EOH

ANNUAL REPORT **2004**

Systems make it possible...
People make it happen!

Contents

Business Address & Registered Office

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Gillooly's View
1 Osborne Lane
Bedfordview
South Africa
PO Box 59, Bruma, 2026

Tel: (011) 607-8100
Fax: (011) 616-9929
http://www.eoh.co.za

Company Registration

Registration Number 1998/014669/06

Corporate Banker (1)

Standard Bank of South Africa Limited
Orange Grove Branch
(Registration Number 1962/000738/06)
69 Louis Botha Avenue
Orange Grove, 2192
PO Box 46001, Orange Grove, 2119

Corporate Banker (2)

ABSA Bank Limited
Business Banking Services
2nd Floor, Block D
Eastgate Office Park
South Boulevard
Bruma, 2026
PO Box 206, Bruma, 2026

Auditors

IAPA Johannesburg (Chartered Accountants (SA))
Ground Floor, Autoparks House
13 Park Crescent
Glenhazel
Johannesburg, 2001
PO Box 787, Highlands North, 2037

TRANSFER SECRETARY

Computershare Investor Services 2004 (Proprietary) Limited
(Registration Number 1958/003546/06)
2nd Floor, Edura House
41 Fox Street
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

COMPANY SECRETARY

Susan Patricia Matheson
Ground Floor, Block F
Gillooly's View
1 Osborne Lane
Bedfordview
South Africa
PO Box 59, Bruma, 2026

ATTORNEYS

Werksmans Attorneys
155 5th Street, Sandown
Sandton, 2196
Private Bag 10015, Sandton, 2146, RSA

SPONSOR AND CORPORATE ADVISOR

Merchant Sponsors (Proprietary) Limited
(Registration Number 2003/005493/07)
2nd Floor, North Block
Hyde Park Office Tower
PO Box 781106, Sandton, 2146

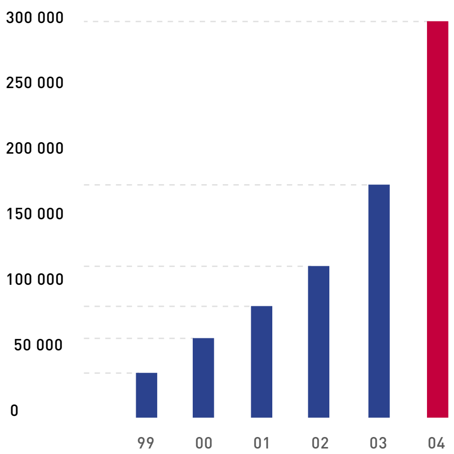
Shareholders' diary

July 2004	Financial year-end
September 2004	Preliminary press announcement
December 2004	Annual report publication
January 2005	Annual general meeting
April 2005	Interim press announcement

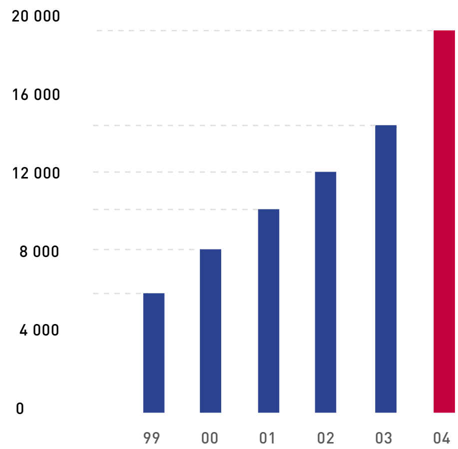
Group financial highlights

	12 months to 31 July 2004	12 months to 31 July 2003	12 months to 31 July 2002	12 months to 31 July 2001	12 months to 31 July 2000	12 months to 31 July 1999
Revenue (R'000)	**299 535**	175 969	114 328	84 094	58 988	32 701
Attributable income (R'000)	**19 134**	14 395	11 958	10 109	8 073	5 892
Earnings per share (cents)	**40,61**	30,67	24,02	20,19	16,05	12,21
Headline earnings per share (cents)	**42,84**	33,06	26,19	20,52	16,05	12,21
Fully diluted earnings per share (cents)	**36,79**	29,43	21,89	19,69	15, 55	11,69

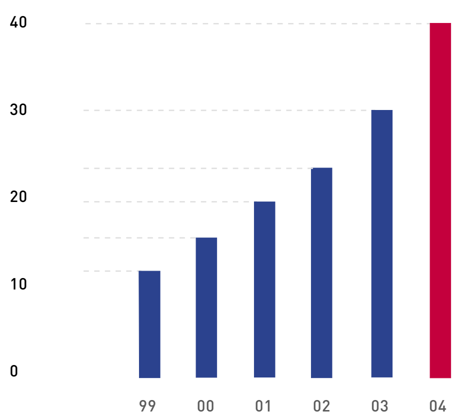
Revenue (R'000)



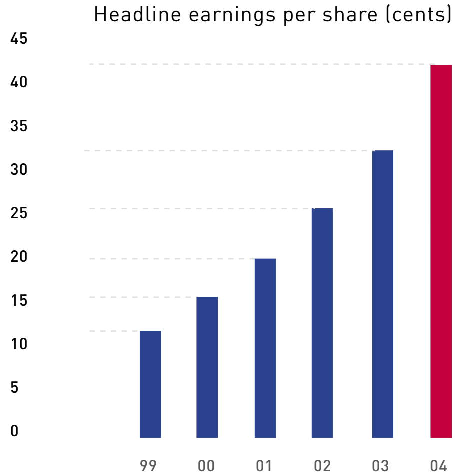
Attributable income (R'000)



Earnings per share (cents)



Headline earnings per share (cents)



Directorate

Dr Nakedi Mathews Phosa (52)
Non-executive Chairman
BProc, LLB, Honorary PhD in Law (University of Boston)
Appointed 20 October 2003

Asher Bohbot (51)
Chief Executive Officer
BSc Industrial Engineering, MAP
Re-appointed 26 February 2004

Antonio Cocciante (34)
Financial Director
CA (SA)
Re-appointed 26 February 2004

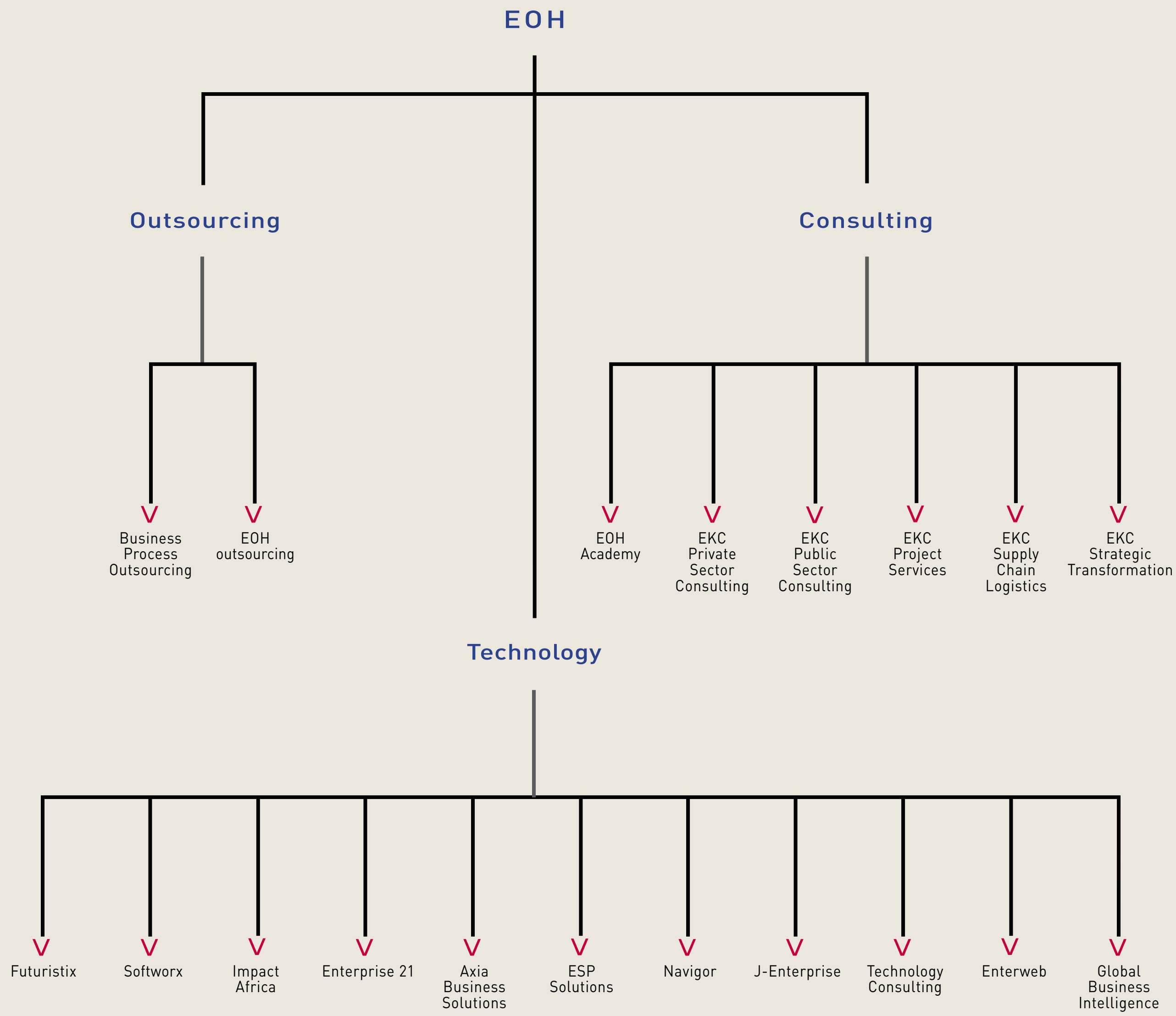
Jane Sinclair Thomson (45)
Executive Director
Appointed 30 September 2002

