



BOWMANS

2017

AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS

**WBHO**



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## STATEMENT OF RESPONSIBILITY BY THE BOARD

for the year ended 30 June 2017

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries. The consolidated annual financial statements have been prepared in compliance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa and include amounts based on judgements and estimates made by management. The directors have also prepared any other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors acknowledge that, ultimately, they are responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring that the business of the group is conducted in a manner which, in all reasonable circumstances, is above reproach. The focus of risk management within the group is to identify, assess and monitor all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements, however, a system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the financial statements. Based on budgets and available cash resources, the directors have no reason to believe that the company or the group will not be a going concern in the foreseeable future. The viability of the company and the group is supported by the financial statements.

The financial statements have been audited by the independent auditor, BDO South Africa Inc., who was given unrestricted access to all financial records and the related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The unqualified audit report of BDO South Africa Inc. is presented on pages 6 to 9.

The preparation of the financial statements was supervised by the Chief Financial Officer, Charles Henwood CA(SA) and approved by the board of directors on 1 September 2017 and are signed on its behalf.



**Mike Wylie**  
Chairman



**Louwtjie Nel**  
Chief Executive Officer

1 September 2017

## STATEMENT OF COMPLIANCE BY THE AUDIT COMMITTEE

for the year ended 30 June 2017

### MEMBERS

N Matyumza (Chairman)

R Gardiner

N Damasane

Each of the members of the audit committee are independent non-executive directors. The committee meets at least four times a year to fulfil its mandate. The internal and external auditors as well as certain members of the executive and senior management attend committee meetings by invitation.

The audit committee has executed its duties and responsibilities in accordance with its terms of reference which are informed by the Companies Act and King III and are approved by the Board.

The committee performed certain statutory and other duties during the year including:

- monitoring the effectiveness and implementation of internal financial controls and the adequacy of financial reporting;
- ensured that the financial reporting of the group comply with IFRS and Companies Act of South Africa;
- considered the effectiveness of the CFO and financial function;
- considered and reviewed the independence of the external auditor and the extent of non-audit services provided;
- reviewed the audit plans for internal and external audit; and
- reviewed the key audit matters and work performed thereon by the external auditors.



**Nomgando Matyumza**

*Audit Committee Chairman*

1 September 2017

## STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

for the year ended 30 June 2017

I confirm that the company has lodged with the Registrar of Companies all returns that are required to be lodged by a public company in terms of the Companies Act of South Africa in respect of the year ended 30 June 2017 and that all such returns are true, correct and up to date.



**Shereen Vally-Kara**

*Company Secretary*

1 September 2017

# DIRECTORS' REPORT

for the year ended 30 June 2017

## NATURE OF BUSINESS

The company is listed on the securities exchange operated by JSE Limited and is the holding company of a number of subsidiary companies principally engaged in civil engineering and building contracting activities in the Republic of South Africa and internationally.

## GROUP RESULTS

Revenue from continuing operations increased by 4,1% to R31,9 billion (2016: R30,7 billion) while operating profit before non-trading items decreased by 1,8% to R 986 million (2016: R1 billion). Total earnings attributable to the equity shareholders of the group amounted to R722 million (2016: R726 million) and headline earnings attributable to equity shareholders of the group amounted to R702 million (2016: R710 million). A full reconciliation between earning and headline earnings is disclosed under note 20. The financial statements set out on pages 10 to 49 provide full details of the financial position, results of operations and cash flows for the year ended 30 June 2017.

## SUBSIDIARIES

Details of the group's principal subsidiary companies are included within annexure 1. A full list of subsidiary companies is available on request from the company secretary.

The holding company is an investment company and consequently all profits recognised within the consolidated statement of financial performance were earned by subsidiary companies.

In terms of the shareholder agreements, Probuild Contructions (Probuild) acquired a further 2,1% interest from non-controlling shareholders during the year at a cost of AU\$3,6 million, while WBHO Australia acquired a further 0,8% from non-controlling shareholders at a cost of AU\$1,4 million. In June 2017, Probuild sold 1,6 million shares to management. The combined effect of these transactions resulted in the groups interest in Probuild reducing from 83,0% to 80,7%.

The remaining 17,5% interest in Renniks Construction and 44,4% interest in Capital Africa Steel were also acquired from non-controlling shareholders during the year at a cost of R99 million.

The group acquired a controlling interest in iKusasa Rail (formerly Grindrod Rail) for a consideration of R63 million.

The group acquired a 40% interest in Byrne Group for £12 million in June 2017 and reduced its interest in Edwin Construction from 57% to 49%. A gain of R9,6 million was recognised on the loss of control transaction.

## LOSSES IN SUBSIDIARIES

Included in the group's profit before tax of R1 billion are pre-tax losses from the following subsidiaries:

Subsidiary	Country of incorporation	Amount of loss
WBHO Mozambique Projectos Limitada	Mozambique	R42,1 million
WBHO Guinea (SA) Limited	Guinea	R3,5 million
WBHO UK Limited	United Kingdom	R1,7 million

## SHARE CAPITAL

The company has 63 190 064 ordinary shares in issue.

## SHAREHOLDER SPREAD

Details of shareholder categories are set out in annexure 3 of the financial statements.

## DIVIDENDS

The group declares dividends dependent upon profits earned and the availability of cash. On 1 September 2017 the directors declared a final gross dividend of 325 cents (2016: 313 cents) per ordinary share from income reserves, which together with the interim dividend of 150 cents (2016: 135 cents) per ordinary share, results in a total payment to shareholders of 475 cents per share (2016: 448 cents).

## SHARE SCHEMES

Details of transactions undertaken by the share trusts and empowerment vehicles are disclosed under note 27. There have been no changes to the trustees of the share schemes for the year under review. Participants in the management schemes are advanced interest-free loans by the trust to enable them to purchase the shares offered.

The vesting period of a portion of the shares in respect of the black partners participating in the Akani scheme matured in April 2017.

The trusts are consolidated for the purposes of the consolidated annual financial statements.

## BORROWING POWERS

In terms of the memorandum of incorporation the company has unlimited borrowing powers.

## DIRECTORATE

Details of the company's directors are available online at [www.wbho.co.za](http://www.wbho.co.za). The business physical address, postal address and company secretary details are set out on the last page of the financial statements.

In terms of the company's memorandum of incorporation Mr JM Ngobeni and Mr RW Gardiner retire at the forthcoming annual general meeting. Mr RW Gardiner is eligible for re-election while Mr JM Ngobeni will not stand for re-election.

Ms NM Damasane resigned on 3 August 2017.

## **DIRECTORS' SHAREHOLDING**

The direct and indirect interests of the directors are disclosed under note 24 of the financial statements.

There have been no material changes to directors' shareholdings between the reporting date and the date of this report.

## **RELATED PARTY TRANSACTIONS**

Related party transactions are disclosed under note 24.

## **PROPERTY, PLANT AND EQUIPMENT**

Full details of the property, plant and equipment are disclosed under note 2.

## **SUBSEQUENT EVENTS**

The board is not aware of any matter or circumstance arising since the end of the reporting period not otherwise dealt with in the consolidated annual financial statements, which significantly affects the financial position of the group as at 30 June 2017 or the results of its operations or cash flows for the year then ended.

## **GOING CONCERN**

The directors have reviewed the group's budget and forecast cash flows for the year to 30 June 2018. On the basis of this review, and in light of the current financial position, the directors are satisfied that the group and company have access to adequate resources to continue in operational existence for the foreseeable future. The going concern basis has been adopted in preparing the consolidated annual financial statements.

## **ANNUAL GENERAL MEETING (AGM)**

The AGM will be held at 11:00 on 22 November 2017.

## **SPECIAL RESOLUTIONS**

The following special resolutions were passed at the 2016 AGM:

### **Special resolution number 1**

Approval of non-executive directors' fees for the 2017 financial year.

### **Special resolution number 2**

Financial assistance to directors, prescribed officers, employee share scheme beneficiaries and related or inter-related companies and corporations.

### **Special resolution number 3**

General authority to repurchase company shares.

## **AUDITORS**

BDO South Africa Inc. will continue in office in accordance with section 90(6) of the Companies Act. At the AGM, shareholders will be requested to re-appoint BDO South Africa Inc. as the group auditors for the 2018 financial year and it is noted that J Roberts will be the individual registered auditor who will undertake the audit.

# INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2017

## TO THE SHAREHOLDERS OF WILSON BAYLY HOLMES-OVCON LIMITED

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries (the group) set out on pages 10 to 46, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of financial performance and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are

further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Audit procedures undertaken
<b>Recognition of contract revenue, margin and related receivables and liabilities</b>	
<p>The construction industry is characterised by contract risk with significant judgements involved in the assessment of both current and future contract financial performance.</p> <p>Revenue and margin are recognised based on the stage of completion of individual contracts. The stage of completion is determined using surveys of work performed relative to the estimated total revenue of the contract.</p> <p>The status of contracts is reviewed on a regular basis. In doing so, management are required to exercise significant judgement in their assessment of the valuation of contract variations, claims and liquidated damages, the completeness and accuracy of forecast revenue and costs to complete; and the ability to deliver contracts within contractual programmes.</p> <p>Dependent on the level of judgement the range on each contract can be individually material. In addition, changes in these judgements and the related estimates, as contracts progress can result in material adjustments to revenue and margin, which can be both positive and negative.</p> <p><i>(Refer to paragraph e of the significant judgements and critical accounting estimates, the accounting policies note on pages 18 and 19 and notes 8 and 14 to the annual financial statements for selected disclosures applicable to this matter).</i></p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• We evaluated and tested the relevant IT systems and assessed the operating effectiveness of key internal controls over the accuracy and timing of revenue recognised in the financial report, including controls relating revenue, purchases and payroll cycles.</li> <li>• For a sample of contracts we performed the following procedures: <ul style="list-style-type: none"> <li>– understood the performance and status of the contracts through enquiries with management and contract directors having oversight over the various contracts.</li> <li>– tested the contract status through the examination of externally generated evidence, such as approved variations and customer correspondence.</li> <li>– analysed the estimates for total forecast revenue, costs and profit to complete through inspection of contract documentation, including taking into account the historical accuracy of such estimates to perform a reasonability of the stage of completion of the contract.</li> <li>– recalculated the stage of completion calculations.</li> <li>– agreed the certified revenue amounts recognised to contract documentation.</li> <li>– assessed the provisions for loss making contracts and whether these appropriately reflected the expected contractual positions.</li> <li>– tested the recoverability of amounts due from construction contract customers and the related receivables.</li> <li>– assessed the completeness and validity of allowances recorded by management based upon the liabilities that may arise from disputes with customers or rectification works required through interviewing contract directors, a review of correspondence with customers and legal advisors.</li> </ul> </li> </ul>



Key audit matter	Audit procedures undertaken
<p><b>Valuation of goodwill</b></p> <p>IFRS requires from management to carry out an annual impairment test of goodwill. The assessment process is complex and requires significant management judgement based on assumptions about reasonable earnings multiple used, including future profitability for the related businesses against which appropriate long-term growth rates and discount rates must be applied.</p> <p><i>(Refer to paragraph b of the significant judgements and critical accounting estimates, the accounting policies note on page 18 and note 3 to the annual financial statements for selected disclosures applicable to this matter).</i></p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• We obtained copies of the valuation models used to determine the recoverable amount of each cash-generating unit and tested the arithmetical accuracy of the models.</li> <li>• We challenged the assumptions underpinning the models, including the discount rates or earnings multiple used, long-term growth rates and cash flow forecasts. This was achieved through: consultation with our internal valuation specialists to critically assess the model used, multiples or discount rate and long-term growth rates applied; assessment of the reasonableness of forecast future cash flows by comparison to historical performance and future outlook; and through discussions with management. We performed further sensitivities taking into account the historical forecasting accuracy of the group.</li> <li>• We also assessed whether assumptions have been determined and applied consistently across the group.</li> </ul>
<p><b>Completeness and adequacy of closed contract provisions and other provisions</b></p> <p>The group holds provisions in respect of claims and construction related provisions that have arisen, or that prior claims experience indicates may arise, subsequent to the completion of certain contracts, as well as in relation to other matters of litigation including legal disputes.</p> <p>The determination and valuation of provisions is judgmental by its nature and require a high degree of estimation and judgement by contract directors and management, and by the very nature of these items, there is often a lack of corroborative evidence.</p> <p><i>(Refer to paragraph d of the significant judgements and critical accounting estimates, the accounting policies note on page 18 and note 13 to the annual financial statements for selected disclosures applicable to this matter).</i></p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• Enquired of contract directors and management, and inspected board minutes for actual and potential claims arising in the year, and challenged whether provisions are required for these claims.</li> <li>• For all significant known issues and claims provided for, we inspected the calculation of the provision held and compared this to third party evidence, where available.</li> <li>• In respect of open matters of litigation, we had discussions with the group's internal and external legal advisors and reviewed correspondence in respect of these matters.</li> <li>• We assessed each provision against the requirements of the relevant accounting standards and assessed whether the group's disclosures present the potential liabilities of the group in accordance with accounting standards.</li> </ul>

