re-election.

2.1 Rob Sporen
2.2 Lucky Khumalo
2.3 Thoko Mnyango

3. Ordinary Resolutions number 3.1 to 3.4: Election of Audit Committee members

To elect, each by way of a separate resolution, the following independent non-executive directors, as members of the Company's Audit Committee:

3.1 Robert Sporen as a member and Chairman of the Audit Committee.
3.2 Prof Tshilidzi Marwala as a member of the Audit Committee.
3.3 Tebogo Skwambane as a member of the Audit Committee.
3.4 Lucky Khumalo as a member of the Audit Committee

Refer to page 129 of this Integrated Annual Report of which this notice forms part for a brief *curriculum vitae* of each director.

4. Ordinary Resolution number 4: Re-appointment of independent external auditors

To re-appoint Mazars (Gauteng) Inc., upon the recommendation of the Audit Committee, as the independent registered auditor of the Company for the ensuing financial year, and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 July 2015 is Sanjay Ranchhoojee. The Audit Committee and the Board have evaluated the performance of Mazars (Gauteng) Inc. and recommended their re-appointment as the external auditors of the Company.

Notice of Annual General Meeting (continued)

Ordinary resolutions (continued)

5. Ordinary Resolution number 5: Signature of documents

"RESOLVED THAT, each director of the Company be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the AGM convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed as special resolutions and registered by the Companies and Intellectual Property Commission, in the case of special resolutions."

Under the JSE Listings Requirements this Ordinary Resolution must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present by proxy at the AGM.

6. Ordinary Resolution number 6: Approval to issue ordinary shares, and to sell treasury shares, for cash

"RESOLVED THAT, the directors of EOH and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

- Allot and issue, or to issue any options in respect of, a portion of the authorised but unissued ordinary shares in the capital of the Company; and/or
- Sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company;

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, the MOI of the Company and its subsidiaries and the JSE Listings Requirements from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- This general authority will be valid until the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- The securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- Any such issue may only be made to 'public shareholders' as defined in the JSE Listings Requirements and not to related parties;
- The securities which are the subject of a general issue for cash may not exceed 10% (ten percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 12 099 601 securities. Any securities issued under this authorisation will be deducted from the aforementioned 12 099 601 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;
- In determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 8% (eight percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- An announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date of issue, will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue;
- Whenever the Company wishes to repurchase shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements, as if such use was a fresh issue of ordinary shares; and
- Under the JSE Listing Requirements, ordinary resolution number 6 must be passed by a 75% (seventy five percent) majority votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting.

Special resolutions

Special Resolutions to be adopted at this AGM require approval from at least 75% (seventy five percent) of the voting rights exercised on each special resolution by shareholders present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution concerned.

7. Special Resolution number 1: Remuneration payable to non-executive directors

The remuneration structure of the non-executive directors has been re-adjusted and is proposed as follows:

Portion 1 to be paid in cash to all non-executive directors and Portion 2 to be paid in cash to Audit Committee members over a period of three years. The reason for this is that the remuneration of the non-executive directors of the Audit Committee is lower than the benchmark.

The voting of Portion 1 and Portion 2 will be proposed each by way of separate resolution as follows:

7.1 "RESOLVED THAT as Portion 1, the annual remuneration increase of 10% payable in cash to the non-executive directors of EOH Holdings Limited ("the Company") be and is hereby approved as follows:

	Fee in ZAR for the financial year 1 March 2014 to 28 February 2015	Proposed fee increase in ZAR for the period 1 March 2015 to 28 February 2016
Board		
Chairperson	500 000	550 000
Member	130 000	143 000
Audit Committee		
Chairperson	40 000	44 000
Member	20 000	22 000
Remuneration and Nominations Committee		
Chairperson	30 000	33 000
Member	15 000	16 500
Risk Committee		
Chairperson	30 000	33 000
Member	15 000	16 500
Social and Ethics Committee		
Chairperson	25 000	27 500
Member	12 500	13 750
IT Governance Committee		
Chairperson	25 000	27 500
Member	12 500	13 750

7.2 "RESOLVED THAT, as Portion 2, payment of remuneration in cash (equivalent to the value of 5000 EOH shares) for the next three years to members of the Audit Committee to encourage them to purchase EOH shares on the open market:

Explanatory note

In terms of Section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years. It is to be noted that if the cash is utilised to purchase EOH shares on the open market by any of the non-executive directors that it will not be material to their personal wealth.