Robert Michael Maria Sporen (54)
Executive Director
CPIM
Re-appointed 26 February 2004

Kennith Cullinan (45)
Executive Director
National Diploma (Industrial Eng), CPIM
Appointed 30 September 2002

John William King (44)
Executive Director
CA (SA)
Appointed 30 January 2004

Dion Dominic Ramoo (40)
Executive Director
BSc Info Proc, CA(SA)
Appointed 30 January 2004

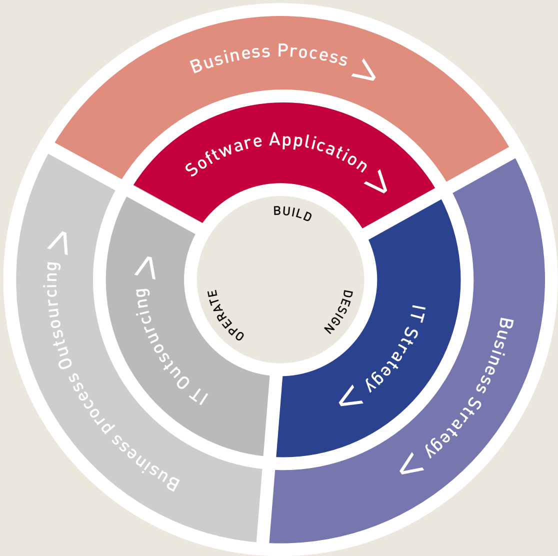


Industry Groups

Financial Services
Commerce & Industry
Information & Communication Technology
Public Services
Health Care

Regional Operations

KwaZulu Natal
Eastern Cape
Western Cape
Botswana



EOH business model

The EOH Business Model is based on the 'design, build, operate' concept, enabling us to embrace our clients with products and services of both a business and technology perspective. The cycle reflects the on-going nature of our client partnership, which accommodates change, whether initiated by changes from the client side, or opportunities created through developments in world-class best business practices and information technology.

Overview

EOH has successfully completed its sixth year of existence with flying colours. All of us at EOH are proud of our achievements, especially during these challenging times we live in.

The company has managed to grow substantially over the past six years, at the same time the issued number of shares only grew by 9%. The business is substantially debt free, with good cash reserves.

During the past year we not only continued our aggressive growth strategy, but also carried on with the development of our infrastructure, controls and, most importantly, the culture and values set essential for continued growth.

We have further expanded our services and product offerings to include the sales and support of world leading software packages. We currently exclusively represent in Southern Africa, leading enterprise software packages such as Baan and System21. In addition we offer services for other prominent ERP solutions such as SAP, PeopleSoft, Oracle, Syspro and Microsoft Business Solutions. EOH is also the sole Southern African distributor for the Wonderware suite of products.

On 1 August 2004 EOH acquired GBI, the master distributor of the Hyperion group of products. Hyperion is the leading software provider of Business Intelligence and Financial Consolidation software in the world.

We are grateful to all our employees, who stuck to the task of creating this strong consulting, technology and outsourcing organisation. We also thank the families of our employees who we know have indirectly sacrificed for the creation of our organisation.

We greatly appreciate the confidence that our investors, customers and business partners have shown in us, affording EOH the right environment to grow.

Financial performance

The Board is satisfied with the overall performance for the year under review. Revenue improved by 69% over the previous year. Profit has increased by 33% and the headline earnings per share also by 30%.

The balance sheet remains strong with the growth being financed internally. Cash resources exceeded the prior year by 53%.

The Board has declared a 10 cents per share dividend.

Business vision

The business has formulated its long-term vision as follows:

"to be the No.1 Business and Technology solution provider in Africa"

We believe we have the resources, products and service offerings, as well as the people to achieve this vision, and consider our organisation extremely relevant in the growth and development of the African continent.

Business mission

We are a business and technology solution provider. We endeavour to form life-long partnerships by developing business and IT strategies, supplying and implementing solutions and managing enterprise-wide systems and processes for medium to large clients.

Structure

EOH operates the following three clusters of business units as a fully integrated business: (See EOH business model page 4)

Consulting – concentrated under the EOH KPMG Consulting brand are business units offering services ranging from strategic and business process consulting, project services, change management, supply chain optimisation and education.

Technology – through a number of subsidiary companies, EOH is able to sell, implement and support a range of world-class business applications including ERP, CRM, Business Intelligence, Advanced Planning and Scheduling, e-Commerce and Manufacturing Execution Systems (MES).

Outsourcing – EOH offers comprehensive maintenance and support of client's IT infrastructure and applications through the rendering of full IT Outsourcing, Application Hosting and Managed Services. In addition EOH offers full Business Process Outsourcing (BPO) services.

EOH has a presence in all major centres in South Africa and Botswana, and also operates elsewhere in Africa.

The organisation includes 25 strategic business units, each operating with full accountability for top and bottom line residing at business unit level. Overall strategy is driven centrally. This structure and the processes supporting it ensure strong collaboration between the various business units, ensuring the client has access to the full product and service offering of the group.

EOH operates a shared services model which provides for financial, HR and marketing support, as well as for business development and strategic account management. This ensures the business units remain customer focused maximising value-add to them.

Branding

EOH operates two levels of branding. The EOH brand is associated with technology outsourcing services. All generic business consulting services, as well as business process outsourcing (BPO) are rendered under the EOH KPMG Consulting brand. Specific brands are used in business units associated with specific software application packages. Product-specific brands are:

- Softworx
- J-Enterprise
- Impact Africa
- ESP Solutions
- Axia Business Solutions

We deliver around the clock, uncompromising, dedicated and professional customer service.

- Futuristix
- Enterprise 21
- Enterweb
- GBI
- Navigor

The EOH model is replicated in the following regional operations:

- EOH KwaZulu Natal
- EOH Eastern Cape, Port Elizabeth
- EOH KPMG Consulting, East London
- EOH Western Cape
- EOH KPMG Consulting, Botswana

Strategy

Product and Service Offering

EOH offers its products and services to public as well as private sectors, more specifically to:

- Financial Services
- Commerce and Industry
- Mining
- Information & Communication Technology
- Public Services
- Health Care

People

- During the past year we have continued to develop and drive strategy ensuring our people remain our key differentiator giving us a competitive advantage.

EOH's value system, culture and code of conduct is represented by our "Work Life Constitution" (WLC) being:

- We deliver around the clock, uncompromising, dedicated and professional customer service
- We all act as salespersons, continuously searching for additional opportunities to add value to our customers
- We conduct ourselves with honesty and integrity, promoting trust amongst all stakeholders
- We challenge, excite, involve and communicate intensively
- We work by defined roles and expectations, are held accountable, give feedback and reward our employees accordingly

- We do not tolerate bad attitude, non-delivery and lack of co-operation
- We have fun and enjoy the work we do

Black Economic Empowerment

EOH Black Economic Empowerment ("BEE") Plan is based on a 10-point strategy as follows:

1. Equity participation
2. Board structure
3. Management development programme
4. Employment and mentorship programme
5. Joint ownership
6. Collaborative partnerships
7. Customer involvement
8. Supplier participation
9. Corporate social investment
10. Legal requirements

On 16 August 2004 shareholders were advised that EOH is in the process of finalising a transaction whereby it will achieve a minimum 25% BEE equity shareholding. EOH believes that the most effective way to achieve broad based empowerment is to involve its BEE employees in the empowerment transaction. This will be accomplished through the creation of a BEE Employee Trust and an investment into EOH by an Empowerment Fund. New EOH shares will be issued to the BEE Employee Trust. This Trust will have the current and future previously disadvantaged EOH employees as beneficiaries. It is proposed that the Empowerment Fund will be issued new EOH shares for cash which will result in a combined shareholding of the BEE Employee Trust and the Empowerment Fund in excess of 25% of EOH. Further details will be communicated to shareholders in due course.

Growth

EOH has achieved a critical mass and is considered a leader in enterprise wide consulting, technology and outsourcing. EOH's wide offering added to various industries both in the private and public sector bode well for our future growth. With a well proven business model, top quality skills, strong management and financial strength, EOH is well positioned for growth.

Operational review

Consulting

This cluster of Business Units operates in the private and public sectors offering services such as Strategic Reviews, Business Process Improvement, HR & Strategic Transformation Consulting, Project Services and Supply Chain.

Strategy Development

Private and public sector entities need to be sure the time, effort and cost of implementing new business processes and new technology will be justifiable in terms of derived business benefits. We help our clients create a business case, an implementation plan and a budget before a final decision is made to embark on new undertakings.

Programme Management

Our programme managers co-ordinate the different teams focusing on business processes, software applications, hardware configuration, integration with other systems, as well as education and training programmes to ensure achievement of the objectives and critical success factors identified in the eBusiness strategy.

We endeavour to form life-long partnerships.

Technology Consulting

This division develops and implements eBusiness technology to improve the supply chain performance and effective use of IT in companies in commerce and industry. Its focus is on realising the business benefits from Enterprise Resource Planning (ERP) systems, Advanced Planning and Scheduling (APS) systems, eCommerce applications, Customer Relationship Management (CRM) systems, Business Intelligence and Manufacturing Execution Systems (MES).