**INDEPENDENT  
AUDITOR'S REPORT** (continued)  
for the year ended 30 June 2017

Key audit matter	Audit procedures undertaken
<b>Acquisitions of investments and loss of control of a subsidiary</b>	
<p>The group has undertaken a number of acquisitions and lost control of a significant subsidiary.</p> <p>These are significant due to the individual nature, size, cash flows involved and the related specific disclosure requirements.</p> <p>There is also the potential for complex contractual terms that introduce judgement on how it is accounted for.</p> <p><i>(Refer to paragraphs a and f of the significant judgements and critical accounting estimates, the accounting policies note on page 15 and note 30, 31 and 32 to the annual financial statements for selected disclosures applicable to this matter).</i></p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• For each transaction, we obtained an understanding of the nature of the transaction and assessed the proposed accounting treatment in relation to the group's accounting policies and relevant International Financial Reporting Standards.</li> <li>• We confirmed key transaction terms to sale and purchase agreements for all significant acquisitions (including competition commission approval) and disposals in the year, assessing whether it was appropriately recognised in the period by establishing the effective date of the transaction (based upon the assessment of control) and properly disclosed in the financial statements.</li> <li>• We also assessed whether key terms and pricing were appropriately reflected in any calculation of costs of the acquisition or profit or loss on disposal by inspecting sale and purchase agreements.</li> <li>• We assessed management's assessment of the accounting treatment of the acquisitions and disposal and discussed the treatment considerations with management.</li> <li>• For changes in consideration of shareholding (loss of control of subsidiary) we discussed the fair values attributed to the remaining investment and recalculated the assessments made.</li> <li>• We assessed the fair value of the assets acquired, and liabilities and contingent liabilities assumed in business combinations.</li> <li>• We consulted with our internal technical resource to critically assess the measurement of and accounting for significant acquisitions and disposals.</li> </ul>

**Other information**

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the consolidated financial statements**

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

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit

conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### ***Report on other legal and regulatory requirements***

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Inc. has been the auditor of Wilson Bayly Holmes-Ovcon Limited for 31 years.

**BDO South Africa Inc**

BDO South Africa Inc.

Per: **Jeanie Roberts**

Director

#### **Registered Auditor**

4 September 2017

22 Wellington Road  
Parktown  
2193

# CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Notes	2017 R'000	2016 R'000
<b>Revenue</b>	14	<b>31 906 660</b>	30 650 309
Operating costs		(29 767 720)	(28 619 757)
Administrative costs		(1 152 643)	(1 025 995)
<b>Operating profit before non-trading items</b>		<b>986 297</b>	1 004 557
Settlement agreement expense	10	(170 274)	–
Profit on disposal of property		–	29 166
Profit on disposal of shares	6	12 726	–
Gain on loss of control of subsidiary	32	9 607	–
Share-based payment expense	27	(57 788)	(42 481)
<b>Operating profit</b>	15	<b>780 568</b>	991 242
Share of profits from associates	4	68 916	45 659
Net finance income	16	240 894	203 014
<b>Profit before taxation</b>		<b>1 090 378</b>	1 239 915
Taxation	17	(319 161)	(395 715)
<b>Profit from continuing operations</b>		<b>771 217</b>	844 200
Loss from discontinued operations	19	(1 671)	(122 350)
<b>Profit for the year</b>		<b>769 546</b>	721 850
<b>Other comprehensive income</b>			
<i>Items that may be or have been reclassified through profit or loss</i>			
Translation of foreign entities		(256 522)	101 651
Translation of net investment in a foreign operation		(20 908)	–
Revaluation of a designated cash flow hedge		(11 269)	–
Tax effect of above items		9 235	–
Share of associates' comprehensive income*		(33 933)	28 618
Recycling of translation of foreign operations through profit and loss		–	284 086
<b>Total comprehensive income for the year</b>		<b>456 149</b>	1 136 205
<b>Profit from total operations attributable to:</b>			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		722 064	725 533
Non-controlling interests		47 482	(3 683)
<b>Profit for the year</b>		<b>769 546</b>	721 850
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		410 187	1 081 409
Non-controlling interests		45 962	54 796
<b>Total comprehensive income for the year</b>		<b>456 149</b>	1 136 205
<b>Earnings per share from total operations (cents)</b>			
Earnings per share	20	1 345,6	1 322,3
Diluted earnings per share	20	1 345,1	1 322,3
Dividend per share		475	448
<b>Profit from continuing operations attributable to:</b>			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		722 133	766 031
Non-controlling interests		49 084	78 169
<b>Profit for the year</b>		<b>771 217</b>	844 200
<b>Earnings per share from continuing operations (cents)</b>			
Earnings per share	20	1 345,7	1 396,1
Diluted earnings per share	20	1 345,3	1 396,1

\* There are no tax effects recognised on these items.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	2017 R'000	2016 R'000
<b>Assets</b>			
Property, plant and equipment	2	1 635 349	1 710 358
Goodwill	3	523 613	572 102
Investments in associates	4	650 246	347 171
Investments	5	298	201 942
Long-term receivables	6	446 626	96 193
Deferred taxation	11	631 799	558 840
<b>Total non-current assets</b>		<b>3 887 931</b>	<b>3 486 606</b>
Inventories	7	258 858	210 314
Amounts due by customers	8	758 001	514 438
Trade and other receivables	9	5 635 000	5 111 251
Taxation		148 534	294 687
Cash and cash equivalents	29	5 545 621	5 773 369
<b>Total current assets</b>		<b>12 346 014</b>	<b>11 904 059</b>
<b>Total assets</b>		<b>16 233 945</b>	<b>15 390 665</b>
<b>Equity</b>			
Share capital		28 597	28 597
Reserves		5 271 908	5 399 832
<b>Shareholders' equity</b>		<b>5 300 505</b>	<b>5 428 429</b>
Non-controlling interests		139 895	258 421
<b>Total equity</b>		<b>5 440 400</b>	<b>5 686 850</b>
<b>Liabilities</b>			
Long-term liabilities	10	192 637	34 581
Deferred taxation	11	57 211	24 253
<b>Total non-current liabilities</b>		<b>249 848</b>	<b>58 834</b>
Excess billings over work done	8	1 673 161	1 917 491
Trade and other payables	12	6 931 937	5 595 564
Provisions	13	1 913 262	2 059 645
Taxation		25 299	51 106
Bank overdrafts	29	38	21 175
<b>Total current liabilities</b>		<b>10 543 697</b>	<b>9 644 981</b>
<b>Total equity and liabilities</b>		<b>16 233 945</b>	<b>15 390 665</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Number of ordinary shares issued	Number of shares held by share trusts	Net shares issued to the public
Balance at 30 June 2015	66 000 000	11 113 515	54 886 485
Shares bought back	(2 809 936)	(2 809 936)	–
Treasury shares acquired	–	25 971	(25 971)
Total comprehensive income for the year	–	–	–
Share of movement in associates' equity	–	–	–
Dividend paid	–	–	–
Transfer between reserves	–	–	–
Share-based payments expense	–	–	–
Share-based payment settlement	–	–	–
Loans repaid to non-controlling interests	–	–	–
Transactions with owners	–	–	–
Balance at 30 June 2016	63 190 064	8 329 550	54 860 514
Vested shares	–	(198 492)	198 492
Treasury shares acquired	–	1 893 000	(1 893 000)
Profit for the year	–	–	–
Other comprehensive income for the year	–	–	–
Share of movement in associates' equity	–	–	–
Dividend paid	–	–	–
Share-based payments expense	–	–	–
Share-based payment settlement	–	–	–
Loans repaid to non-controlling interests	–	–	–
Acquisition of businesses	–	–	–
Transactions with owners	–	–	–
Balance at 30 June 2017	63 190 064	10 024 058	53 166 006
Authorised share capital			
– ordinary shares of no par value	100 000 000		
– redeemable preference shares of no par value	20 000 000		

There were no changes to the authorised share capital during the current year.

Share capital R'000	Foreign currency translation reserve R'000	Non- distributable reserves R'000	Distributable reserves R'000	Shareholders' equity R'000	Non-controlling interests R'000	Total equity R'000
28 625	134 531	162 790	4 239 796	4 565 742	262 443	4 828 185
(28)	–	–	–	(28)	–	(28)
–	–	–	–	–	–	–
–	327 258	–	725 533	1 052 791	54 796	1 107 587
–	28 618	–	–	28 618	–	28 618
–	–	–	(242 864)	(242 864)	(31 008)	(273 872)
–	–	–	–	–	–	–
–	–	43 845	–	43 845	–	43 845
–	–	5 472	–	5 472	–	5 472
–	–	–	–	–	(1 955)	(1 955)
–	–	–	(25 147)	(25 147)	(25 855)	(51 002)
28 597	490 407	212 107	4 697 318	5 428 429	258 421	5 686 850
–	–	–	–	–	–	–
–	–	(278 996)	–	(278 996)	–	(278 996)
–	–	–	722 064	722 064	47 482	769 546
–	(256 522)	–	(21 423)	(277 945)	(1 519)	(279 464)
–	(33 933)	–	–	(33 933)	–	(33 933)
–	–	–	(277 410)	(277 410)	(24 671)	(302 081)
–	–	57 788	–	57 788	–	57 788
–	–	6 226	–	6 226	–	6 226
–	–	–	–	–	(22 220)	(22 220)
–	–	–	–	–	8 263	8 263
–	–	–	(45 718)	(45 718)	(125 861)	(171 579)
28 597	199 952	(2 875)	5 074 831	5 300 505	139 895	5 440 400

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

	Notes	2017 R'000	2016 R'000
<b>Cash flow from operating activities</b>			
Cash generated from operations	29	<b>1 116 628</b>	1 994 855
Adjustments for:			
Net finance income		<b>259 765</b>	141 641
Taxation paid	29	<b>(252 139)</b>	(487 234)
Dividend paid		<b>(302 081)</b>	(273 873)
Net cash flow from operating activities		<b>822 173</b>	1 375 389
<b>Cash flow from investing activities</b>			
Advances of long term-receivables		<b>(265 356)</b>	(14 000)
Repayment of long-term receivables		<b>90 765</b>	500 284
Repayment/(advance) of contributed equity		<b>152 211</b>	(27 874)
Acquisition of associate		<b>(202 962)</b>	–
Loans advanced to associates		<b>–</b>	(68 353)
Disposal of associate		<b>13 386</b>	–
Proceeds on disposal of operations		<b>112 726</b>	–
Proceeds from share buy-back in subsidiary		<b>8 815</b>	–
Restructuring of debt on disposal of operations		<b>–</b>	(65 114)
Proceeds on disposal of property, plant and equipment		<b>130 369</b>	213 168
Purchase of property, plant and equipment			
– to maintain operations		<b>(174 124)</b>	(77 546)
– to expand operations		<b>(46 278)</b>	(38 660)
Net cash flow from investing activities		<b>(180 448)</b>	421 905
<b>Cash flow from financing activities</b>			
Repayment of borrowings		<b>(21 288)</b>	(141 272)
Transactions with owners		<b>(184 531)</b>	(41 720)
Instalments in respect of capitalised finance leases		<b>(46 321)</b>	(139 302)
Treasury shares acquired		<b>(278 996)</b>	(28)
Net cash flow from financing activities		<b>(531 136)</b>	(322 322)
<b>Increase in cash and cash equivalents for the year</b>		<b>110 589</b>	1 474 972
Foreign currency translation effect		<b>(167 054)</b>	259 212
Overdraft disposed of		<b>–</b>	355 101
Cash and cash equivalents acquired		<b>12 451</b>	–
Cash and cash equivalents derecognised		<b>(162 597)</b>	–
Net overdraft in respect of disposal group at the beginning of the year		<b>–</b>	(332 180)
Cash and cash equivalents at the beginning of the year		<b>5 752 194</b>	3 995 089
<b>Cash and cash equivalents at the end of the year</b>	29	<b>5 545 583</b>	5 752 194

# PRINCIPAL ACCOUNTING POLICIES

for the year ended 30 June 2017

## STATEMENT OF COMPLIANCE

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB. The consolidated financial statements comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa.