Special resolutions (continued)

8. Special Resolution number 2: General approval to acquire shares

"RESOLVED THAT, by way of a general approval, the Company and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of Sections 46 and 48 of the Companies Act, the Company's MOI and that of its subsidiaries and the JSE Listings Requirements, as amended from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- The acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- This general authority shall only be valid until the earlier of the Company's next AGM or the expiry of a period of 15 (fifteen) months from the date of passing of this Special Resolution;
- In determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the five business days immediately preceding the date on which the transaction is effected;
- At any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf;
- The acquisition of ordinary shares in the aggregate in any one financial year may not exceed 10% (ten percent) of the Company's issued ordinary share capital;
- The Company may only effect the repurchase once a resolution has been passed by the Board of Directors of the Company ("the Board") confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- The Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- An announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Explanatory note

The purpose of this Special Resolution number 2 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire some of the Company's issued ordinary shares. It is the intention of the directors of the Company to use such authority should prevailing circumstances in their opinion warrant it. The JSE Listings Requirements require the following disclosure, which is contained in the Integrated Annual Report of which this notice forms part:

- Major shareholders of the Company – page 64;
- Stated capital of the Company – page 63.

Additional specific disclosure required in these circumstances is as follows:

8.1 Material change

The Directors disclose that there has been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year-end and the date of this notice.

8.2 Directors' responsibility statement

The directors, whose names are given on pages 6 and 7 of the Integrated Annual Report of which this notice forms part, collectively and individually, accept full responsibility for the accuracy of the information pertaining to Special Resolution number 2 and certify that, to the best of their knowledge and belief, there are no facts in relation to Special Resolution number 2 that have been omitted which would make any statement in relation to Special Resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that Special Resolution number 2 together with this notice contains all information required by law and the JSE Listings Requirements in relation to Special Resolution number 2.

Special resolutions (continued)

8.3 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter that:

- The Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- The consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- The issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- The working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

9. Special Resolutions number 3.1 and 3.2: Financial assistance in terms of section 44 and 45 of the Companies Act.

"RESOLVED THAT, the Board of Directors of the Company ('the Board') may to the extent required, in terms of and subject to Sections 44 and 45 of the Companies Act, as the case may be, and the Company's MOI, authorise the Company to provide, each by way of special resolution:

3.1 Section 44: Financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in Section 44 of the Companies Act, to any person excluding any director or prescribed officer of the Company, or a person related to such director or prescribed officer, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, on such terms and conditions as the Board deems fit, subject to the terms and conditions of Section 44 of the Companies Act. No such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this Special Resolution; and

The purpose of this Special Resolution number 3.1 is to grant the Board the authority to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security, or otherwise to any person excluding any director or prescribed officer of the Company, or a person related to such director or prescribed officer, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company as contemplated in Section 44 of the Companies Act.

3.2 Section 45: Any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation and securing any debt or obligation as contemplated in Section 45 of the Companies Act) to a related or inter-related company or corporation excluding any director or prescribed officer of the company, or a person related to such director or prescribed officer, on such terms and conditions as the Board deems fit, subject to the terms and conditions of Section 45 of the Companies Act. No such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this Special Resolution.

The purpose of the Special Resolution number 3.2 is to grant the Board the authority to authorise the Company to provide direct or indirect financial assistance to a related or inter-related company or corporation, excluding any director of prescribed officer of the company, or a person related to such director or prescribed officer, as contemplated in Section 45 of the Companies Act.

The directors undertake that: Prior to the Company providing the financial assistance as contemplated in Sections 44 and 45 of the Companies Act, the Company will have satisfied the solvency and liquidity test as set out in Section 4 of the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable.

10. Other business

To transact such other business as may be transacted at the AGM of the Company.

Notice of annual general meeting (continued)

for the year ended 31 July 2014

Voting and proxies

A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto. The attached form of proxy is only to be completed by those ordinary shareholders who:

- Hold ordinary shares in certificated form; or
- Are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without 'own name' registration and who wish to attend the AGM, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the AGM in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Forms of proxy should be forwarded to reach the transfer secretaries, Computershare Investor Services Proprietary Limited, at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the AGM.

By order of the Board

Adri Els
Company Secretary
28 November 2014
Johannesburg

Annexure A

Curriculum Vitae of non-executive directors nominated for re-appointments

Lucky Khumalo

Lucky started his career in 1994 as a programmer and has stayed in the ICT sector ever since. He has been involved with project management, business analysis and overall business management during his 20 years in the ICT world.