Knowledge Transfer

Systems make it possible, but only people can make it work. We present seminars, workshops and courses on how to gain business benefits from eBusiness technology and supply chain best practices.

Prospects

Business and technology consulting is a critical part of our business model. Its value-add to the group is paramount and a prime differentiator for EOH. Technology Consulting operates at the board room level in client companies and is therefore also able to identify opportunities for other business units to contribute to the clients' success.

Software applications

This cluster of business units extended its service offering over the last year to provide implementation services around eCommerce, BI, CRM, APS and MES solutions, in addition to ERP services. Services include Project Management, Software Configuration, Program Development, Program Enhancement, Software Training and technical support. The main application packages sold, implemented and supported are Baan, JD Edwards, SAP, Syspro, System21, Oracle, PeopleSoft, Wonderware, Hyperion and others.

Project Management

This service offering covers facilitation and change management, which are crucial for the successful implementation of business systems, using well-proven implementation methodologies.

Software Configuration

The Software Applications cluster employs personnel with many years of experience in the implementation of software solutions. Customers are advised on the configuration of the system modules and the underlying technical parameters, as well as the set-up of data to ensure correct and effective system utilisation and performance.

Program Development and Enhancement

Additional functionality is developed and existing functionality is augmented to suit the customer's needs, where the original application software does not fully meet the client's needs.

Training

Successful implementation of a software solution is reliant upon the efficient transfer of application knowledge to the user. Training is geared to suit the client's requirements, making use of those particular business processes and work instructions developed during the configuration of the system.

During the period under review, performance for this division was outstanding with a number of implementation projects again culminating in outsourcing contracts. Emphasis was placed on building resource skills to provide implementation support to customers implementing 'new economy' software solutions. Partnerships with certain software vendors operating in this arena have been concluded and others are under way.

Prospects

More and more companies are beginning to appreciate the value that extended enterprise system applications (eCommerce, CRM, APS, BI, MES) can bring in ensuring customer loyalty, improving customer retention and increasing customer profitability. The business units in the Application Software cluster are well positioned to realise the maximum benefit for the customer by providing extended enterprise solutions that are integrated with the back office solutions and are geared towards supply chain optimisation.

Ongoing service provision to the existing client base in terms of upgrades, enhancements, re-implementations and re-training will continue to form an important component of the divisions' revenue stream.

EOH Outsourcing

EOH Outsourcing seeks to partner with companies who wish to concentrate their organisation's resources on their core business activity, but at the same time require professional, world-class business process and IT support. This is achieved through the overall management of specific business processes, particularly those that are technology intensive, as well as the management and operation of software applications used, as well as the server and desktop environments, through the design, installation and administration of both wide-area and local-area networking environments.

Prospects

The worldwide and local trend to outsource non-core business processes and IT operations continues to grow. Studies recently conducted in South Africa show that 90% of enterprises in South Africa are considering outsourcing in one form or another. The concept of outsourcing continues to gain acceptance primarily due to a lack of appropriate skills, especially where advanced technologies are deployed, resulting in difficulty of retaining skilled staff. Another contributing factor is the need for enterprises to focus on core business activities. Continued developments in technology will put further pressure on enterprises to outsource their IT services.

As organisations in South Africa and elsewhere in Africa continue to follow world-wide trends and outsource non-core business activities and the demand for limited technical skills increases, the future growth of outsourcing services is guaranteed. We believe this service offering to be extremely relevant in a fast changing society having to compete on a world-wide basis. Furthermore, through the comprehensive range of complementary service offerings available to existing and future outsourcing clients, EOH is strategically placed to capture a significant share of this market.

The board of directors 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.

The board of directors

Full details of the directorate are set out on page 2. The current composition of the board does not comply with the recommendation of King II. The board has, however, acknowledged the need to restructure in order to take steps towards compliance with these recommendations.

The appointment of directors is approved by the board of directors. The directors bring to the board a wide range of expertise and experience and in the case of the non-executive chairman, an independent perspective and judgement on issues of policy, strategy and performance.

No executive director has long-term service contracts with the group. In accordance with the company's articles of association, all directors are subject to retirement by rotation and re-election by shareholders at least once every three years.

The board is responsible for setting the direction of the group through the establishment of strategic objectives and policies and takes overall accountability for the group by taking responsibility for its management. The board retains full and effective control over the group and decisions on material matters are reviewed by the board.

The board meets at least quarterly to consider results and performance and to monitor issues of strategic direction and to consider any other issues having a material effect on the group.

During the year under review the attendance at directors' meetings was as follows:

	6 August 2003	10 September 2003	20 January 2004	20 April 2004	27 July 2004
Dr Nakedi Mathews Phosa	–	–	√	√	√
Asher Bohbot	√	√	√	√	√
Peter John Bartlett	√	√	√	–	–
Antonio Cocciante	√	√	√	√	√
Roedolf Jacobus du Toit	√	√	√	–	–
Jane Sinclair Thomson	√	√	√	X	√
Robert Michael Maria Sporen	√	√	√	√	√
Bernardus van den Berg	√	√	√	–	–
Kennith Cullinan	√	√	√	√	√
John William King	–	–	√	√	√
Dion Dominic Ramoo	–	–	√	√	√

The board has complied with the JSE Securities Exchange SA listing requirement that the roles of the chairman and chief executive officer be separated.

The chief executive officer is Asher Bohbot. The CEO ensures that the day-to-day business affairs of the group are properly managed.

The board appoints the company secretary whose responsibilities include assisting the chairman in coordinating and administering the operation of the board, providing guidance on the discharge of director responsibilities, implementing governance procedures and ensuring that the group complies with all statutory requirements.

All directors have access to the advice and services of the company secretary.

Details of the directors' emoluments are set out on page 32 of the annual report.

Board committees

Committees are established to assist the board in performing its duties, and the board is free to form or disband committees as is appropriate. The board has appointed audit and remuneration committees, the details of which are presented below.

Audit committee

The group's audit committee is chaired by the CEO. This committee formally meets twice a year prior to the publication of the group's interim and final results.

The audit committee's responsibilities are varied and include ensuring that the necessary internal controls are in place through consultation with the external auditors, establishing that management is adhering to and continually improving these controls, and acting as a liaison between the external auditors and the board. The committee is also responsible for reporting to the board on each interim and final result.

The main objectives of the committee include:

- Assisting the board of directors to fulfil their responsibilities of ensuring that the system of internal controls, accounting practices, management information systems, financial reporting systems and auditing processes are functioning effectively;
- Facilitating the effective communication between the board of directors, management and the external auditors;
- Facilitating the credibility, objectivity and reliability of published financial reports and ensuring that the financial statements comply with Generally Accepted Accounting Practice, thereby providing an objective, independent forum for the resolution of significant accounting and reporting related matters;
- Promoting overall effectiveness of corporate governance;
- Evaluating the independence and effectiveness of the external auditors; and
- Monitoring the ethical conduct of the company, its executives and senior officials.

The external auditors have unfettered access to the chairman of the audit committee and all of its members throughout the year.

During the year under review the audit committee meetings were attended as follows:

	10 September 2003	20 April 2004
Asher Bohbot	√	√
Antonio Cocciante	√	√
Robert Michael Maria Sporen	√	√
David Grawitzky	√	√

The audit committee does not comply with the recommendations of King II to the extent that it is not chaired by a non-executive director, members of the audit committee are all executive directors and the audit committee does not meet four times per annum.

Remuneration committee

The remuneration committee comprises the CEO, the financial director and the human resources manager, which is not compliant with the recommendations of King II.

The committee is responsible for reviewing and approving the remuneration of directors and senior management.

In determining the remuneration of executives, the remuneration committee aims to provide appropriate packages required to attract, retain and motivate the executives whilst giving due consideration to remuneration levels, both within and outside the group. To meet these objectives, the committee from time to time takes advice from external remuneration specialists.

Accountability and accounting

The CEO is responsible for all group operations. Divisional and group management accounts are prepared monthly comparing actual results against approved budgets.

Risk management

Accountability

The board is responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks.

Internal control

Operational and financial risks are managed through implementation and maintenance of a system of internal and financial controls designed to provide reasonable assurance as to the integrity and reliability of the financial information presented and to safeguard the group's assets adequately. These internal controls are monitored regularly.

No incidents have come to the attention of the board that would indicate any material breakdown in these internal controls during the year.

The group's assets are insured against loss, cover being taken out above predetermined self-insurance levels.

Critical business processes

In a disaster recovery circumstance business continuity plans which are in place will ensure that the business, both from an information technology and operational view point, continues with the least amount of disruption.

Company secretary

All directors have access to the advice and services of the company secretary and, in appropriate circumstances, are entitled and authorised, at the company's expense, to seek independent professional advice concerning the affairs of the company. The company secretary is responsible to ensure that board procedures and applicable rules and regulations are fully observed.

Going concern

The going concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources, the directors have no reason to believe that the group will not continue as a going concern for the foreseeable future.

Relationships

Employment equity

The group provides equal employment opportunities and has a strong culture of internal promotion and upliftment of its people.

The company's employment equity plan was compiled in consultation with employee representatives and 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 in employment through the elimination of unfair discrimination; and
- The promotion of affirmative action measures to redress any disadvantages in employment experienced by designated groups, and to ensure equitable representation in all occupational categories and levels in the workplace.

An employment equity committee has been appointed to monitor the implementation of the plan. Training and development of employees from the designated groups forms an important component of the plan and attention will be focused on accelerated development of the previously disadvantaged groups.