## BASIS OF PREPARATION

The IASB is in the process of amending presentation and disclosure requirements of IAS 1 Presentation of financial statements as part of the disclosure initiative. These amendments are designed to assist in preparing financial statements by applying judgements and considerations to quantitative and qualitative materiality in order to disclose relevant and useful information to users of the financial statements. The group has, through a consultative process, already applied various changes and improvements to the current year's financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for specific financial assets which are measured at fair value through profit and loss. The accounting policies adopted have been consistently applied throughout the group to all the periods presented. The consolidated financial statements have been prepared on the going concern basis.

## SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from these estimates, which may be material to the financial statements. Significant judgements and estimates include:

### a) Classification of investments

Judgement has been applied in determining the classification of joint arrangements, other investments and associates depending on the contractual rights and obligations of each investor. The judgements used have been disclosed in notes 4 and 5.

### b) Impairment of goodwill

Estimates are made in determining the recoverable amounts of cash-generating units, based on value-in-use and fair value less costs to sell calculations. The estimates used have been disclosed in note 3.

### c) Property, plant and equipment

Estimates are made of the residual values and judgment applied in estimating the useful lives of items of property, plant and equipment using relevant information available for similar assets.

### d) Provisions

Estimates are made of the expected cash outflow taking into account that the exact amount and timing of the outflow is uncertain.

### e) Contracting profit or loss recognition

Estimates are made of the total expected costs and revenue of individual contracts when applying the stage of completion method. In certain instances management is required to exercise judgement to determine whether the outcome of a contract can be reliably estimated, taking into consideration any variations or claims on each contract.

### f) Fair value

The group is required to measure fair value for both financial and non-financial assets and liabilities and when recognising identifiable assets and liabilities under business combinations. Judgement is required when determining the inputs to be used in discounted cash flow valuation techniques.

## BUSINESS COMBINATIONS

### Control

Business combination principles apply to entities over which the group obtains control. The group obtains control of a subsidiary when it becomes exposed to, or gains rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated into the group financial statements from the date control is obtained until it is classified as held-for-sale or any other date control ceases.

The acquisition method of accounting is used to account for business combinations. The consideration transferred for the acquisition of a business represents the fair value of the assets transferred, liabilities incurred and equity interests issued and includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any costs arising from the acquisition are expensed in profit or loss.

### Non-controlling interests

Any non-controlling interest in a subsidiary is initially recognised either at fair value or at the non-controlling interest's proportionate share of the subsidiary's net assets. Thereafter the carrying amount of non-controlling interests includes any subsequent changes in the subsidiary's equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

# **PRINCIPAL ACCOUNTING POLICIES** (continued) for the year ended 30 June 2017

## **Changes in shareholding**

Changes in shareholding that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The non-controlling interest is adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between this amount and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

## **Loss of control**

When the group ceases to have control over an entity the carrying amount of the consolidated assets and liabilities are derecognised together with any associated NCI and other component of equity. Any retained interest in the entity is remeasured at its fair value at the date control is lost. The resulting gain or loss is recognised in profit or loss.

## **Goodwill**

Goodwill is measured as the excess of the consideration transferred less the fair value of the net assets acquired and non-controlling interests recognised.

Goodwill recognised on the acquisition of a subsidiary is disclosed separately in the financial statements. Goodwill recognised on the acquisition of associates is included in investment of the associate. On disposal or derecognition of a subsidiary the attributable goodwill is included in the determination of the profit or loss.

## **INVESTMENTS IN ASSOCIATES**

An associate company is an entity over which the group has the ability to exercise significant influence. Investments in associates are initially recognised at cost. Subsequently, the equity method of accounting is applied whereby the group's share of the post-acquisition earnings and reserves are incorporated into the financial statements. The equity method is applied until the effective date of disposal, or any other date where the entity ceases to be classified as an associate. The group's share of post-acquisition losses is recognised up to the value of its investment and any subordinated loans.

Where the reporting period of the investor is different to that of the associate, the associate prepares for the use of the investor, annual financial statements as at the same date as the financial statements of the investor.

## **JOINT ARRANGEMENTS**

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint operations are joint arrangements in which the parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. The financial and operating decisions in respect of joint operations require the unanimous consent of all the parties.

## **BASIS OF CONSOLIDATION**

The consolidated financial statements include the statements of financial position, financial performance and other comprehensive income and cash flow information of the holding company, its subsidiaries, joint arrangements and associates.

The financial results of subsidiaries are fully consolidated with similar items on a line-by-line basis.

Interests in joint operations are proportionately consolidated. The group aggregates its share of the assets and liabilities, revenues and expenses and cash flows on a line-by-line basis with similar items within its own financial statements.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method.

Special purpose entities are consolidated on a line for line basis where the group is deemed to have control over the entity.

Where subsidiaries or associates or joint arrangements use accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made in preparing the consolidated financial statements.

Inter-company and inter-segment transactions and balances as well as unrealised gains and losses between entities are eliminated on consolidation.

Unrealised gains and losses in respect of associates are eliminated against the investment in the associate to the extent of the group's interest in these entities.

The parent's share in a joint operation's profits and losses resulting from these transactions is eliminated.

## **SEGMENTAL REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, identified as the executive committee. The group's reportable segments represent strategic business units that offer the main services of the group.

## **MEASUREMENT OF FAIR VALUES**

Fair values are categorised into different levels within a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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



Where the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the lowest level is used to categorise the fair value measurement in its entirety.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## FINANCIAL INSTRUMENTS

Financial instruments are recognised when the entity becomes party to the contractual provisions of the instruments. Financial instruments are derecognised when substantially all risks and rewards of ownership have been transferred.

Financial instruments are recognised initially on transaction date at fair value plus transactions costs except for financial instruments carried at fair value through profit and loss, where transaction costs are recognised immediately in profit or loss.

Financial assets and liabilities which are expected to be recovered or settled within 12 months of the reporting date are classified as current.

The group classifies its financial instruments into the following categories depending on the purpose for which the instrument was acquired. Management determines the classification at the time of initial recognition.

The group's categories are as follows:

- Financial assets and liabilities at fair value through profit and loss
- Loans and receivables
- Financial liabilities held at amortised cost

### Financial assets and liabilities at fair value through profit and loss

These instruments include trading and non-trading investments and are measured at fair value. Changes in fair value are recognised at each reporting date in profit or loss.

The fair value is determined using valuation techniques.

### Loans and receivables

Subsequent to initial recognition, they are measured at amortised cost. Amortised cost is calculated using the effective interest rate method.

Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The recoverable amount of the group's loans and receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

The group assesses at the end of each reporting period whether there is objective evidence that loans and receivables are impaired. Objective evidence of impairment may be as a result of one or more

events occurring that has an impact on the estimated future cash flows of the asset.

An impairment loss is reversed if there is subsequently an increase in the recoverable amount.

Trade and other receivables are measured at amortised cost less provision for impairment. The provision is recognised in profit or loss.

For the purpose of the statement of cash flow, cash and cash equivalents comprise bank balances and cash with original maturities of three months or less and also include bank overdrafts repayable on demand. Cash and cash equivalents are reflected at year-end bank statement balance. Where bank overdrafts and cash balances are with the same financial institution and right of set-off exists, they are netted off for disclosure purposes.

### Financial liabilities held at amortised cost

Liabilities within this category are carried at amortised cost using the effective interest rate method.

Borrowings and bank overdrafts are recognised at amortised cost net of finance costs.

### Derecognition

Financial assets or a portion thereof are derecognised when the group's rights to the cash flows expire, when the group transfers all the risks and rewards related to the financial asset or when the group loses control of the financial asset.

Financial liabilities or a portion thereof are derecognised when the obligations specified in the contract are discharged, cancelled or expire.

## PROPERTY, PLANT AND EQUIPMENT

### Measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Cost includes all qualifying expenditure that is directly attributable to the acquisition of the item.

### Subsequent costs

Subsequent costs are included in an asset's carrying value only when it is probable that the future economic benefits associated with the item will flow to the group and these costs can be measured reliably.

### Depreciation

Property, plant and equipment is depreciated to its estimated residual value over its expected useful life. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date. The depreciation methods and average depreciation periods are set out in note 2.

### Disposals

Gains and losses on disposal of property, plant and equipment are determined by deducting the carrying amount from the proceeds and are recognised within profit or loss as appropriate.

# PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 30 June 2017

## CONSTRUCTION CONTRACTS

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology, and functions, or their ultimate purpose or use.

Where the outcome of a long-term contract can be reliably estimated, revenue and profit is recognised on an individual contract basis using the stage of completion method. For incomplete contracts on which losses are anticipated, such losses are provided for as soon as they are foreseen and include any losses relating to future work. The stage of completion is determined using surveys of work performed.

Contracts in progress are stated at cost plus profit recognised to date, less cash received or receivable, less any provision for losses. The gross amounts due from customers, for which costs incurred plus recognised profits (or less recognised losses) exceeds progress billings, and the gross amounts due to customers, for which progress billings exceed costs incurred plus recognised profits (or less recognised losses) are disclosed on the face of the statement of financial position.

## INVENTORIES

Inventories are valued at the lower of cost or net realisable value.

The cost of inventory is determined using the weighted-average basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and the estimated costs to be incurred in marketing, selling and distribution.

## DISCONTINUED OPERATIONS

A discontinued operation is a component of an entity that has either been disposed of or is classified as held-for-sale and

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as a discontinued operation, the comparative statement of financial performance and other comprehensive income is presented as if the operation has been discontinued from the start of the comparative period.

The after tax gain or loss of the discontinued operation together with the after tax gain or loss on any fair value remeasurement are presented as a single amount on the face of the statement of financial performance and other comprehensive income.

## IMPAIRMENT OF ASSETS

Where the carrying amount of an asset exceeds its recoverable amount, the asset is impaired to its recoverable amount.

Impairment tests in respect of goodwill are undertaken at each reporting date or whenever events or changes in circumstances

indicate that the carrying amount of an asset may not be recoverable. Impairment tests in respect of assets other than goodwill are undertaken when there is an indicator of impairment.

The recoverable amount is the greater of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows independently from other assets, including goodwill, the recoverable amount is determined for the cash-generating unit to which the asset relates. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to such cash generating units and thereafter, to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

Impairment charges are included in profit or loss. An impairment loss recognised for goodwill is not reversed.

## LEASED ASSETS

### Finance leases

Assets held under finance leases, where the risks and rewards of ownership have been transferred, are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to the lower of the fair value of the leased property and the present value of the minimum lease payments, and depreciated over their useful lives. The capital portion of the lease is included under other current or non-current liabilities as appropriate in the statement of financial position. The interest portion is expensed to profit or loss over the period.

### Operating leases – lessee

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Operating lease rentals are charged to profit and loss on a straight-line basis over the period of the lease. The difference between the amount recognised as an expense and the contractual payment is recognised as an operating lease asset or liability. This asset or liability is not discounted.