In June 2000, Lucky become one of three entrepreneurs to start an IT Services company Mthombo IT ('M-IT'), which grew from 7 people to over 250 people nationwide within 5 years before merging with EOH in 2005.

In 2001, Lucky was voted the Top Black ICT individual in the country for the role he played in M-IT which was voted as the Top Black ICT Company in SA.

Lucky Khumalo resigned as an executive director on 10 May 2010 to pursue other business interests. He remains on the board of EOH as a non-executive director. Since 10 May 2010, Lucky has been a co-founder of various successful businesses in South Africa including, Agriculture, Food Industries, Investment and Retail businesses.

Rob Sporen

Rob is a Dutch national who came to South Africa in the early 1970s to assist with the introduction of television manufacturing. Subsequently, he established a manufacturing software agency in the eighties, and from 1987 presented education courses in the field of computerised manufacturing and distribution systems. In addition, he maintained a highly successful practice consulting to companies seeking to implement business systems or upgrade their business processes.

Rob has been a member of the board since EOH incorporated in 1998, and served as Executive Director for Business Development and in various other executive roles until his retirement in 2007. He is the Lead Independent Non-executive Director.

He is the current Chairman of the Audit, Risk, Remuneration and Nominations, and Social and Ethics Committees and is a member of the Board of Directors.

Tebogo M Skwambane

Tebogo obtained her B.A. (Honours) in Government from Dartmouth College in New Hampshire, USA, and her MBA from Harvard Business School in Massachusetts, USA.

Tebogo worked for Bain and Company, in the US, UK and South Africa before founding North Road Consulting, a strategy and operational consulting firm in South Africa. Tebogo has worked with clients on growth strategies, operational turnaround, performance improvement and management, organisational restructuring and organisational effectiveness. In addition, Tebogo has managed strategy and organisational design projects in the public sector. In early 2011, North Road Consulting merged with The Monitor Group. Tebogo was a Monitor Group Global Partner and Managing Partner of Monitor South Africa between 2011 and 2013.

Tebogo has held managerial positions at Eskom Enterprises, where she was Strategy Manager in the CEO's office, and in financial services at the International Finance Corporation, World Bank, in Washington D.C., and at Brown Brothers Harriman, a company in Boston.

Tebogo Skwambane is a Senior External Advisor at McKinsey and Company.

Thoko Mnyango

Thoko has a Dip Juris and BJuris from the University of Transkei and has completed a diploma in the 'Role of people's organisations in community and nation building' from the International Institute for Development Co-operation and Labour Studies (Tel Aviv).

Thoko is a lawyer, business leader and entrepreneur and has been in the IT industry since 1998. She has held executive positions at a listed company fulfilling many roles from marketing and communication to investor relations and transformation. She now manages her own communications company as well as an IT company.

Annexure A (continued)

Tshilidzi Marwala

Professor Tshilidzi Marwala is the Deputy Vice Chancellor for Research, Innovation and Postgraduate Studies at the University of Johannesburg. He was previously the Dean of Engineering and the Built Environment at the University of Johannesburg; a full Professor of Electrical Engineering and the Carl and Emily Fuchs Chair of Systems and Control Engineering at the University of the Witwatersrand; and an executive assistant at SABMiller.

He previously served as Chair of the Local Loop Unbundling Committee; a non-executive director of SITA (Pty) Limited; Chair of the Pikitup board; a board member of Denel; Deputy Chair of Limpopo Business Support Agency; and a board member of City Power, Johannesburg. He is currently on the board of EOH Limited and is Chairman of the Gauteng City Region Observatory ('GCRO').

He is the youngest recipient of the Order of Mapungubwe and was awarded the President Award by the National Research Foundation of South Africa. He holds a Bachelor of Science in Mechanical Engineering (*Magna cum laude*) from Case Western Reserve University (USA); a Master of Engineering from the University of Pretoria; a PhD in Engineering from Cambridge University; was a post-doctoral research assistant at Imperial College (London); and successfully completed a Programme for Leadership Development at Harvard Business School.

His research interests include the application of computational intelligence to engineering, computer science, finance, social science and medicine. He has supervised 45 Masters and 18 PhD students to completion; published seven books (one is being translated into Chinese), 220 papers in journals, proceedings and book chapters; and holds three international patents. He is a Fellow of TWAS (The World Academy of Sciences) and a distinguished member of the Association for Computing Machinery.