Empowerment strategy

EOH is committed to Black Economic Empowerment ("BEE") which is an integral part of our business strategy. Our BEE strategy is based on four levels: equity, strategic, managerial and operational levels. Specific action plans and goals have been set.

Shareholders have been advised that EOH is in the process of finalising a transaction whereby it will achieve a minimum 25% BEE equity shareholding. EOH believes that the most effective way to achieve broad based empowerment is to involve its BEE employees in the empowerment transaction. This will be accomplished through the creation of a BEE Employee Trust and an investment into EOH by an Empowerment Fund. New EOH shares will be issued to the BEE Employee Trust, this Trust will have the current and future previously disadvantaged EOH employees as beneficiaries. It is proposed that the Empowerment Fund will be issued new EOH shares for cash which will result in a combined shareholding of the BEE Employee Trust and the Empowerment Fund in excess of 25% of EOH.

Worker participation

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, consultation and the identification and resolution of conflict. The purpose is to ensure that all employees are afforded equal opportunity for reward and progress based on ability and merit.

Code of ethics

All employees of the group are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which in all circumstances is above reproach. To this effect all employees are required to sign a "work life constitution" document. A culture involving the individual employee assuming personal responsibility for the actions of the business is encouraged, as is a culture of full disclosure.

Health and safety

The company is committed to ensuring a safe working environment for all its employees. In this regard a manager within the group is responsible for ensuring compliance with all relevant health, safety and environmental legislation.

Employee health and safety representatives and first-aiders have been appointed for designated areas and have been appropriately trained to fulfil their functions.

Dealings in group company shares

All dealings in the shares of the company by directors are reported on JSE Securities Exchange South Africa News Service, within 48 hours of the trade having been made.

Directors and officers are not permitted to trade in the group's listed shares during "closed periods", which commence two weeks preceding the interim and preliminary results announcements.

Report of the independent auditors

To the shareholders of Enterprise Outsourcing Holdings Limited

We have audited the group annual financial statements set out on pages 16 to 36 for the year ended 31 July 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and group at 31 July 2004 and the results of its operations and cash flows for the year ended in accordance with South African Generally Accepted Accounting Practice, and in the manner required by the Companies Act.

IAPA JOHANNESBURG
Registered Accountants and Auditors
Chartered Accountants (S.A.)

Johannesburg
15 September 2004

Directors' responsibility statement

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of Enterprise Outsourcing Holdings Limited and related information. The annual financial statements have been prepared in accordance with Generally Accepted Accounting Practice and in the manner required by the Companies Act. The group's independent auditors, IAPA Johannesburg, have audited the annual financial statements and their unqualified report appears on page 14.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, as well as prevent and detect material misstatement and loss. 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 annual financial statements set out on pages 16 to 36 were approved by the board of directors on 15 September 2004 and are signed on its behalf by:

Asher Bohbot
Chief Executive Officer

Antonio Cocciante
Financial Director

Certificate of the company secretary

In terms of section 268 6(d) of the Companies Act, Act 61 of 1973 ("the Act") as amended, I certify that to the best of my knowledge and belief, the company and the group has lodged with the Registrar of Companies, for the financial year ended 31 July 2004, all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

S Matheson
Company Secretary

15 September 2004

The directors have pleasure in submitting their report on the activities of the company and the group for the year ended 31 July 2004.

Nature of business

Enterprise Outsourcing Holdings Limited ("EOH") is an IT company listed on the Information Technology sector of the JSE Securities Exchange South Africa ("JSE").

EOH is a business and technology solutions provider creating lifelong partnerships by developing business and IT strategies, supplying and implementing solutions and managing enterprise-wide business systems and processes for medium to large clients.

EOH operates in the following three clusters of business units as a fully integrated business:

Consulting – Concentrated under the EOH KPMG Consulting brand are business units offering services ranging from strategic and business process consulting, project services, change management, supply chain optimisation and education.

Technology – Through a number of subsidiary companies, EOH is able to sell, implement and support a range of world-class business applications including ERP, CRM, Business Intelligence, Advanced Planning and Scheduling, e-Commerce and Manufacturing Execution Systems (MES).

Outsourcing – EOH offers comprehensive maintenance and support of clients' IT infrastructure and applications through the rendering of full IT Outsourcing, Application Hosting and Managed Services. In addition EOH offers full Business Process Outsourcing (BPO) services.

EOH has a presence in all major centres in South Africa and Botswana and also operates elsewhere in Africa.

Basis of preparation

The financial statements of the group have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice. The accounting policies used are consistent with those of the prior year, except for the consolidation of the EOH Share Trust as required by the JSE to ensure compliance with AC 132 – Consolidated financial statements and accounting for investments in subsidiaries – and, accordingly, the previous year's results have been restated.

Trading results

The results of operations for the year ended 31 July 2004 are detailed in the accompanying table. Earnings attributable to ordinary shareholders amounted to R19,1 million representing earnings and headline earnings per share of 40,61 and 42,84 cents respectively. The group's operating income is attributable to its core business, namely enterprise solutions.

A summary of the group's trading results is set out below:

R'000	**Audited 2004**	Audited 2003	Audited 2002
Revenue	**299 535**	175 969	114 328
Profit from operations before goodwill	**24 404**	18 050	14 596
Goodwill amortised	**(1 125)**	(1 123)	(1 081)
Taxation	**(3 845)**	(2 320)	(1 557)
Outside shareholders' interest	**(300)**	(212)	–
Profit for the period	**19 134**	14 395	11 958
Earnings per share (cents)	**40,61**	30,67	24,02
Headline earnings per share (cents)	**42,84**	33,06	26,19
Fully diluted earnings per share (cents)	**36,79**	29,43	21,89
Dividends per share (cents)	**10,00**	7,00	6,00

Group's financial position

The financial position of the company and group are set out in the balance sheet and cash flow statements.

Dividends

A cash dividend of 10 cents per share ("the dividend") has been declared and is payable to shareholders recorded in the books of the company at the close of business on Friday, 29 October 2004. Shareholders are advised that the last day to trade "cum" the dividend will be Friday, 22 October 2004. The shares will trade "ex" dividend as from Monday, 25 October 2004. Payment will be made on Monday, 1 November 2004. Share certificates may not be dematerialised or rematerialised during the period Monday, 25 October 2004 to Friday, 29 October 2004, both days inclusive.

Share capital

During the financial year the authorised and issued share capital has remained unchanged. At year end 1 247 731 EOH shares were owned by a wholly-owned subsidiary of EOH and will not be cancelled.

At the year end, the shares of the company were held by the following categories of shareholders:

	July 2004 %	July 2003 %
Non-public		
– Directors and management	**49,9**	49,6
– The EOH Share Trust	**7,4**	8,1
– V55 Investments (Proprietary) Limited	**2,5**	4,0
Public	**40,2**	38,3
	100,0	100,0

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	50	14,0	29 355	0,1
1 001 – 10 000 shares	190	53,4	985 830	1,9
10 001 – 100 000 shares	96	27,0	2 623 786	5,2
100 001 – 1 000 000 shares	12	3,4	5 066 502	10,0
1 000 001 shares and over	8	2,2	41 961 883	82,8
	356	100,0	50 667 356	100,0

Distribution of shareholders	Number of shareholders	%	Number of shares	%
Banks	2	0,6	2 152 097	4,2
Close corporations	6	1,7	20 239	0,1
Individuals	266	74,7	3 957 817	7,8
Insurance companies	2	0,6	28 600	0,1
Investment companies	2	0,6	31 200	0,1
Mutual funds	5	1,4	4 492 579	8,9
Nominees and trusts	45	12,6	1 011 834	2,0
Other corporations	5	1,4	29 350	0,1
Pension funds	1	0,3	2 973 000	5,8
Private companies	19	5,3	30 772 627	60,7
Public companies	2	0,5	1 450 757	2,8
Share trust	1	0,3	3 747 256	7,4
	356	100,0	50 667 356	100,0

According to the records of the company, the only shareholders registered as holding one per cent or more of the company's shares at 31 July 2004, other than directors are the following:

		Number of shares	
	% held	**July 2004**	July 2003
ABSA Group Pension Fund	5,9	**2 973 000**	2 973 000
ABSA General Fund	–	**–**	500 000
Coronation Specialist Growth Fund	0,8	**429 020**	643 949
Mcubed Aggressive Small Cap Growth	4,4	**2 241 477**	1 734 187
M3 Small Cap Growth Fund	3,5	**1 782 186**	2 159 400
Shaparon Nominees (Proprietary) Limited	9,0	**4 542 415**	5 529 176
Prospect Reef Trading	23,2	**11 758 600**	3 457 900

Investments in subsidiary companies

Details of interests in subsidiaries, all of which are wholly owned and with the principal business of Information Technology Consultants, are set out below:

	Issued capital	Cost of shares **2004**	Cost of shares 2003
Direct subsidiaries			
EOH Consulting Services (Proprietary) Limited	100	**100**	100
Enterprise Logistics Solutions (Proprietary) Limited	100	**100**	100
Enterprise Implementation Solutions (Proprietary) Limited	300	**300**	300
Enterprise Outsourcing Solutions (Proprietary) Limited	100	**100**	100
Technolease (Proprietary) Limited	7 650	**7 650**	7 650
Enterprise Softworks (Proprietary) Limited	9 000	**1**	1
V55 Investments (Proprietary) Limited	100	**100**	100
EOH Australia Limited	435	**–**	348
Jent Solutions (Proprietary) Limited	100	**100**	100
Enterprise 21 Solutions (Proprietary) Limited	100	**100**	100
EOH Consulting Services (Western Cape) (Proprietary) Limited	100	**1**	1
EOH KPMG Consulting (Proprietary) Limited	1 000	**1**	–

	Issued capital	Cost of shares 2004	2003
Indirect subsidiaries			
Enterprise Outsourcing (Western Cape) (Proprietary) Limited	100	**100**	100
EOH Consulting Services (Eastern Cape) (Proprietary) Limited	100	**70**	70
EOH Consulting Services KZN (Proprietary) Limited	100	**100**	100
ESP Solutions (Proprietary) Limited	100	**100**	100
Intelliware (Proprietary) Limited	10 000	**100**	70
EOH Academy (Proprietary) Limited	1 000	**1 000**	-
EOH KPMG Consulting (Botswana) (Proprietary) Limited	160	**160**	-
		10 183	9 340

At year end an amount of R5 249 103 and R389 777 was advanced by the holding company to EOH Consulting Services (Proprietary) Limited and the EOH Share Trust respectively, and an amount of R23 957 634 was advanced by EOH KPMG Consulting (Proprietary) Limited to the holding company. There were no other loans advanced by the holding company to its direct or indirect subsidiaries. Refer note 5 to the Annual Financial Statements for details.