## PROVISIONS

Provisions are recognised when there is a present legal or constructive obligation resulting from past events, where the settlement of such obligation will result in the probable outflow of resources from the group and the obligation can be reliably estimated. If a present obligation does not exist or the amount cannot be reliably measured, the provision is not recognised but rather disclosed as a contingent liability.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at year-end and are discounted to present value using a pre-tax rate if the effect of discounting is material.

## REVENUE RECOGNITION

Revenue is recognised when it can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the group. All revenue is recognised based on the fair value of the consideration received or receivable, and is stated net of value added taxes and trade discounts, if applicable. Inter-company revenues are eliminated on consolidation.

### Contract revenue

Where the outcome of a construction contract can be reliably estimated, contract revenue is recognised based on the fair value of the consideration received or receivable, including variations and claims, taking into account the stage of completion of each contract. The stage of completion is determined using surveys of work performed relative to the estimated total revenue of the contract. Changes to the original estimate of total revenue, cost or the stage of completion are reflected in profit and loss in the period in which the circumstances that gave rise to the revision becomes known.

For contracts where the outcome cannot be reliably estimated, contract revenue is recognised to the extent that the recoverability of costs incurred is probable.

### Sale of goods and properties

Revenue arising from the sale of goods and properties is recognised when the group transfers the item, through delivery, to the customer or collection by the customer, and the significant risks and rewards of ownership have been transferred to the purchaser.

### Other income

Other income earned by the group which is not included in revenue, is recognised on the following basis in profit and loss:

- Interest income is recognised using the effective interest rate method; and
- Dividend income is recognised when the shareholder's right to receive payment has been established.

## FOREIGN CURRENCY TRANSLATION

### Presentation currency

The consolidated financial statements are presented in South African Rands which is the presentation currency and functional currency of the holding company in the group.

### Foreign operations

The results and financial position of all the group's entities are measured using the currency of the primary economic environment in which the entity operates, namely the functional currency. Where the functional currency differs from that of the presentation currency, assets and liabilities are translated at the closing exchange rate and income and expenses are translated at average exchange rates.

The resulting translation difference is recognised as a separate component of equity, in other comprehensive income, until such time the foreign entity is disposed of, at which time the translation difference is recognised in profit or loss.

## Transactions and balances

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions as well as the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## TAXATION

The tax expense for the period comprises current and deferred tax.

### Current taxation

The current tax charge represents the calculated taxation payable on the taxable income for the year using substantively enacted tax rates and includes any adjustments to tax payable in respect of prior years.

### Deferred taxation

Deferred taxation is provided using the liability method for all temporary differences between the carrying amounts for financial reporting purposes and the tax base used for taxation purposes.

No deferred taxation is provided on temporary differences relating to:

- goodwill;
- the initial recognition of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which any unused tax losses and deductible temporary differences can be utilised.

Enacted or substantively enacted tax rates that are expected to apply when the asset is realised or liability settled are used to determine the deferred tax provision at the reporting date.

### Dividend taxation

Dividend tax is withheld at a rate of 15% on all shareholders registered unless a shareholder qualifies for an exemption or at a lower rate in terms of double taxation agreements.

## EMPLOYEE BENEFITS

### Defined contribution benefits

Under defined contribution plans the group's legal or constructive obligation is limited to the amount contributed to the fund. Consequently the risk that assets invested will be insufficient to meet the expected benefits is borne by the employees.

Contributions to a defined contribution plan in respect of the services rendered in a particular period are recognised as an expense in that period.

## **PRINCIPAL ACCOUNTING POLICIES (continued)**

for the year ended 30 June 2017

### **Leave pay**

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the liability for annual leave, as a result of services provided by employees up to the reporting date.

### **Bonus plans**

A liability for employee benefits in the form of bonus plans is recognised as a provision as past practice has created a valid expectation by employees that they will receive a bonus and amounts can be determined before the time of issuing the financial statements.

### **Share-based compensation**

#### ***Equity-settled***

The fair value of shares granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date taking into account the structure of the grant, and expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments and allowing for an estimate of the number of shares that will eventually vest. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. Where an employee resigns from the scheme, the estimated share based payment expense is adjusted such that on a cumulative basis, no expense is recognised in respect of that employee.

Where goods or services are received by the group in return for the equity compensation benefits, the fair value of the goods or services received is expensed on receipt of goods or, in the case of services, on a straight-line basis over their vesting periods. Where no goods or services can be determined to be received by the group the net cost of shares, as calculated above, is expensed in profit or loss immediately.

### **TREASURY SHARES**

Shares held by the various trusts are treated as treasury shares. The shares are treated as a deduction from the issued and weighted average number of shares and the cost price of the shares is deducted from the share capital and share premium in the statement of financial position on consolidation. Dividends received on treasury shares are eliminated on consolidation. No profit or loss is recognised on the purchase, sale, issue or cancellation of the group's own equity instruments.

### **EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE**

Earnings per share is calculated by dividing attributable earnings by the weighted average number of ordinary shares in issue.

Appropriate adjustments in terms of Circular 2/2015 issued by The South African Institute of Chartered Accountants are made in calculating headline earnings per share. Diluted earnings per share reflect the potential dilution that could occur if all the outstanding treasury shares of the group are issued.

### **CONTINGENT LIABILITIES AND COMMITMENTS**

A contingent liability arises where:

- there is a possible obligation that arises from past events where its existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group; or
- a present obligation that arises from past events but has not been recognised as the outflow of economic benefits required to settle the obligation are not probable;
- or the amount of the obligation cannot be reliably measured.

### **RELATED PARTY TRANSACTIONS**

A list of the major subsidiaries, joint operations and associated companies are included in annexures 1 and 2 of these annual financial statements. All transactions with subsidiaries and associated companies were entered into under terms no more favourable than those with third parties and have been eliminated in the group accounts. Director and senior management emoluments as well as transactions with other related parties, are set out in note 24.

## STANDARDS AND INTERPRETATIONS

There were no significant new standards, amendments or interpretations effective in the current year.

At the date of authorisation of these annual financial statements there are a number of new standards, amendments and interpretations which will only be effective after the 2017 financial year. The standards of most significance are shown below:

Standard	Effective date – annual periods commencing on or after:	Description
IFRS 15: Revenue from Contracts with Customers	1 January 2018	<p>The new revenue standard incorporates all the revenue standards under one standard and applies a five step methodology to all contracts with customers which requires entities to recognise revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.</p> <p>The standard will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.</p> <p>During the year the group conducted a technical assessment of all construction-related contracts in order to evaluate the impact, if any of the provisions of the new standards. The outcome of this review is that any impact is likely to be immaterial.</p>
IFRS 9 – Financial instruments (2009 and 2010)	1 January 2018	<p>This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement, impairment hedge accounting and derecognition of financial assets.</p> <p>A new approach to the classification of financial assets, which is driven by the business model has been introduced. A new business model was introduced which does not allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. A single impairment model is introduced and applied to all financial instruments as well as an "expected credit loss" model for the measurement of financial assets.</p> <p>For hedge accounting a new model is introduced. The model aligns the accounting treatment with risk management activities of an entity, in addition to enhanced disclosures about risk management and the effect of hedge accounting on the financial statements.</p> <p>The group is in the process of evaluating the impact of the new standard on the group.</p>
IFRS 16 – Leases	1 January 2019	<p>The new leases standard incorporates all standards and interpretations relating to leases under one standard. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion.</p> <p>The accounting for leases which will result in the recognition of the obligation and asset for long term leases, of which the Australian operations office lease being most significant.</p>



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	Land and buildings R'000	Aircraft R'000	Plant, vehicles and equipment R'000	Office and computer equipment R'000	Total R'000
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>					
<b>2017</b>					
<b>Cost</b>					
At 30 June 2016	417 351	54 298	2 917 052	134 829	3 523 530
Additions	6 588	–	287 889	14 610	309 087
Acquisition of a subsidiary (note 31)	6 041	–	67 036	1 159	74 236
Loss of control of a subsidiary	–	–	(92 984)	(2 725)	(95 709)
Disposals	(4 312)	–	(383 755)	(13 359)	(401 426)
Exchange rate effects	(18 395)	–	(65 622)	(6 427)	(90 444)
At 30 June 2017	<b>407 273</b>	<b>54 298</b>	<b>2 729 616</b>	<b>128 087</b>	<b>3 319 274</b>
<b>Accumulated depreciation</b>					
At 30 June 2016	74 475	4 416	1 634 865	99 416	1 813 172
Depreciation	21 261	191	174 092	15 878	211 422
Acquisition of a subsidiary (note 31)	19	–	39 478	1 144	40 641
Loss of control of a subsidiary	–	–	(42 125)	(1 978)	(44 103)
Disposals	(4 312)	–	(272 206)	(8 883)	(285 401)
Exchange rate effects	(4 866)	–	(39 300)	(7 640)	(51 806)
At 30 June 2017	<b>86 577</b>	<b>4 607</b>	<b>1 494 804</b>	<b>97 937</b>	<b>1 683 925</b>
<b>Net book value at 30 June 2017</b>	<b>320 696</b>	<b>49 691</b>	<b>1 234 812</b>	<b>30 150</b>	<b>1 635 349</b>
<b>2016</b>					
<b>Cost</b>					
At 30 June 2015	451 871	54 298	3 185 079	143 100	3 834 348
Additions	4 099	–	115 437	7 108	126 644
Disposals	(10 607)	–	(196 999)	(2 345)	(209 951)
Disposal of a subsidiary	(72 530)	–	(339 526)	(25 533)	(437 589)
Exchange rate effects	44 518	–	153 061	12 499	210 078
At 30 June 2016	417 351	54 298	2 917 052	134 829	3 523 530
<b>Accumulated depreciation</b>					
At 30 June 2015	58 550	4 114	1 690 988	96 279	1 849 931
Depreciation	16 261	302	220 445	21 234	258 242
Disposals	–	–	(115 906)	(2 148)	(118 054)
Disposal of a subsidiary	(3 856)	–	(250 825)	(20 218)	(274 899)
Exchange rate effects	3 520	–	90 163	4 269	97 952
At 30 June 2016	74 475	4 416	1 634 865	99 416	1 813 172
<b>Net book value at 30 June 2016</b>	<b>342 876</b>	<b>49 882</b>	<b>1 282 187</b>	<b>35 413</b>	<b>1 710 358</b>

	2017	2016
The net book value of land and buildings comprise:		
Land	<b>131 319</b>	143 076
Buildings	<b>189 377</b>	199 800
	<b>320 696</b>	342 876

The depreciation rates applied are set out below:

Aircraft	Variable rates based on flying hours
Land	Nil
Buildings	2% straight-line
Plant and vehicles	Variable rates based on expected production units
Equipment	33,3% straight-line
Office and computer equipment	10% – 33,3% straight-line

Plant, vehicles and equipment with a book value of R148 million ( 2016: R234 million) are subject to capitalised finance lease agreements (note 10). In the prior year, land and buildings to the net book value of R29 million were subject to bank loans (note 10).

	2017 R'000	2016 R'000
<b>3. GOODWILL</b>		
Cost	762 143	763 117
Accumulated impairment and exchange rate movements	(238 530)	(191 015)
Carrying value	523 613	572 102
The carrying value of goodwill is reconciled as follows:		
Carrying value at the beginning of year	572 102	498 266
Goodwill derecognised on loss of control of subsidiary	(974)	–
Exchange rate movements	(47 515)	73 836
Carrying value at the end of year	523 613	572 102
Business segmentation		
Roads and earthworks		
Australia		
Cash generating units		
WBHO Pipelines division	70 545	71 519
Probuild Constructions (Aust) Pty Ltd	453 068	500 583
	523 613	572 102

#### Probuild Constructions (Aust) Pty Ltd impairment assessment

The recoverable amount of the Australian cash-generating units was determined based on fair value less cost to sell. The estimation of the fair value has been determined using an earnings multiple method.

The multiples used are benchmarked against the construction sector in which the cash-generating unit operates and are as follows:

	2017	2016
Probuild Constructions (Aust) Pty Ltd	4,95	4,95

A change in the earnings multiple applied to 2,95 (2016: 3,05) in the estimation of fair value would result in the carrying amount and recoverable amount being equal.