Form of proxy

EOH Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1998/014669/06)
Share code: EOH ISIN: ZAE000071072
('EOH' or 'the Company')

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ('certificated ordinary shareholders'); or
- have dematerialised their ordinary shares ('dematerialised ordinary shareholders') and are registered with "own-name" registration,

at the sixteenth annual general meeting of shareholders of the Company to be held in the boardroom of the Company, Ground Floor, Block D, Gillooly's View, 1 Osborne Lane, Bedfordview, 2007, at 11h00 on Wednesday, 11 February 2015 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with 'own-name' registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ('CSDP') or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy.**

Name of beneficial shareholder

Name of registered shareholder

Address

Telephone work ( ) Telephone home ( ) Cell:

being the holder/custodian of ordinary shares in the Company, hereby appoint (see note):

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the Annual General Meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ('resolutions') and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

		Number of ordinary shares		
		For	Against	Abstain
1.	To receive, consider and to present the audited annual financial statements of the Company and Group for the financial year ended 31 July 2014			
2.1	To approve the re-election as director of Rob Sporen who retires by rotation.			
2.2	To approve the re-election as directorof Luck Khumalo who retire by rotation.			
2.3	To approve the re-election as director of Thoko Mnyango who retires by rotation.			
3.1	To appoint Robert Sporen as Chairman and member of the Audit Committee.			
3.2	To appoint Tshilidzi Marwala as member of the Audit Committee.			
3.3	To appoint Tebogo Skwambane as a member of the Audit Committee.			
3.4	To appoint Lucky Khumalo as a member of the Audit Committee,			
4.	To re-appoint Mazars (Gauteng) Inc. as the independent registered auditor of the Company for the ensuing financial year with Sanjay Ranchhoojee who will undertake the financial audit for 31 July 2015.			
5.	**Ordinary resolution number 5** Signature of documents.			
6.	**Ordinary resolution number 6** Approval to issue ordinary shares, and to sell treasury shares, for cash.			
7.1	**Special resolution number 1 – portion 1** Remuneration of directors: Increase in cash.			
7.2	**Special resolution number 1 – portion 2** Remuneration of directors: Increase payable in shares.			
8.	**Special resolution number 2** General approval to acquire shares.			
9.	**Special resolution number 3.1** Financial assistance in accordance with Section 44 of the Companies Act.			
9.	**Special resolution number 3.2** Financial assistance in accordance with Section 45 of the Companies Act.			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his/her stead. A proxy so appointed need not be a member of the Company.

Signed at on 2015

Signature

Assisted by (if applicable)

Please read the notes on the reverse hereof

Notes to the proxy

1. Summary of Rights Contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended ('Companies Act') In terms of section 58 of the Companies Act:
   - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
   - a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company; and
   - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).
2. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
3. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the Annual General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
4. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the Company) of the shareholder's choice in the space provided, with or without deleting 'the Chairperson of the meeting'. The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty eight hours before the commencement of the Annual General Meeting.
7. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
13. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy; and
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
14. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

Hand deliveries to:	**Postal deliveries to:**
Computershare Investor Services Proprietary Limited Ground Floor, 70 Marshall Street Johannesburg, 2001	Computershare Investor Services Proprietary Limited PO Box 61051 Marshalltown, 2107

    to be received by no later than 11:00 on Friday, 6 February 2015 (or 48 hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).
15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
16. If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
17. Attention is also drawn to the 'Notes to proxy'.
18. The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.

Corporate information

EOH Holdings Limited

Registration number 1998/014669/06

Share code: EOH

ISIN: ZAE000071072

Directorate

Non-executive

Sandile Zungu (Chairman) (1 October 2013)
Lucky Khumalo
Tshilidzi Marwala
Tebogo Skwambane
Rob Sporen (Dutch)
Thoko Mnyango
Danny Mackay (1 November 2013)

Executive

Asher Bohbot (Group CEO)
John King (Group Financial Director)
Pumeza Bam
Dion Ramoo
Jane Thomson

Company Secretary

Adri Els

Registered address

Block D, EOH Business Park
Osborne Lane
Bedfordview
2007

Telephone number

+27 (0) 11 607 8100

Postal address

PO Box 59, Bruma, 2026

Website

www.eoh.co.za

Auditors

Mazars (Gauteng) Inc.

Transfer secretaries

Computershare Investor Services Proprietary Limited

Sponsor

Merchantec Capital

Notes

EOH

Systems make it possible...
People make it happen

www.eoh.co.za