Acquisitions and disposal

The following acquisitions were completed during the period under review:

- The acquisition of the entire issued share capital of and claims against Atos KPMG Consulting (Proprietary) Limited from KPMG Services (Proprietary) Limited and the KC Trust. The consideration for the acquisition amounted to R22,4 million which was settled by EOH in cash on 2 August 2004. The effective date of the acquisition is 1 August 2003. All conditions precedent had been fulfilled and regulatory approvals obtained.

- The acquisition of the remaining 30% shareholding in EOH Consulting Services (Western Cape) (Proprietary) Limited. The transaction was concluded on standard terms for an acquisition of this nature and allowed EOH to remove minority shareholders and simplify the group structure. The purchase consideration for the transaction is R1,84 million being R358 000 in cash and R1 482 000 in EOH shares issued at R2,47 per share. The effective date of the acquisition is 1 February 2004. All conditions precedent had been fulfilled and regulatory approvals obtained.

- The acquisition of the remaining 30% shareholding in Intelliware (Proprietary) Limited with effect from 1 August 2003 for a total cash consideration of R550 000.

On 15 September 2004 shareholders of EOH were advised that EOH had reached agreement to acquire the entire issued share capital of and claims against Global Technology Business Intelligence (Proprietary) Limited ("GBI"), subject to regulatory approval, with effect from 1 August 2004. The purchase consideration for the transaction is R4,75 million to be settled in cash. GBI is a leading software and services provider in the field of Corporate Performance Management.

Shortly after year end, the business operations of Idea 2 Action were purchased at net asset value amounting to R690 000 to be settled in cash with effect from 1 August 2004.

During the period under review, EOH disposed of its entire shareholding in EOH Australia Limited with effect from 31 May 2004 for R236 000 to be settled in cash.

Directorate

The following directors served throughout the period:

Dr Nakedi Mathews Phosa (appointed 20 October 2003)
Peter John Bartlett (resigned 30 January 2004)
Asher Bohbot (re-appointed 26 February 2004)
Antonio Cocciante (re-appointed 26 February 2004)
Roedolf Jacobus du Toit (resigned 30 January 2004)
Robert Michael Maria Sporen (Dutch) (re-appointed 26 February 2004)
Bernardus van den Berg (resigned 30 January 2004)
Jane Sinclair Thomson
Kennith Cullinan
John William King (appointed 30 January 2004)
Dion Dominic Ramoo (appointed 30 January 2004)

Dr Nakedi Mathews Phosa was appointed non-executive Chairman of EOH on 20 October 2003. Dr Phosa's appointment is in line with EOH's Black Economic Empowerment and Transformation plans.

In terms of the company's articles of association and the JSE Listings Requirements, Asher Bohbot, Antonio Cocciante and Robert Michael Maria Sporen were re-appointed as directors at the annual general meeting of shareholders on 26 February 2004. Peter John Bartlett, Roedolf Jacobus du Toit, Bernardus van den Berg resigned as directors and John William King and Dion Dominic Ramoo were appointed as directors on 30 January 2004. A short curriculum vitae for these two directors is provided below:

John William King, 44 – Executive Director
BCom; BAcc CA(SA)

John King is a Chartered Accountant and started his career with KPMG in 1984 after he graduated from the University of the Witwatersrand. John was admitted to the partnership of KPMG in 1990 at the age of 29 and for many years was an audit partner responsible for major clients in both the public and private sector. During his time with KPMG, John held several managerial positions at different times including that of National Staff Partner, Head of Government and Emerging Markets Consulting Services, Head of Strategy and Operations and finally as Chief Executive Officer of KPMG's Consulting practice.

John has considerable consulting experience and has led many large successful consulting engagements involving many consulting disciplines across different industries. John now forms part of the EOH KPMG Consulting business as a result of the legal separation from KPMG and acquisition of Atos KPMG Consulting by EOH. John heads up the Business Consulting Division of EOH.

Dion Dominic Ramoo, 40 – Executive Director
BSc Info Proc CA(SA)

Dion was employed by KPMG in February 1986 and progressed to Manager in 1992. In 1995 he was appointed as a Partner at KPMG and soon thereafter was seconded for a four year period to the Presidential Project established by the Honourable (then) President, Mr Nelson Mandela as head of Finance and Information Technology. Thereafter Dion established a very successful consulting practice in the East London office of KPMG and was also responsible for the Cape Region and E-Government on a national basis. After 18 years (seven as a partner/executive director), Dion now forms part of the EOH KPMG Consulting business as a result of the legal separation from KPMG and acquisition of Atos KPMG Consulting by EOH. Dion is currently the business unit head of Public Services within the EOH group and is actively involved in BEE and Strategic Account Management within the group.

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.

Directors' interest in the share capital of the company

At 31 July 2004 the directors' direct and indirect interest in the company's issued shares were as follows:

	Beneficial		Non-beneficial	
	July 2004	July 2003	**July 2004**	July 2003
Ordinary shares				
– directly				
Asher Bohbot	**123 106**	98 100		
– indirectly				
Asher Bohbot	**13 220 230**	13 220 230	**18 000**	18 000
Robert Michael Maria Sporen	**3 457 900**	3 457 900	**85 000**	40 000

All the above directors hold in excess of 1% of the shares of the company.

There have been no material changes in the directors' interest in the share capital of the company between the end of the financial year and the publication date of this report.

Ordinary shares

In terms of the Sale of Business Operations Agreement of Futuristix Advanced Control Systems ("Futuristix") as disclosed in the 2002 annual financial statements, a total of 1 396 923 EOH treasury shares were issued to the vendors of Futuristix during November 2004.

Share incentive scheme

The company has a share incentive scheme giving all directors and staff the opportunity to participate in the growth of the group. At 31 July 2004 there were 5 555 000 options outstanding. Under the terms of the current scheme up to 16% of the issued share capital from time to time is reserved for share options.

Contingent liabilities

There are claims from customers/suppliers relating to claims prior to acquisition of a subsidiary. The directors are of the opinion that these claims are not valid and that the company has a counter-claim against the vendor in respect of these claims.

Subsequent events

Other than the events noted in the annual report, no material event or transaction has occurred subsequent to 31 July 2004 that warrants adjustment to, or notification in, the annual financial statements.

No change statement

This annual report for the year ended 31 July 2004 does not contain any modifications to the audited results which were published on 20 September 2004.

Balance sheet
at 31 July 2004

	Notes	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
ASSETS					
Non-current assets		**33 391**	31 315	**46 852**	2 239
Tangible assets	3	**8 017**	3 850	**–**	–
Intangible assets	4	**25 242**	27 333	**21 196**	800
Loans receivable		**132**	132	**–**	–
Investment in subsidiaries	5	**–**	–	**25 656**	1 439
Current assets		**133 885**	68 998	**(18 039)**	10 426
Inventories	6	**55**	78	**–**	–
Trade and other receivables	7	**72 135**	28 524	**264**	600
Inter-company loans	5	**–**	–	**(18 319)**	9 826
Cash and cash equivalents		**61 695**	40 396	**16**	–
Total assets		**167 276**	100 313	**28 813**	12 665
EQUITY AND LIABILITIES					
Capital and reserves		**67 548**	52 082	**10 653**	12 468
Share capital	8	**471**	464	**507**	507
Share premium	8	**8 306**	8 435	**11 337**	11 337
Distributable reserves	9	**58 300**	42 713	**(1 191)**	624
Non-distributable reserve	10	**471**	258	**–**	–
Outside shareholders' interest		**–**	212	**–**	–
Non-current liabilities		**24 178**	6 922	**18 048**	118
Amounts due to vendors	11	**22 375**	6 040	**17 906**	–
Interest bearing borrowings	12	**2 825**	522	**–**	–
Deferred taxation	13	**(1 022)**	360	**142**	118
Current liabilities		**75 550**	41 309	**112**	79
Trade and other payables	14	**70 728**	39 653	**166**	30
Taxation		**4 822**	1 656	**(54)**	49
Total equity and liabilities		**167 276**	100 313	**28 813**	12 665