	2017 R'000	2016 R'000
<b>4. INVESTMENTS IN ASSOCIATES</b>		
Investment at cost	339 039	67 716
Attributable post-acquisition profits, losses and equity movements	115 148	141 069
Loans advanced	196 059	138 386
	650 246	347 171
The carrying value of investments in associates is reconciled as follows:		
Carrying value at the beginning of the year	347 171	203 923
Additions	202 962	3 636
Transferred from investments	35 459	–
Loss of control of subsidiary	96 582	–
Disposals	(13 925)	–
Share of profits	68 916	45 659
Share of other comprehensive income	(33 933)	28 618
Dividends received	(56 551)	(6 379)
Equity loans drawdowns	6 205	69 500
Exchange rate movements	(2 460)	2 214
Carrying value at the end of the year	650 246	347 171

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**4. INVESTMENTS IN ASSOCIATES (CONTINUED)**

Investments in associate include:

	Country of incorporation	Effective interest		Investments at cost		Equity loans	
		2017 %	2016 %	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Unlisted associates							
Gigajoule International (Pty) Ltd <sup>#</sup>	South Africa	26,6	26,6	31 835	31 835	–	–
Ilembe Airport Construction Services (Pty) Ltd <sup>^</sup>	South Africa	28,3	28,3	3	3	–	–
Dipalopalo Concession (Pty) Ltd <sup>*</sup>	South Africa	27,7	27,7	–	–	53 896	47 691
Saddleback Pty Ltd	Australia	–	50,0	–	12 213	–	–
Gigajoule Power (Pty) Ltd <sup>#</sup>	South Africa	10,0	10,0	7 657	23 665	106 704	90 695
Edwin Construction (Pty) Ltd <sup>^</sup>	South Africa	49,0	–	96 582	–	–	–
BPG Caulfield Village Pty Ltd <sup>†</sup>	Australia	30,0	–	–	–	35 459	–
Byrne Group Plc <sup>^</sup>	United Kingdom	40,0	–	202 962	–	–	–
				339 039	67 716	196 059	138 386

The loans will not be repaid within the next 12 months in terms of the loan agreements. The secured loan with Gigajoule Power (Pty) Ltd bears interest at 15% per annum, the unsecured loan with Dipalopalo Concession (RF) (Pty) Ltd bears interest at 13% per annum and the unsecured loan with BPG Caulfield Village Pty Ltd bears no interest.

The entities listed above are involved in construction<sup>^</sup>, power generation<sup>#</sup>, serviced accommodation<sup>\*</sup> and property development<sup>†</sup>.

The aggregate summary financial information for individually immaterial associates is as follows:

	2017 R'000	2016 R'000
Net asset value	154 488	984
Profit for the year	37 520	–
Total comprehensive income for the year	37 520	–
Dividends received	31 865	732

The summary financial information for material associates is as follows:

	Gigajoule International (Pty) Ltd		Byrne Group Plc	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Non-current assets	2 301 682	3 390 909	216 395	–
Current assets	1 476 484	1 382 186	1 088 046	–
Total assets	3 778 166	4 773 095	1 304 441	–
Shareholders' equity	938 367	1 161 305	366 177	–
Non-controlling interest	584 135	534 675	–	–
Non-current liabilities	1 737 550	2 651 673	39 363	–
Current liabilities	518 114	425 442	898 901	–
Total equity and liabilities	3 778 166	4 773 095	1 304 441	–
Revenue	2 371 211	2 286 492	55 681	–
Profit for the year	295 498	449 635	–	–
Other comprehensive (loss)/income	(113 309)	124 982	–	–
Total comprehensive income for the year	182 189	574 617	–	–
Share of profits from associates	31 396	45 659	–	–
Dividends received	24 686	5 647	–	–

The financial year ends for Gigajoule International and Byrne Group are 31 December and 31 May respectively.

	Gigajoule International (Pty) Ltd		Byrne Group Plc	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Carrying amount of shareholders' equity				
Comprised of:				
Investment at cost	146 196	146 196	146 471	–
Post acquisition gains and movements in reserves less dividends received	107 036	134 259	–	–
Goodwill	–	–	56 491	–
The group's interest in shareholders' equity	253 232	280 455	202 962	–
			2017 R'000	2016 R'000

## 5. INVESTMENTS

### Classified as fair value through profit and loss:

At cost	298	176 339
Accumulated fair value adjustments and exchange rate effects	–	25 603
Total investments	298	201 942
Carrying value at the beginning of the year	201 662	148 465
Additions	–	27 874
Repayment of capital contributions	(152 211)	–
Transfer to investments in associates <sup>1</sup>	(35 459)	–
Exchange rate movements	(13 694)	25 603
Carrying value at the end of the year	298	201 942

Entity	Country of incorporation	2017 % Interest	2016 % Interest
Rainprop (Pty) Ltd	South Africa	2,5	2,5
BPG Caulfield Village Pty Ltd <sup>1</sup>	Australia	–	30

<sup>1</sup> The remaining investment in BPG Caulfield Village Pty Ltd has been transferred to investments in associates (note 4) following a change in the extent of influence during the year.

In 2012 Probuild entered into an agreement with third parties to secure rights to a property development. One of the third parties has control of the venture and secured the right. Probuild's role was limited to that of the design and construct contractor, and construction of Precinct 1 of the development was completed in the current year. Attempts to address housing affordability in Australia by the regulator alongside a restriction of capital flows from China had the potential to significantly impact the success of the development and increase the risk of non-recoverability of the contributed equity of the developer.

At this point, Probuild assumed an active role in the management of the development which involved mitigating the risk of pre-sales not being settled by the purchasers. Probuild has remained actively involved in the management of the venture following the commencement of Precinct 2.

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	2017 R'000	2016 R'000
<b>6. LONG-TERM RECEIVABLES</b>		
At amortised cost:		
Mezzanine financing arrangements <sup>1</sup>	281 924	197 831
Other long-term receivables	2 634	43 224
Loans to employees for shares <sup>2</sup>	199 998	91 616
Consideration receivable <sup>3</sup>	68 555	140 000
	553 111	472 671
less: Current portion (note 9)	(106 485)	(376 478)
	446 626	96 193
<p>1. Mezzanine financing arrangements are secured by one or more of the following: third-party guarantees, listed company shares and title to land and bear interest at prime linked rates. Repayments are at terms agreed with each entity.</p> <p>2. Loans to employees for shares are secured by the shares issued, bear interest at variable rates and are repayable between five and ten years (note 27).</p> <p>3. During the year the group received listed shares as consideration for the disposal of 3Q Mahuna Concrete (Pty) Ltd. These shares were disposed of for an additional gain of R12,7 million. An amount of R40 million remains in escrow pending the lapsing of the warranty period. The remaining amount of R29 million relates to consideration receivable in respect of the loss of control of Edwin Construction details of which are disclosed in note 32.</p>		
The fair value of long-term receivables is disclosed in note 25.		
	2017 R'000	2016 R'000
<b>7. INVENTORIES</b>		
Raw materials	140 981	123 869
Consumable stores and finished goods	89 287	57 595
Properties for development	28 590	28 850
	258 858	210 314
<b>8. CONTRACTS IN PROGRESS</b>		
Costs incurred to date	91 827 370	77 975 450
Plus: Profit recognised to date	5 704 774	5 742 990
	97 532 144	83 718 440
Less: Work certified to date	(98 592 771)	(85 437 030)
Net amounts due to customers	(1 060 627)	(1 718 590)
Payments received in advance (note 12)	145 467	315 537
Excess billings over work done	1 673 161	1 917 491
Amounts due by customers	758 001	514 438
<b>9. TRADE AND OTHER RECEIVABLES</b>		
Contract receivables	4 716 666	3 806 273
Provisions for irrecoverable debts	(212 484)	(171 029)
Contract retentions	252 635	241 849
Trade receivables	364 194	495 688
Current portion of long-term receivables (note 6)	106 485	376 478
Prepayments	227 922	302 732
Value-added taxation	179 582	59 260
	5 635 000	5 111 251



	2017 R'000	2016 R'000
<b>10. LONG-TERM LIABILITIES</b>		
<b>At amortised cost:</b>		
Secured		
Capitalised finance leases <i>(market-related interest rates linked to prime)</i>	120 261	83 875
Bank loans <i>(effective interest rate between 5,25% and 7,76%)</i>	–	20 490
Other long-term borrowings	17 778	17 571
Unsecured		
Settlement agreement liability	136 321	–
	274 360	121 936
less: Current portion (note 12)	(81 723)	(87 355)
	192 637	34 581

#### Capitalised finance leases

Capitalised finance leases are for periods up to 48 months and are secured by certain plant, vehicles and equipment disclosed in note 2.

#### Settlement agreement liability

On 11 October 2016 the group signed a settlement agreement with the Government of South Africa in terms of which annual amounts of R22 million are payable to the Tirisono Trust over a period of 12 years. The present value of the full obligation amounting to R170,2 million has been recognised in profit and loss. A discount rate of 8,5% was used in determining the present value.

The contractual maturity of the finance leases and the settlement agreement liability is disclosed in note 25.

	2017 R'000	2016 R'000
<b>11. DEFERRED TAXATION</b>		
Deferred taxation assets		
The balance of the deferred taxation asset can be reconciled as follows:		
At the beginning of year	558 840	462 279
Charge to profit or loss	75 458	71 110
Loss of control of subsidiary	(4 663)	(9 144)
Acquisition of businesses	4 046	–
Transfer to deferred taxation liability	5 577	1 752
Exchange rate movements	(7 459)	32 843
At the end of the year	631 799	558 840
Comprising of:		
Construction allowances	183 538	123 135
Capital allowances	(187 294)	(196 163)
Provisions	514 657	473 109
Tax losses	114 874	146 544
Other	6 024	12 215
	631 799	558 840
Deferred taxation liabilities		
The balance of the deferred taxation liability can be reconciled as follows:		
At the beginning of year	(24 253)	(47 708)
Disposal of businesses	8 069	–
Charge to profit or loss	(45 131)	31 839
Transfer from deferred taxation asset	(5 577)	(1 752)
Exchange rate movements	9 681	(6 632)
At the end of the year	(57 211)	(24 253)
Comprising:		
Construction allowances	(41 144)	(11 055)
Capital allowances	(21 847)	(15 956)
Provisions	5 022	5 517
Other	758	(2 759)
	(57 211)	(24 253)

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**11. DEFERRED TAXATION (CONTINUED)**

Deferred tax assets have been recognised in respect of tax losses and other temporary differences where, having reviewed the group's financial projections, the directors are of the opinion that it is probable that these assets will be recovered.

Deferred tax assets have not been recognised in respect of companies in the group with tax losses amounting to R160,9 million (2016: R33,1 million).

Unutilised tax losses in foreign entities amount to R77,8 million (2016: R16,2 million) of which R23,4 million have a regulatory expiry period of five years.

	2017 R'000	2016 R'000
<b>12. TRADE AND OTHER PAYABLES</b>		
Trade payables	654 371	515 710
Subcontractor creditors	1 997 373	1 066 532
Subcontractor retentions	738 439	708 780
Contract accruals	2 440 239	2 290 793
Payroll accruals	367 886	265 696
Consideration payable (note 31)	62 259	–
Short-term portion of long-term liabilities (note 10)	81 723	87 355
Payments received in advance (note 8)	145 467	315 537
Sundry creditors	259 368	243 458
Value-added taxation	184 812	101 703
	<b>6 931 937</b>	<b>5 595 564</b>

**13. PROVISIONS**

	Contracting provision	Bonus provision	Other provisions	Total
Balance at 30 June 2015	1 188 415	399 500	31 834	1 619 749
Provisions raised	1 190 699	346 693	–	1 537 392
Amounts utilised	(800 366)	(313 056)	(2 305)	(1 115 727)
Unutilised amounts reversed	(38 179)	(170)	–	(38 349)
Exchange rate movements	46 554	9 244	782	56 580
<b>Balance at 30 June 2016</b>	<b>1 587 123</b>	<b>442 211</b>	<b>30 311</b>	<b>2 059 645</b>
Provisions raised	899 786	388 516	10 081	1 298 383
Amounts utilised	(876 565)	(412 748)	(3 229)	(1 292 542)
Unutilised amounts reversed	(49 953)	(7 785)	(923)	(58 661)
Loss of control of subsidiary	(51 538)	(6 732)	(109)	(58 379)
Exchange rate movements	(27 398)	(7 882)	96	(35 184)
<b>Balance at 30 June 2017</b>	<b>1 481 455</b>	<b>395 580</b>	<b>36 227</b>	<b>1 913 262</b>

**Contracting provisions**

Contracting provisions represents estimated amounts relating to obligations to third parties at the reporting date including provisions for estimated claims arising on contracts. The provisions will be utilised as and when the claims are finalised and settled within a period of twelve months.