	Notes	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
Revenue	16	**299 535**	175 969	**930**	203
Profit before interest	17	**22 326**	16 398	**2 866**	3 240
Net interest received	19	**2 078**	1 652	**–**	–
Profit from operations before goodwill		**24 404**	18 050	**2 866**	3 240
Goodwill amortised		**(1 125)**	(1 123)	**(1 073)**	–
Profit from operations		**23 279**	16 927	**1 793**	3 240
Taxation	20	**(3 845)**	(2 320)	**(61)**	(60)
Outside shareholders' interest		**(300)**	(212)	**–**	–
Net profit for the year		**19 134**	14 395	**1 732**	3 180
Number of shares in issue ('000)	21	**50 667**	50 667	**50 667**	50 667
Weighted average number of shares ('000)	21	**47 111**	46 934	**47 111**	46 934
Earnings per ordinary share (cents)	21	**40,61**	30,67	**3,7**	6,8
Headline earnings per ordinary share (cents)	21	**42,84**	33,06	**6,6**	6,8
Diluted earnings per ordinary share (cents)	21	**36,79**	29,43	**3,3**	6,5
Dividends per share (cents)		**10,00**	7,00	**10,00**	7,00

Group – R'000	Share capital	Share premium	Distri-butable reserves	Non-distri-butable reserve	Outside shareholders' interest	Total
Balance at 31 July 2003	487	9 069	42 713	252	212	52 733
Effects of consolidating The EOH Share Trust	(23)	(634)	–	6	–	(651)
Restated balance	464	8 435	42 713	258	212	52 082
Net profit for the year			19 134			19 134
Dividends			(3 547)			(3 547)
Outside shareholders' interest					(212)	(212)
(Repurchase)/re-issue of shares held by subsidiary	7	238		158		403
Effects of consolidating The EOH Share Trust		(367)		55		(312)
Balance at 31 July 2004	**471**	**8 306**	**58 300**	**471**	**–**	**67 548**

Company – R'000	Share capital	Share premium	Distri-butable reserves	Total
Balance at 31 July 2003	507	11 337	624	12 468
Net profit for the year			1 732	1 732
Dividends			(3 547)	(3 547)
Balance at 31 July 2004	**507**	**11 337**	**(1 191)**	**10 653**

Cash flow statement
for the year ended 31 July 2004

	Notes	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
Cash flows from operating activities					
Cash generated by operations	28.1	29 162	20 798	(398)	200
Movements in working capital	28.2	30 413	(4 203)	300	(103)
Cash generated by operating activities		59 575	16 595	(98)	97
Net Interest received	19	2 078	1 652	–	–
Taxation paid	28.3	(2 062)	(853)	(140)	(18)
Dividends paid	28.4	(3 531)	(3 040)	(3 531)	(3 040)
Dividends received		–	–	3 547	3 040
Finance costs		(66)	(68)	–	–
Net cash flows from operating activities		55 994	14 286	(222)	79
Cash flows from investing activities					
Additions to tangible assets	28.5	(5 946)	(2 250)	–	–
Movement in goodwill		(26 660)	118	(21 469)	–
Projects in progress		(130)	(611)	–	–
Movement in loan accounts of subsidiary		–	–	28 145	(79)
Movements in investments in subsidiaries		–	–	(24 217)	–
Net cash inflow/(outflow) on disposal of subsidiary	28.6	235	–	(127)	–
Net cash outflow required for acquisitions	28.7	(20 923)	–	–	–
Net cash outflows from investing activities		(53 424)	(2 743)	(17 668)	(79)
Cash flows from financing activities					
Decrease in long-term loans receivable		–	1 557	–	–
Long-term borrowings raised/(repaid)		2 303	(115)	–	–
Amounts due to vendors		16 335	–	17 906	–
Share resale/(buyback)		404	(1 525)	–	–
Cash outflow effects of consolidating The EOH Share Trust		(313)	(652)	–	–
Net cash inflow/(outflow) from financing activities		18 729	(735)	17 906	–
Net movement in cash and cash equivalents for the year		21 299	10 808	16	–
Cash and cash equivalents at beginning of year		40 396	29 588	–	–
Cash and cash equivalents at end of year	28.8	61 695	40 396	16	–

1. ACCOUNTING POLICIES

The financial statements set out on pages 16 to 36 are prepared on the historical cost basis and incorporate the principal accounting policies set out below. These significant accounting policies confirm with South African Statements of Generally Accepted Accounting Practice. These policies are consistent in all material respects with those applied in the previous year except for the consolidation of the EOH Share Trust as required by the JSE Securities Exchange South Africa ("JSE") to ensure compliance with AC 132 – Consolidated financial statements and accounting for investments in subsidiaries – and, accordingly, the previous year's results have been restated.

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to 31 July each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess (deficiency) of the cost of acquisition over (below) the fair value of identifiable net assets is recognised as goodwill (negative goodwill). The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All significant inter-company transactions and balances between group enterprises are eliminated on consolidation.

1.2 Investments

Long-term investments are classified as financial assets and are stated at cost, except where there is a decline in value that is other than temporary, in which case they are written down to fair value.

1.3 Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation.

Depreciation is provided on assets to write down the costs by equal instalments over their estimated usual lives, being five years.

Surpluses and losses on disposal of tangible assets are charges to the income statement.

1.4 Inventories

Inventories are valued 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 costs necessary to make the sale.

1. ACCOUNTING POLICIES (continued)

1.5 Intangible assets

Goodwill represents the excess of the purchase consideration over the fair value of the assets and liabilities acquired.

Research and development costs are recognised as an expense when incurred, except for those development costs which relate to specific projects where the costs are likely to be recovered from selling the products or services arising from the projects.

The carrying amounts of all intangibles are reviewed annually and written down for any permanent impairment.

1.6 Financial Instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, trade receivables and trade payables.

1.7 Deferred taxation

Deferred tax is provided on the comprehensive basis using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts on the balance sheet. Current tax rates are used to determine the deferred tax balance.

1.8 Revenue recognition

Revenue is defined as fees charged for enterprise solutions, and excludes value added tax.

1.9 Post retirement benefits

There are no post retirement benefits due to current and retired employees.

Defined contribution plans

Contributions in respect of defined contribution plans are recognised as an expense in the year to which they relate.

1.10 Comparatives

Where necessary, comparative figures have been adjusted to allow for more meaningful comparison.

2. DEFINITIONS

2.1 Cash and cash equivalents

The cash and cash equivalents amounts disclosed in the cash flow statement comprise cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value, net of bank overdrafts.

Bank overdrafts have been disclosed separately with current liabilities in the balance sheet.

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
3. TANGIBLE ASSETS				
Cost	**21 615**	12 623	**–**	–
Computers	**15 541**	8 917	**–**	–
Furniture, equipment and vehicles	**6 074**	3 706	**–**	–
Accumulated depreciation	**13 598**	8 773	**–**	–
Computers	**10 498**	6 482	**–**	–
Furniture, equipment and vehicles	**3 100**	2 291	**–**	–
Net carrying value	**8 017**	3 850	**–**	–
Computers	**5 043**	2 435	**–**	–
Furniture, equipment and vehicles	**2 974**	1 415	**–**	–
3.1 Analysis of movements				
Net carrying value at beginning of the year	**3 850**	3 482	**–**	–
Additions	**8 992**	2 250	**–**	–
Computers	**6 624**	1 758	**–**	–
Furniture, equipment and vehicles	**2 368**	492	**–**	–
Depreciation	**4 825**	1 882	**–**	–
Computers	**4 016**	1 355	**–**	–
Furniture, equipment and vehicles	**809**	527	**–**	–
Net carrying value at end of the year	**8 017**	3 850	**–**	–
4. INTANGIBLE ASSETS				
Tradenames at cost	**2 690**	2 690	**800**	800
Goodwill	**18 636**	18 833	**20 396**	–
Projects in progress	**3 916**	5 810	**–**	–
Intangible assets	**25 242**	27 333	**21 196**	800
Directors' valuation of tradenames	**2 690**	2 690	**800**	800

Tradenames include trademarks and tradenames. Projects in progress relate to research and development.

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
5. INVESTMENT IN SUBSIDIARIES				
Shares at cost	**–**	–	**25 656**	1 439
Loan accounts – receivable	**–**	–	**(18 319)**	9 826
	–	–	**7 337**	11 265
6. INVENTORIES				
Merchandise purchased for resale	**55**	78	**–**	–
	55	78	**–**	–

		Group		Company	
		2004 (R'000)	2003 (R'000)	**2004 (R'000)**	2003 (R'000)
7.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**70 592**	26 675	**–**	–
	Other receivables	**1 543**	1 849	**264**	600
		72 135	28 524	**264**	600
8.	**SHARE CAPITAL AND PREMIUM**				
	Share capital				
	Authorised				
	100 000 000 ordinary shares of 1 cent each	**1 000**	1 000	**1 000**	1 000
	Issued				
	50 667 356 (2003: 50 667 356) ordinary shares of 1 cent each	**471**	464	**507**	507
	Balance at beginning of year	**464**	500	**507**	507
	Shares sold/(repurchased)	**7**	(36)	**–**	–
	Balance at end of year	**471**	464	**507**	507
	Share premium				
	Balance at beginning of year	**8 435**	10 674	**11 337**	11 337
	Shares sold/(repurchased)	**238**	(1 605)	**–**	–
	Effects of consolidating The EOH Share Trust	**(367)**	(634)	**–**	–
	Balance at end of year	**8 306**	8 435	**11 337**	11 337
	Total share capital and premium	**8 306**	8 435	**11 337**	11 337
	The balance of the unissued ordinary shares are under the control of the directors until the next general meeting, subject to the provisions of Section 221 of the Companies Act and the requirements of the JSE.				
9.	**DISTRIBUTABLE RESERVES**				
	Balance at beginning of year	**42 713**	31 358	**624**	484
	Retained profit for the year	**15 587**	11 355	**(1 815)**	140
	Balance at end of year	**58 300**	42 713	**(1 191)**	624
10.	**NON-DISTRIBUTABLE RESERVE**				
	Balance at beginning of year	**258**	160	**–**	–
	Reissue of shares held by subsidiary	**158**	92	**–**	–
	Effects of consolidating The EOH Share Trust	**55**	6	**–**	–
	Balance at end of year	**471**	258	**–**	–
11.	**AMOUNTS DUE TO VENDORS**				
	Amounts due to vendors	**22 375**	6 040	**17 906**	–

The amounts due to vendors represent purchase consideration owing in respect of acquisitions and will be settled through the issue of shares or cash resources when the relevant profit warranties have been fulfilled. The amounts owing are interest free and will be settled within the next year.

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
12. INTEREST BEARING BORROWINGS				
Short-term borrowings	**2 825**	522	**–**	–
Short term borrowings are under capitalised finance leases bearing interest rates linked to the prime rate, repayable in monthly instalments.				
13. DEFERRED TAXATION				
Deferred tax asset	**(1 295)**	–	**–**	–
Deferred tax liabilities	**273**	360	**142**	118
	(1 022)	360	**142**	118

Group R'000	Balance 31 July 2003	Charged through income	**Balance 31 July 2004**
The balance of deferred tax is made up as follows:			
Deferred tax (assets)/liabilities			
Provisions	164	(332)	**(168)**
Trademark write-off	192	81	**273**
Pre-payment	4	(1 131)	**(1 127)**
	360	(1 382)	**(1 022)**

Company R'000	Balance 31 July 2003	Charged through income	**Balance 31 July 2004**
Deferred tax (assets)/liabilities			
Trademark write-off	118	24	**142**
	118	24	**142**

Net deferred tax liability
Deferred tax assets and liabilities are only offset when the income tax relates to the same legal entity or fiscal authority.

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
Movement in deferred tax can be analysed as follows:				
Balance at beginning of year	**360**	1 108	**118**	94
Charged through income statement	**(1 382)**	(748)	**24**	24
Balance at end of year	**(1 022)**	360	**142**	118
14. TRADE AND OTHER PAYABLES				
Trade payables	**10 783**	5 518	**142**	–
Other payables	**31 968**	15 541	**8**	30
Deferred revenue	**27 961**	18 594	**–**	–
Shareholders for dividends	**16**	–	**16**	–
	70 728	39 653	**166**	30

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
15. CAPITAL COMMITMENTS				
15.1 Commitments in respect of capital expenditure				
Approved by directors				
– not contracted for	**3 500**	5 500	**–**	–
	3 500	5 500	**–**	–
This expenditure will be financed from banking facilities.				
15.2 Operating leases				
Future lease charges for premises, equipment and office furniture				
– payable within one year	**812**	391	**–**	–
– payable between one and five years	**2 013**	898	**–**	–
	2 825	1 289	**–**	–
16. REVENUE				
Revenue represents sale of goods and fees charged for enterprise solutions, and excludes value added tax and inter-company sales.				
Revenue comprises				
Sale of goods	**5 119**	4 586	**–**	–
Fees received	**294 416**	171 383	**–**	–
Income from subsidiaries				
– management fee	**–**	–	**930**	203
	299 535	175 969	**930**	203
17. PROFIT FROM OPERATIONS				
The operating profit is stated after:				
Expenses				
Auditors' remuneration				
– audit fee	**641**	554	**–**	–
Depreciation				
– computers	**4 016**	1 355	**–**	–
– furniture, equipment and vehicles	**809**	527	**–**	–
	4 825	1 882	**–**	–

18. DIRECTORS' EMOLUMENTS

Directors' emoluments paid by subsidiary – R'000

Executive directors	Remuneration	Bonuses	Contributions to provident fund	Total directors' share options emoluments
Asher Bohbot	**864**	**400**	**127**	**1 391**
Peter J Bartlett	**307**	**120**	**32**	**459**
Antonio Cocciante	**618**	**170**	**47**	**835**
Kennith Cullinan	**819**	**80**	**36**	**935**
John W King	**455**	**–**	**45**	**500**
Dion D Ramoo	**370**	**–**	**31**	**401**
Robert M M Sporen	**859**	**250**	**–**	**1 109**
Jane S Thomson	**714**	**120**	**–**	**834**
Roedolf J du Toit	**378**	**100**	**–**	**478**
Bernardus van den Berg	**323**	**100**	**–**	**423**
Total	**5 707**	**1 340**	**318**	**7 365**
2003	5 562	710	252	6 524
Non-executive directors				
Dr Nakedi M Phosa	**377**	**–**	**–**	**377**
2003	–	–	–	–

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
19. NET INTEREST RECEIVED				
Interest received	**2 746**	1 947	**–**	–
Interest paid	**(668)**	(295)	**–**	–
	2 078	1 652	**–**	–
20. TAXATION				
South African normal tax				
• current	**5 227**	3 068	**37**	36
• attributable to temporary differences arising in the current year	**(1 382)**	(748)	**24**	24
	3 845	2 320	**61**	60
Reconciliation of tax rate	**%**	%	**%**	%
Standard tax rate	**30,0**	30,0	**30,0**	30,0
Adjusted for:				
Disallowable expenditure/(capital profit)	**6,1**	1,9	**–**	–
Utilisation of assessed loss	**(19,6)**	(18,2)	**–**	–
	16,5	13,7	**30,0**	30,0

	Group		Company	
	2004 (R'000)	2003 (R'000)	**2004 (R'000)**	2003 (R'000)
21. EARNINGS PER SHARE				
Basic earnings per share (cents) The calculation is based on earnings of R19 133 425 (2003: R14 394 632) and on the weighted average of 47 111 132 ordinary shares in issue during the year (2003: 46 934 343)	**40,61**	30,67	**3,7**	6,8
Headline earnings per share (cents)				
Reconciliation between earnings and headline earnings:				
Net profit for period [R'000]	**19 134**	14 395	**1 732**	3 180
Goodwill amortised [R'000]	**1 125**	1 123	**1 073**	-
Less capital (profit)/loss on sale of subsidiary	**(79)**	–	**283**	–
Headline earnings [R'000]	**20 180**	15 518	**3 088**	3 180
Headline earnings per share has been assessed in terms of AC 306				
The calculation is based on earnings of R20 179 398 (2003: R15 517 978) and on the weighted average of 47 111 132 ordinary shares in issue during the year (2003: 46 934 343)	**42,84**	33,06	**6,6**	6,8
Fully diluted basis (cents) This is calculated on the assumption that the options granted were exercised. This calculation is based on earnings of R19 133 425 (2003: R14 394 632) and on the weighted average 52 011 585 (2003: 48 918 011) ordinary shares in issue during the year	**36,79**	29,43	**3,3**	6,5

22. SEGMENTAL REPORTING

An analysis of the business units and geographical split of the company revealed that the business operations are closely integrated and all revenue is generated in South Africa, therefore, a segmental analysis will be of no benefit.

23. CONTINGENT LIABILITIES

There are claims from customers/suppliers relating to claims prior to acquisition of a subsidiary. The directors are of the opinion that these claims are not valid and that the company has a counter-claim against the vendor in respect of these claims.

24. RETIREMENT BENEFIT INFORMATION

The group continues to contribute to a defined contribution plan. This fund is registered under and governed by the Pension Funds Act, 1956 as amended. Substantially all of the group's employees belong to the fund. All members pay a contribution to the fund and the group makes a similar contribution.

25. SUBSEQUENT EVENTS

Other than the events noted in the annual report, no material event or transaction has occurred subsequent to 31 July 2004 that warrants adjustment to, or notification in, the annual financial statements.

26. FINANCIAL INSTRUMENTS

Credit risk management

The group only deposits cash surpluses with major banks of high quality credit standing.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis.

At year-end, the group did not consider there to be any significant concentration of credit risk, which has not been adequately provided for.

Interest rate risk

The group adopts a policy of ensuring that its borrowings are at market related rates to address its interest rate risk.

Liquidity risk

The group has minimised its illiquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity.

Fair values

The fair values of all financial instruments are substantially identical to the carrying value reflected in the balance sheet.

27. RELATED PARTIES

Related parties exist between the group, fellow subsidiaries and the holding company. All purchasing and selling transactions with related parties are concluded at arm's length.