**Bonus provision**

The bonus provision arises from a constructive obligation to staff members, where an annual bonus based on the performance of the group is calculated. The actual bonus is approved by the board of directors. The bonuses are finalised and settled within a period of twelve months.

	2017 R'000	2016 R'000
<b>14. REVENUE</b>		
Contracting revenue	31 229 123	29 798 616
Sale of goods and properties	677 537	851 693
	<b>31 906 660</b>	<b>30 650 309</b>
<b>15. OPERATING PROFIT</b>		
Operating profit is arrived at after taking into account the following:		
Auditors' remuneration	15 528	12 109
Depreciation	211 422	242 510
Operating lease rentals	76 040	67 970
Profit on disposal of property, plant and equipment	14 345	18 745
Irrecoverable debts		
Written off	1 192	2 129
Recovered	(58 167)	(111 157)
Provided against	98 430	27 911
	<b>41 455</b>	<b>(81 117)</b>
Net foreign exchange losses/(gains)		
Realised	27 428	13 932
Unrealised	(21 875)	(153 704)
Forward exchange contracts	–	(3 725)
	<b>5 553</b>	<b>(143 497)</b>
Employee benefits		
Salaries and wages	3 777 954	4 158 066
Defined benefit fund contribution	137 539	132 867
Other contributions	407 489	412 167
	<b>4 322 982</b>	<b>4 703 100</b>
<b>16. NET FINANCE INCOME</b>		
Finance income		
Bank accounts	204 138	161 119
Unlisted investments	7 253	14 780
Other	45 849	43 942
	<b>257 240</b>	<b>219 841</b>
Finance costs		
Bank overdrafts	18	1 569
Instalment sale agreements	4 555	6 102
Other	11 773	9 156
	<b>16 346</b>	<b>16 827</b>
Net finance income	<b>240 894</b>	<b>203 014</b>

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	2017 R'000	2016 R'000
<b>17. TAXATION</b>		
South African normal tax		
Current taxation		
– Current year	156 841	233 974
– Prior year (over)/under provision	(1 363)	6 016
Deferred taxation		
– Current year (note 11)	(50 287)	(101 008)
– Prior year under/(over) provision	615	(11 429)
	105 806	127 553
Foreign taxation (including withholding tax)		
Current taxation		
– Current year	188 708	220 237
– Prior year under provision	5 302	38 437
Deferred taxation		
– Current year (note 11)	32 310	19 330
– Prior year over provision	(12 965)	(9 842)
	213 355	268 162
Total tax charge	319 161	395 715
Reconciliation of tax rate:		
South African normal tax rate	28,0	28,0
Adjusted for:		
Capital and non-taxable items	(4,2)	(2,9)
Non-deductible expenses	3,6	2,0
Foreign tax rate differential	2,5	1,4
Tax losses utilised	(0,1)	(0,1)
Prior year over provision	(0,8)	1,9
Foreign withholding taxes	0,3	0,9
Deferred tax assets not recognised in respect of losses	0,0	0,7
Effective tax rate	29,3%	31,9%
Estimated tax losses available for utilisation against future taxable income	494 814	523 373
Potential tax relief at current taxation rates	138 548	146 544
<b>18. DIVIDEND PAID</b>		
Final dividend in respect of the year ended 30 June 2016: 313 cents (30 June 2015: 258 cents)	188 210	160 975
Interim dividend in respect of the period ended 31 December 2016: 150 cents (31 December 2015: 135 cents)	89 200	81 889
	277 410	242 864
<b>19. DISCONTINUED OPERATIONS</b>		
3Q Mahuma Concrete Holdings (Pty) Ltd and Capital Star Steel (Mozambique) were disposed of in the previous financial period. Minor expenses associated with these disposals were incurred in the current year.		
<b>Results of the discontinued operations</b>		
Revenue	–	289 235
Income/(expenses)	734	(69 702)
Loss before tax	(639)	(113 118)
Taxation expense	(1 032)	(9 232)
Loss for the year	(1 671)	(122 350)
<b>Cash flows:</b>		
Net cash from operating activities	(1 671)	150 818
Net cash investing activities	–	18 013
Net cash from financing activities	–	(100 243)
Net cash flow for the period	(1 671)	68 588

	2017 R'000	2016 R'000
<b>20. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE</b>		
Earnings for the year attributable to equity shareholders		
Continuing operations	<b>722 133</b>	766 031
Discontinued operations	<b>(69)</b>	(40 498)
	<b>722 064</b>	725 533
<i>Weighted average number of shares ('000)</i>		
Shares in issue at the beginning of the year	<b>54 861</b>	55 236
Shares vested	<b>44</b>	–
Treasury shares acquired	<b>(1 242)</b>	(366)
Weighted average treasury shares in issue at the end of the year	<b>53 663</b>	54 870
Dilutive effect of shares options allocated	<b>17</b>	–
Diluted weighted average number of shares	<b>53 680</b>	54 870
<i>Basic earnings/(loss) per share (cents)</i>		
Continuing operations	<b>1 345,7</b>	1 396,1
Discontinued operations	<b>(0,1)</b>	(73,8)
	<b>1 345,6</b>	1 322,3
<i>Diluted earnings/(loss) per share (cents)</i>		
Continuing operations	<b>1 345,3</b>	1 396,1
Discontinued operations	<b>(0,1)</b>	(73,8)
	<b>1 345,1</b>	1 322,3
<i>Headline earnings (R'000)</i>		
Attributable earnings from continuing operations	<b>722 133</b>	766 031
Adjusted for:		
Gain on loss of control of subsidiary	<b>(9 607)</b>	–
Profit from the disposal of property, plant and equipment	<b>(14 345)</b>	(47 433)
Non-controlling interest	<b>401</b>	6 218
Tax effect	<b>3 813</b>	12 038
	<b>702 395</b>	736 854
<i>Headline earnings (R'000)</i>		
Attributable earnings from total operations	<b>722 064</b>	725 533
Adjusted for:		
Gain on loss of control of subsidiary	<b>(9 607)</b>	–
Profit from the disposal of property, plant and equipment	<b>(15 545)</b>	(48 406)
Non-controlling interest	<b>934</b>	6 651
Tax effect	<b>4 000</b>	12 125
Loss on disposal of operations	<b>–</b>	74 548
Non-controlling interest	<b>–</b>	(60 609)
	<b>701 846</b>	709 842
<i>Basic headline earning/(loss) per share (cents)</i>		
Continuing operations	<b>1 308,9</b>	1 342,9
Discontinued operations	<b>(1,0)</b>	(49,2)
	<b>1 307,9</b>	1 293,7
<i>Diluted headline earnings/(loss) per share (cents)</i>		
Continuing operations	<b>1 308,5</b>	1 342,9
Discontinued operations	<b>(1,0)</b>	(49,2)
	<b>1 307,5</b>	1 293,7

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	2017 R'000	2016 R'000
<b>21. GUARANTEES AND CONTINGENT LIABILITIES</b>		
Guarantees issued in respect of due performance of contracts by:		
Subsidiaries	9 568 692	8 350 014
Associates and Joint operations	986 719	1 113 988
Third parties	20 936	26 682
	<b>10 576 347</b>	<b>9 490 684</b>
It is the opinion of the directors that the possibility of any loss is improbable and it is not anticipated that any material liabilities will arise.		
<b>Contingent liabilities</b>		
Civil claims to the value of R143 million have been received from the City of Cape Town. The matter is in the early stages of litigation where the outcome cannot be reliably measured. Two further cases have been referred to the Competition Tribunal which could result in future civil claims. The total estimated claims in respect of pending litigation for cases other than those mentioned above are below R5,6 million (2016: R26,5 million).		
<b>22. CAPITAL COMMITMENTS</b>		
Capital commitments include expenditure relating to property, plant and equipment for which specific board approval has been obtained.		
Authorised and contracted for	35 119	14 960
Authorised but not yet contracted for	284 295	289 691
	<b>319 414</b>	<b>304 651</b>
Expenditure on estimated commitments will occur within one year. Capital commitments will be funded from internal cash resources and existing facilities.		
<b>23. COMMITMENTS UNDER OPERATING LEASES</b>		
The minimum lease rentals to be paid under non-cancellable leases at 30 June are as follows:		
Buildings, plant and equipment:		
Due within 1 year	39 441	40 320
Due later than 1 year but less than 5 years	80 299	117 075
Greater than 5 years	390	4 180
	<b>120 130</b>	<b>161 575</b>

The majority of the operating leases relate to premises in Australia. The lease term for the Melbourne premises expires on 31 March 2019. The lease term for the Perth premises expires on 31 December 2020.

**24. RELATED PARTY TRANSACTIONS**

**24.1 Identification of related parties**

The group has a related party relationship with its subsidiaries (annexure 1), associates (note 4), joint operations (annexure 2) and directors and prescribed officers.

**24.2 Related party transactions and balances**

During the year, group companies, in the ordinary course of business, entered into various inter-group sales and purchase transactions. These transactions are no less favourable than those arranged with third parties. Transactions and balances between the group companies have, where appropriate, been eliminated on consolidation and are not disclosed.



Details of transactions and balances with other related parties are set out below:

	2017 R'000	2016 R'000
<b>Amounts owing by related parties</b>		
Amounts owing by associate companies are disclosed in note 4	<b>196 059</b>	138 386
Amounts owing by joint operations	<b>11 503</b>	24 018
<b>Amounts owing to related parties</b>		
Amounts owing to joint operations	<b>3 403</b>	3 368
<i>The amounts owing to/by joint operations are unsecured, interest-free and have no fixed terms of repayment.</i>		
<b>Transactions with related parties</b>		
Contracts with associate companies	<b>15 990</b>	1 622 955
Dividends received from associate companies	<b>56 551</b>	6 379

## 24.3 Directors' emoluments

### 2017

#### Executive

MS Wylie	–	1 318	5 479	485	277	7 559
EL Nel	–	1 855	7 470	550	291	10 166
CV Henwood	–	1 747	7 348	522	434	10 051
	–	4 920	20 297	1 557	1 002	27 776

#### Non-executive

NS Maziya	488	–	–	–	–	488
NS Mjoli-Mncube	286	–	–	–	–	286
NNA Matyumza	744	–	–	–	–	744
JM Ngobeni	391	–	–	–	–	391
RW Gardiner	557	–	–	–	–	557
N Damasane	430	–	–	–	–	430
	2 896	–	–	–	–	2 896

<b>Total</b>	<b>2 896</b>	<b>4 920</b>	<b>20 297</b>	<b>1 557</b>	<b>1 002</b>	<b>30 672</b>
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### 2016

#### Executive

MS Wylie	–	1 228	7 179	477	273	9 157
EL Nel	–	1 724	8 461	511	261	10 957
CV Henwood	–	1 608	8 065	481	316	10 470
	–	4 560	23 705	1 469	850	30 584

#### Non-executive

NS Maziya	414	–	–	–	–	414
NS Mjoli-Mncube	366	–	–	–	–	366
NNA Matyumza	629	–	–	–	–	629
JM Ngobeni	357	–	–	–	–	357
RW Gardiner	411	–	–	–	–	411
	2 177	–	–	–	–	2 177

<b>Total</b>	<b>2 177</b>	<b>4 560</b>	<b>23 705</b>	<b>1 469</b>	<b>850</b>	<b>32 761</b>
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**NOTES TO THE  
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**24 RELATED PARTY TRANSACTIONS (CONTINUED)**

**24.4 Directors' shareholding**

The interests of directors and those of their families in the share capital of the company are as follows:

Number of ordinary shares ('000)	Direct	2017 Indirect	Total	Direct	2016 Indirect	Total
MS Wylie <sup>#</sup>	–	317	317	–	758	758
EL Nel	261	–	261	261	–	261
CV Henwood	36	–	36	36	–	36
NS Maziya <sup>^</sup>	–	233	233	–	724	724
NS Mjoli-Mncube <sup>^</sup>	132	233	365	–	724	724
JM Ngobeni <sup>^</sup>	132	233	365	–	724	724
	<b>561</b>	<b>1 016</b>	<b>1 577</b>	<b>297</b>	<b>2 930</b>	<b>3 227</b>

<sup>#</sup> The indirect shares are held by family trusts in which the director has no beneficial interest.

<sup>^</sup> Indirect shares disclosed in the above table represent allocated shares in respect of the empowerment initiative of the group and do not represent the number of shares likely to vest upon fulfilment of the vesting conditions. The number of WBHO shares that will ultimately vest is dependent on the market value on vesting date based on a predetermined threshold. Using the share price at 30 June 2017, the partners would receive no shares in terms of the formula.

Long-term incentive scheme ('000)	2017			2016		
	Share appreciation rights	Performance shares	Total	Share appreciation rights	Performance shares	Total
EL Nel	38	66	104	20	48	68
CV Henwood	35	60	95	19	44	63
	<b>73</b>	<b>126</b>	<b>199</b>	<b>39</b>	<b>92</b>	<b>131</b>

	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
<b>24.5 Prescribed officers</b>					
<b>2017</b>					
PJ Foley	1 747	7 000	521	326	9 594
TR Armstrong	1 414	4 750	428	250	6 842
S Vally-Kara	1 051	900	245	144	2 340
RM Smith	1 599	6 500	474	322	8 895
EA Mashishi	1 378	4 500	433	264	6 575
	<b>7 189</b>	<b>23 650</b>	<b>2 101</b>	<b>1 306</b>	<b>34 246</b>
<b>2016</b>					
PJ Foley	1 608	7 200	479	219	9 506
TR Armstrong	1 300	4 750	394	227	6 671
S Vally-Kara	974	800	227	142	2 143
RM Smith	1 212	6 000	353	305	7 870
EA Mashishi	1 272	5 500	400	245	7 417
	<b>6 366</b>	<b>24 250</b>	<b>1 853</b>	<b>1 138</b>	<b>33 607</b>

## 24.6 Prescribed officers' shareholding

The interests of prescribed officers and those of their families in the share capital of the company are as follows:

Number of ordinary shares ('000)	Direct	2017 Indirect	Total	Direct	2016 Indirect	Total
PJ Foley	78	–	78	78	–	78
TR Armstrong	14	415	429	14	504	518
RM Smith	18	–	18	18	–	18
EA Mashishi <sup>^</sup>	–	116	116	2	114	116
	110	531	641	112	618	730

<sup>^</sup> Indirect shares disclosed in the above table represent allocated shares in respect of the empowerment initiative of the group and do not represent the number of shares likely to vest upon fulfilment of the vesting conditions. The number of WBHO shares that will ultimately vest is dependent on the market value on vesting date based on a predetermined threshold. Using the share price at 30 June 2017, the director would not receive any of the 100 000 allocated shares in terms of the formula. He would however, receive 15 965 shares purchased with the dividends received to date net of tax.

RM Smith and EA Mashishi have 1,8% (2016: 1,5%) and 33% (2016: 28%) interest in Edwin Construction (Pty) Ltd respectively. Subsequent to 30 June 2017, RM Smith relinquished his interest in Edwin Construction (Pty) Ltd.

	2017			2016		
Long-term incentive scheme ('000)	Share appreciation rights	Performance shares	Total	Share appreciation rights	Performance shares	Total
PJ Foley	35	60	95	19	44	63
S Vally-Kara	9	16	25	5	12	17
RM Smith	35	60	95	19	44	63
EA Mashishi	21	36	57	11	26	37
	100	172	272	54	126	180

The long-term incentives are part of the WBHO share plan, details of which are disclosed in note 27.

### Other material transactions with directors

There were no other transactions with directors or entities in which directors have a material interest.

## 25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### Overview

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

The group has exposure to the following risks through its use of financial instruments:

- credit risk
- market risk
- liquidity risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors have overall responsibility for the establishment and oversight of the group's risk management framework and set group policies and guidelines.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The treasury function monitors and controls these risks on a day-to-day basis. The risk committee meets on a regular basis to review the group's management and implementation of risk strategies. The group's internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the group audit committee.

The group's strategy with regards to the management of these risks remains the same as in prior periods and there have been no changes to the risk profile of the group.

**NOTES TO THE  
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**25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

R'000	Total carrying value	At fair value through profit or loss	Financial liabilities held at amortised cost	Loans and receivables at amortised cost
<b>Financial instruments by category</b>				
<b>2017</b>				
Loans advanced to associated companies	196 059	–	–	196 059
Investments	298	298	–	–
Long-term receivables	446 626	–	–	446 626
Amounts due by customers	758 001	–	–	758 001
Trade and other receivables	5 227 496	–	–	5 227 496
Long-term liabilities	(192 637)	–	(192 637)	–
Excess billings over work done	(1 673 161)	–	(1 673 161)	–
Trade and other payables	(6 601 658)	–	(6 601 658)	–
Cash and cash equivalents	5 545 621	–	–	5 545 621
Bank overdrafts	(38)	–	(38)	–
	<b>3 706 607</b>	<b>298</b>	<b>(8 467 494)</b>	<b>12 173 803</b>
<b>2016</b>				
Loans advanced to associated companies	138 386	–	–	138 386
Investments	201 942	201 942	–	–
Long-term receivables	96 193	–	–	96 193
Amounts due by customers	514 438	–	–	514 438
Trade and other receivables	4 749 259	3 725	–	4 745 534
Long-term liabilities	(34 581)	–	(34 581)	–
Excess billings over work done	(1 917 491)	–	(1 917 491)	–
Trade and other payables	(5 178 324)	–	(5 178 324)	–
Cash and cash equivalents	5 773 369	–	–	5 773 369
Bank overdrafts	(21 175)	–	(21 175)	–
	<b>4 322 016</b>	<b>205 667</b>	<b>(7 151 571)</b>	<b>11 267 920</b>

**Fair value**

At 30 June 2017 the carrying amounts of all financial instruments approximated their fair values unless otherwise disclosed.

The level in the fair value hierarchy within the financial asset or financial liability is categorised on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and liabilities are classified in their entirety into one of three levels.

R'000	Level 2	Level 3	Total
<b>2017</b>			
Investment in associate	–	137 013	137 013
Investments	–	298	298
	–	137 311	137 311
<b>2016</b>			
Investments	–	201 942	201 942
	–	201 942	201 942

Level 3 investment in associate relate to the fair value of equity interest retained in Edwin Construction. Refer to note 32 for valuation technique used.

Level 3 investments relate only to unlisted investments. After giving due consideration to market conditions, fair value is deemed to approximate cost.

The directors are of the opinion that changes to the inputs would not have a material effect on the future value as determined.

## 25.1 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's long-term receivables, trade and other receivables and cash and cash equivalents maintained with financial institutions.

### *Long-term receivables*

The group is exposed to credit risk through loans advanced to certain entities and employees. The group mitigates these risks firstly through the careful selection of entities to whom advances are made by the risk management committee and secondly by obtaining sufficient security in order to be able to extinguish the debt in the event of default. Where loans are unsecured the group owns an equity interest in the entity and is able to influence the decision making of such entities. Loans to employees are predominantly for shares sold in terms of the share schemes and the shares themselves are held as security for the loans advanced.

### *Trade and other receivables*

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

### *Construction contracts:*

Where the group is exposed to credit risk through construction contracts, in most instances, the group either negotiates or tenders for the contracts to which it became a party. As a result the group is able to evaluate prospective clients prior to the commencement of any project. Additionally, for all contracts other than those concluded with government departments, the group insists on receipt of a payment guarantee equal to the value of the contract sum. Any relaxation of this policy must be approved by the risk management committee. Where no guarantee has been obtained the group holds a lien over the work-in-progress.

### *Irrecoverable receivables:*

The group establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables. The main component of this allowance relates to individually significant exposures where the nature of customers, overdue accounts and collateral held are taken into account.

### *Cash and cash equivalents*

The group limits its exposure to credit risk by only investing in liquid securities and only with reputable financial institutions and funds. Cash and cash equivalents are held with financial institutions and funds which are rated between AA and BBB- based on Fitch ratings.

The group's exposure to credit risk together with an analysis of amounts past due is disclosed below.

Payment past due analysis and allowance for impairment:

R'000	Carrying amount	Not past due	Payment past due 1-30 days	Payment past due 31-120 days	Payment past due > 120 days	All payments past due >120 days: Provision for impairment
<b>2017</b>						
Trade and other receivables	5 227 496	4 848 124	208 094	116 056	267 706	(212 484)
<b>2016</b>						
Trade and other receivables	4 745 534	4 423 941	144 268	122 480	225 874	(171 029)

All other financial assets are not past due.

Reconciliation of the provision for impairment losses:

	2017 R'000	2016 R'000
Trade and other receivables		
Balance at beginning of the year	171 029	252 146
Impairment losses recognised/(reversed)	40 263	(83 246)
Amounts written off	1 192	2 129
Balance at the end of the year	212 484	171 029

**NOTES TO THE  
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**25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

**25.1 Credit risk (continued)**

*Cash and cash equivalents (continued)*

Amounts outstanding for greater than 30 days, which have not been impaired, are considered fully collectable based on historic payment behaviour and extensive analysis of the individual circumstances in respect of each amount.

The impairment account is used to record the anticipated impairment losses within the group. When management is satisfied that no recovery of the amount is possible, the amount considered irrecoverable is written off directly to profit and loss.

**25.2 Market risk (Currency risk)**

*Transactions in a foreign currency settled in that foreign currency*

Transactions with certain of the group's operations occur in various foreign currencies and consequently are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. These transactions are entered into in the respective functional currencies of the individual operations and the group mitigates this risk by settling the transactions with cash balances maintained in the various currencies utilised.

*Transactions in a foreign currency settled in South African Rands*

Some operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currencies. The group manages this risk through the selective use of forward exchange contracts and cross currency swaps. Forward exchange contracts are used primarily to reduce foreign currency exposure relating to imports into South Africa. Where funds are repatriated back to South Africa, forward exchange contracts are used to mitigate the risk of foreign currency fluctuations.

The groups' exposure to significant foreign denominated monetary assets and liabilities is as follows:

R'000	2017			2016		
	US Dollar	Australian Dollar	Botswana Pula	US Dollar	Australian Dollar	Botswana Pula
Trade and other receivables	24 086	259 805	31 438	18 852	180 503	55 853
Cash and cash equivalents	61 223	230 157	228 365	53 516	168 207	290 733
Trade and other payables	(13 496)	(437 076)	(97 057)	(6 675)	(286 674)	(28 919)
	71 813	52 886	162 746	65 693	62 036	317 667
Closing rate	13,00	9,99	1,27	14,78	11,04	1,33
Average rate	13,64	10,28	1,28	14,46	10,53	1,32

Total cash and cash equivalents held by foreign subsidiaries is R3,4 billion (2016: R3,9 billion).

*Sensitivity analysis*

A 10% strengthening of the Rand against the following currencies at 30 June would affect, profit or loss in respect of the translation of the balances of the following monetary items by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and is applied against the gross statement of financial position exposure and forward exchange contracts at reporting date.

R'000	2017			2016		
	US Dollar	Australian Dollar	Botswana Pula	US Dollar	Australian Dollar	Botswana Pula
Trade and other receivables	2 409	25 981	3 144	1 885	18 050	5 585
Cash and cash equivalents	6 122	23 016	22 836	5 352	16 821	29 073
Trade and other payables	(1 350)	(43 708)	(9 706)	(668)	(28 667)	(2 892)
Total	7 181	5 289	16 274	6 569	6 204	31 766

A 10% weakening of the Rand against the above currencies at 30 June would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

### 25.3 Market risk (Interest rate risk)

The group has adopted a policy where exposure to interest rate risk is on a floating rate basis linked to market rates on interest-bearing bank deposits, borrowings and loans advanced.