	Group		Company	
	2004 (R'000)	2003 (R'000)	**2004 (R'000)**	2003 (R'000)
28. NOTES TO CASH FLOW STATEMENT				
28.1 Cash generated by operations				
Profit before taxation	**23 279**	16 927	**1 793**	3 240
Adjustments				
Net interest received	**(2 078)**	(1 652)	**–**	–
Finance costs	**66**	68	**–**	–
Depreciation	**4 825**	1 882	**–**	–
Dividends received	**–**	–	**(3 547)**	(3 040)
Projects written off	**2 024**	2 450	**–**	–
Goodwill written off	**1 125**	1 123	**1 073**	–
Capital (profit)/loss on sale of subsidiary	**(79)**	–	**283**	–
	29 162	20 798	**(398)**	200
28.2 Movements in working capital				
Decrease/(Increase) in inventories	**23**	(28)	**–**	–
(Increase)/decrease in trade and other receivables	**(43 609)**	4 055	**(42)**	–
Increase/(decrease) in trade and other payables	**31 059**	(8 230)	**342**	(103)
Less acquisition opening working capital	**42 940**	–	**–**	–
	30 413	(4 203)	**300**	(103)

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
28. NOTES TO CASH FLOW STATEMENT (continued)				
28.3 Taxation paid				
Amounts owing at the beginning of the year	**1 656**	(559)	**49**	31
Amount charged per the income statement excluding deferred taxation	**5 228**	3 068	**37**	36
Amounts unpaid at the end of the year	**4 822**	1 656	**(54)**	49
Amounts paid	**2 062**	853	**140**	18
28.4 Dividends paid				
Dividends declared	**3 547**	3 040	**3 547**	3 040
Movement in shareholders for dividends	**(16)**	–	**(16)**	–
Dividends paid	**3 531**	3 040	**3 531**	3 040
28.5 Additions to tangible assets				
Computers	**3 963**	1 758	**–**	–
Furniture, equipment and vehicles	**1 983**	492	**–**	–
	5 946	2 250	**–**	–
28.6 Net cash inflow/(outflow) on disposal of subsidiary				
Proceeds on disposal of entire shareholding in EOH Australia Limited				
Fixed assets	**38**	–	**38**	–
Trade and other receivables	**266**	–	**266**	–
Cash and cash equivalents	**73**	–	**73**	–
Borrowings	**(2)**	–	**(2)**	–
Trade and other payables	**(219)**	–	**(219)**	–
Net assets	**156**	–	**156**	–
Profit/(loss) on disposal	**79**	–	**(283)**	–
Net cash inflow/(outflow) on disposal of subsidiary	**235**	–	**(127)**	–

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)

28. NOTES TO CASH FLOW STATEMENT (continued)

28.7 Net cash outflow required for acquisitions

During the year the group acquired the entire issued share capital of Atos KPMG Consulting (Proprietary) Limited.

The assets and liabilities at the date of acquisition were as follows:

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
Fixed assets	**3 046**	–	**–**	–
Trade and other receivables	**59 789**	–	**–**	–
Cash and cash equivalents	**2 145**	–	**–**	–
Trade and other payables	**(16 589)**	–	**–**	–
Deferred revenue	**(260)**	–	**–**	–
Net assets	**48 131**	–	**–**	–
Goodwill	**(25 063)**	–	**–**	–
Purchase consideration	**23 068**	–	**–**	–
Cash and cash equivalents purchased	**(2 145)**	–	**–**	–
Net cash outflow required for acquisitions	**20 923**	–	**–**	–

28.8 Cash and cash equivalents at end of period

	Group 2004 (R'000)	Group 2003 (R'000)	Company 2004 (R'000)	Company 2003 (R'000)
Cash on hand	**61 695**	40 396	**16**	–

Enterprise Outsourcing Holdings Limited

(Registration number 1998/014669/06)
(Incorporated in the Republic of South Africa)
Share code: EOH ISIN Code: ZAE000022026
("EOH" or "company")

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 sixth Annual General Meeting of shareholders of the company will be held on Wednesday, 26 January 2005 at 10h00 in the boardroom of the company, Ground Floor, Block F, Gillooly's View, 1 Osborne Lane, Bedfordview to conduct the following business:

1) To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 31 July 2004, including the directors' report and the report of the auditors therein.

2) To approve the directors' remuneration for the year ended 31 July 2004 as reflected in note 18 to the annual financial statements.

3) To confirm the re-appointment of IAPA Johannesburg as independent auditors of the company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

ORDINARY RESOLUTION NUMBER 1

Control of authorised but unissued ordinary shares

4) "Resolved by way of a general authority that the authorised but unissued ordinary shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue such ordinary shares, or to issue any options in respect of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) ("the Act"), as amended, the articles of association of the company and the Listings Requirements of the JSE Securities Exchange South Africa ("JSE") from time to time."

ORDINARY RESOLUTION NUMBER 2

Approval to issue ordinary shares, and to sell treasury shares, for cash

5) "Resolved that the directors of the company and/or of its subsidiaries be and are hereby authorised, by way of a general authority, to -

- allot and issue, or to issue any options in respect of all or any 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 purchased by subsidiaries of the company;

for cash, as and when they in their discretion deem fit, subject to the Act, as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of the JSE from time to time.

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

- 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 number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen per cent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the company's next annual general meeting and the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on net asset value, net tangible asset value per share, earnings per share and headline earnings per share, will be published when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to by the directors of the company; and
- whenever the company wishes to use ordinary 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."

Under the JSE Listings Requirements, Ordinary Resolution Number 2 must be passed by a 75% majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

SPECIAL RESOLUTION

General approval to repurchase shares

6) "Resolved that, as a general approval contemplated in sections 85(2) and 85(3) of the Act, the acquisitions by the company, and/or any subsidiary of the company, from time to time of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the articles of association of the company, the provisions of the Act and the JSE Listings Requirements, where applicable, and provided that:

- the repurchase of securities will 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 counter party;
- this general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 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 by the company in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date of the repurchase of such ordinary shares by the company;
- the acquisitions of ordinary shares in the aggregate in any one financial year do not exceed 20% (twenty per cent) of the company's issued ordinary share capital from the date of the grant of this general authority;

- the company and the group are in a position to repay their debt in the ordinary course of business for the following year;
- the consolidated assets of the company, being fairly valued in accordance with Generally Accepted Accounting Practice, are in excess of the consolidated liabilities of the company for the following year;
- the ordinary capital and reserves of the company and the group are adequate for the next twelve months;
- the available working capital is adequate to continue the operations of the company and the group in the following year;
- upon entering the market to proceed with the repurchase, the company's Sponsor has complied with its responsibilities contained in Schedule 25 of the JSE Listings Requirements;
- after such repurchase the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the company or its subsidiaries will not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement will be made; and
- the company only appoints one agent to effect any repurchase(s) on its behalf.

6.1 Reason for and effect of Special Resolution

The reason for and effect of the Special Resolution is to authorise the company and/or its subsidiaries by way of a general authority to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the company, subject to the limitations set out above.

The directors of the company have no specific intention to effect the provisions of the Special Resolution but will, however, continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of the Special Resolution.

6.2. Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, some of which are disclosed in the annual report of which this notice forms part as set out below:

- directors and management – page 20;
- major shareholders of EOH – page 18;
- directors' interests in securities – page 21; and
- share capital of the company – page 17.

6.3 Material change

There have 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.

6.4 Directors' responsibility statement

The directors, whose names are given on page 2 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the Special Resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all such information.

6.5 Litigation statement

Save as disclosed in note 23 of the financial statements, the directors, whose names are given on page 2 of the annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Voting and proxies

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote 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 enclosed herewith.

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 other than with "own name" registration and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation, or 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.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

By order of the Board

S Matheson
Company Secretary

24 November 2004
Johannesburg

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Printed by Ince (Pty) Ltd

Enterprise Outsourcing Holdings Limited
(Registration number 1998/014669/06)
(Incorporated in the Republic of South Africa)
Share code: EOH ISIN Code: ZAE000022026
("EOH" or "company")

For the use by certificated shareholders or dematerialised shareholders registered with "own-name" registration only, at the annual general meeting of shareholders of the company to be held in the boardroom of the company, Ground Floor, Block F, Gillooly's View, 1 Osborne Lane, Bedfordview, on Wednesday, 26 January 2005 commencing at 10h00.

Dematerialised shareholders holding shares other than with "own-name" registration, 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 necessary Letter of Representation to attend the annual general meeting in person and vote or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat. **These shareholders must not use this form of proxy.**

I/We

(name/s in block letters)

of

being the holders of shares in the capital of the company do 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 act for me/us at the annual general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof; and to abstain from voting for and/or against the resolutions in respect of the shares registered in my/our name in accordance with the following instructions:

	Number of shares		
	In favour of	Against	Abstain
1. To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 31 July 2004			
2. To approve the directors' remuneration for the year ended 31 July 2004			
3. To confirm the re-appointment of the auditors, IAPA Johannesburg, for the ensuing financial year and to authorise the directors to determine the auditors' remuneration			
4. Ordinary Resolution Number 1 Control of authorised but unissued ordinary shares			
5. Ordinary Resolution Number 2 Approval to issue ordinary shares for cash			
6. Special Resolution General approval to repurchase shares			

Signed at on 2004/2005

Signature

Assisted by (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in place of that shareholder at the meeting.

Form of proxy

1. The form of proxy must only be used by shareholders who hold shares that are not dematerialised or who hold dematerialised shares in their "own-name".
2. A shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the general meeting". A proxy need not be a shareholder of the company. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box(es). 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.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries not less than 48 hours before the commencement of the annual general meeting.
5. 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, the proxy shall be entitled to vote as he/she thinks fit.
6. 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.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
8. 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 or unless this requirement is waived by the Chairperson of the annual general meeting.
9. 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 company.
10. Where there are joint holders of shares:
    - 10.1 any one holder may sign the form of proxy;
    - 10.2. the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of 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).
11. **Forms of proxy should be lodged with or mailed to Computershare Investor Services 2004 (Proprietary) Limited:**

    Hand deliveries to:
    Computershare Investor Services 2004 (Proprietary) Limited
    Ground Floor, 70 Marshall Street
    Johannesburg 2001

    Postal deliveries to:
    Computershare Investor Services 2004 (Proprietary) Limited
    PO Box 61051
    Marshalltown 2107

    to be received by no later than 10:00 on Monday, 24 January 2005 (or 48 hours before any adjournment of the annual general meeting which date, if necessary, will be notified in the press).
12. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.

EOH

design
build
operate
partner for life