At the reporting date the interest rate profile of the group's financial instruments was:

R'000	Carrying amount	Interest bearing Variable rate	Fixed rate	Interest free
<b>2017</b>				
Loans to associate companies	196 059	–	160 600	35 459
Long-term receivables	446 626	382 029	–	64 597
Trade and other receivables	5 227 496	17 866	263	5 209 367
Long-term liabilities	(192 637)	(47 498)	–	(145 139)
Trade and other payables	(6 601 658)	(72 762)	–	(6 528 896)
Cash and cash equivalents	5 545 621	5 545 621	–	–
Bank overdrafts	(38)	(38)	–	–
	<b>4 621 469</b>	<b>5 825 218</b>	<b>160 863</b>	<b>(1 364 612)</b>
<b>2016</b>				
Loans to associate companies	138 386	–	138 386	–
Long-term receivables	96 193	17 852	–	78 341
Trade and other receivables	4 749 259	342 410	42 424	4 364 425
Long-term liabilities	(34 581)	(17 010)	–	(17 571)
Trade and other payables	(5 178 324)	(87 355)	–	(5 090 969)
Cash and cash equivalents	5 773 369	5 773 369	–	–
Bank overdrafts	(21 175)	(21 175)	–	–
	<b>5 523 127</b>	<b>6 008 091</b>	<b>180 810</b>	<b>(665 774)</b>

#### Sensitivity analysis

An increase of 75 basis points in interest rates at the reporting date would have increased or decreased profit for the following year by the amounts shown below. This analysis assumes that all other variables remain constant and is based on closing balances compounded monthly.

	2017 R'000	2016 R'000
Long-term receivables	2 865	134
Trade and other receivables	134	2 568
Cash and cash equivalents	41 592	43 300
Bank overdraft	–	(159)
Long-term liabilities	(356)	(128)
	<b>44 235</b>	<b>45 715</b>

A 75 basis points decrease in interest rates at 30 June would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

### 25.4 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Cash flow forecasting within the group typically ensures that it has sufficient cash available, as well as lines of credit, to meet expected operational expenses including the servicing of financial obligations. The potential impacts of extreme circumstances that cannot reasonably be predicted such as major catastrophes like property damage, business interruption, public liability and political riot are covered by local and group short-term insurance.



**NOTES TO THE  
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**25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

**25.4 Liquidity risk (continued)**

The following are the contractual maturities of the group's financial liabilities:

R'000	< 1 years	2 – 5 years	> 5 years
<b>Liabilities measured at amortised cost</b>			
<b>2017</b>			
Finance leases	72 762	49 483	–
Settlement agreement liability	21 250	85 000	106 250
Other financial liabilities	–	17 778	–
	<b>94 012</b>	<b>152 261</b>	<b>106 250</b>
<b>2016</b>			
Finance leases	87 355	17 010	–
	87 355	17 010	–

The present value of these instruments is R274 million (2016: R84 million).

All other non-derivative liabilities measured at amortised cost are to be settled within 12 months.

The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets, as well as from current cash reserves (note 29.3) currently held at the various financial institutions.

The group does not at this point require or have any other structured financing facilities in place, apart from asset specific finance agreements (note 10) and a daily notional overdraft facility of R40 million.

**26. CAPITAL MANAGEMENT**

To provide returns for shareholders and benefits for other stakeholders and to maintain optimal structure to reduce the cost of capital, the group policy maintains an adequate capital base.

Capital comprises shareholders' equity, including capital and reserves. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The level of dividends paid by the group is determined with reference to the liquidity and solvency of the group as well as consideration of budgets and forecasts.

The group follows a conservative approach to its statement of financial position assuming low levels of debt and maintaining substantial cash balances. Given the cyclical and often unpredictable nature of the construction environment, we believe this approach to be appropriate in providing flexibility to the group during difficult times and in protecting shareholder value.

	2017	2016
Debt/equity ratio (%)	2,0	2,2

This measure has been revised and recalculated to be total capitalised interest-bearing liabilities as a percentage of average shareholders' interest.

**27. EMPLOYEE BENEFITS**

**27.1 Equity compensation benefits**

*The WBHO Share Plan*

*Share Appreciation Rights*

Annual allocations, determined by the Remuneration Committee are made to participants based on the fair market value of the shares on the allocation date. Rights will be available for settlement, subject to the achievement of the performance criteria, on the vesting date i.e. in equal thirds on the 3rd, 4th and 5th anniversaries, but need not be exercised until the 7th anniversary. On settlement, the value accruing to the participants will be the full appreciation of the share price over the vesting period.

The performance target threshold is the average growth in adjusted headline earnings per share (HEPS) compared against the average CPI plus 3%. The average calculation will be determined annually in three-year cycles.

At 30 June, the criteria had not been met as the threshold had not been achieved.

*Performance Shares*

Performance shares will be made annually to participants for which there will be no consideration payable. Vesting will commence on the 3rd anniversary of the award to the extent that the company has met the specified performance criteria. Being a full value share element, essentially without a strike price, the number of shares that vest will depend on the extent of the company performance over the three year vesting period.

Performance criteria	Weight	Threshold	Target vesting	Stretch
Return on capital employed (ROCE)	50%	14%	16%	20%
Adjusted ROCE (2016 issue)	50%	14%	19%	23%
Relative total shareholder return (TSR)	50%	7th position	5th position	2nd position

Actual performance against the performance criteria at 30 June 2017:

	Offer 2014 Performance shares	Offer 2015 Performance shares	Offer 2016 Performance shares
Return on capital employed (ROCE)	21,0%	22,6%	22,3%
Relative total shareholder return (TSR)	2nd	1st	5th

	Number of conditional awards '000	Issue date	Issue price (cents)	Exercise price (cents)	Vesting period	Share- based payment expense	Future expense to be recognised
Performance shares							
2014	128	16/03/2015	10 795	11 540	3 years	7 496	7 019
2015	194	7/12/2015	11 175	11 540	3 years	11 856	16 796
2016	194	7/12/2016	14 747	14 747	3 years	4 260	17 649
Share appreciation rights							
2014	137	16/03/2015	10 795	11 540	3 – 5 years	–	–
2016	120	7/12/2016	14 747	14 747	3 – 5 years	–	–
Total						23 612	41 464

In calculating the share-based payment expense, valuations were performed using the Binomial model. The probability of achieving the TSR performance condition has been measured by a Monte Carlo simulation.

The following assumptions were made in arriving at the share-based payment expense estimate:

	PS	SARS
Volatility (%) (Volatility has been calculated using the historical WBHO share prices over the vesting periods)	n/a	22,1 – 22,6
Risk-free rate (%)	n/a	7,0 – 7,4
Dividend yield (%)	2,3	2,3 – 2,5
Attrition rate (%)	5,0	5,0

**NOTES TO THE  
FINANCIAL STATEMENTS** (continued)  
for the year ended 30 June 2017

**27. EMPLOYEE BENEFITS (CONTINUED)**

**27.2 The WBHO Management Trust**

The trust is a special purpose vehicle through which shares are sold to employees with the aim of retaining existing talent within the group. The trust issues these shares via either a loan or as options to qualifying employees. In the current year approximately one million options were issued to eligible employees subject to the employees remaining in the employ of the group for five years. The share options are equity-settled methodology, and are valued using the Binomial model. The following estimates and assumptions were used in the calculation of the share-based payment expense:

	Share options 2014	Share options 2016
Grant date share price	115,0	145,0
Exercise price (R')	83,1	110,4
Volatility (%) (Volatility has been calculated using the historical WBHO share prices over the vesting periods)	23,4	25,0
Risk-free rate (%)	7,5	8,5
Dividend yield (%)	2,5	2,5
Attrition rate (%)	5,0	5,0

**27.3 Akani Investment Holdings (Pty) Ltd and the Broad-Based Employee Share Incentive Trust**

The company and trust are special purpose vehicles created to give effect to the group's Black Economic Empowerment initiative, aimed at sourcing strategic black partners and rewarding employees who have been in the service of the group for more than five years.

The Akani scheme has a share price growth hurdle in addition to 10 and 5 year lock in periods for black partners and employees respectively.

The hurdle rate is defined as being the nominal annual growth rate compounded annually. For the partners the rate is 8.33% and for the employees it is as agreed on by the Board per allocation.

Over the lock-in periods the shares attract dividends. For the partners one third of the dividend is paid out in cash and two-thirds are used to purchase WBHO shares while for employees, the full dividend is used to purchase WBHO shares.

In calculating the share-based payments expense applicable to the black partners and the BBE trust it was necessary to estimate the number of shares that could vest at the end of the lock-up period and allocation period respectively. The following assumptions and judgements were used in arriving at the estimate:

	BBE Trust	Black partners
Hurdle rate (%)	Variable	8,3
Weighted average expected volatility (%)	24,0	24,0
Weighted average dividend yield (%)	2,7	2,7
Weighted average risk-free interest rate (%)	8,8	8,8
Vesting period (years)	5,0	10,0

The table below provides details of the long-term incentives awarded to employees other than directors and prescribed officers.

	WBHO Management Trust	Black Partners	Employees
Total shares/options allocated ('000)	684	2 287	2 984
Allocations/issues in the current year ('000)	1 075	–	263
Dividend shares purchased ('000)	n/a	40	57
Vested in the current year ('000)	584	151	31
Dividends shares transferred	–	311	78
Shares to be bought back ('000)	–	1 049	1 280
Shares available for future allocations ('000)	2 137	–	1 839
2017 Share-based payment expense (R'000)	11 445	687	22 044
Future Share-based payment expense (R'000)	63 846	–	47 641

## 28. SEGMENTAL ANALYSIS

Operating segments reflect the management structure of the group and are identified both geographically and by the key markets which they serve.

The operating segments are regularly reviewed by the group's chief operating decision makers, defined as the executive committee, in order to allocate resources and assess the performance of the segments.

The group has five reportable operating segments from which it derives revenue. The activities associated with each segment are noted below:

### Building and civil engineering

- Construction of retail shopping centres, commercial buildings, hotels, hospitals and residential apartments mostly for the private sector.
- Construction civil engineering related infrastructure for the mining, industrial, energy and oil and gas sectors.

### Roads and earthworks

- Activities include infrastructure and water and gas pipelines and other large infrastructure projects.

### Australia

- Construction of retail, residential and commercial buildings for the private building sector.
- Various engineering disciplines, servicing the road and mining sectors and telecommunications.

### Property developments

- Acquisition of land or the rights to land and the development of schemes with a view to build on or sell.

### Construction materials

- Sales and manufacture of long-steel products.

None of the operating segments are aggregated and there are no additional segments to report separately and non-current assets by geographic segment are shown net of deferred tax.

	Building and civil engineering R'000	Roads and earthworks R'000	Australia R'000	Property developments R'000	Construction materials R'000	Total R'000
<b>Operating segments</b>						
<b>At 30 June 2017</b>						
Revenue	8 135 777	4 589 881	18 599 977	2 301	892 940	32 220 876
Inter-segment sales	–	–	–	–	(314 216)	(314 216)
Revenue – external customers	8 135 777	4 589 881	18 599 977	2 301	578 724	31 906 660
Operating profit	384 943	341 737	312 586	(1 472)	2 103	1 039 897
Equity-accounted development profit	–	–	(53 600)	–	–	(53 600)
Operating profit before non-trading items	384 943	341 737	258 986	(1 472)	2 103	986 297
Additional items regularly reported to the executive committee:						
Depreciation	43 498	98 261	60 055	–	9 608	211 422
Capital expenditure	66 741	178 322	53 020	–	11 004	309 087
<b>At 30 June 2016</b>						
Revenue	7 536 471	4 333 788	18 112 931	18 880	906 146	30 908 216
Inter-segment sales	–	–	–	–	(257 907)	(257 907)
Revenue – external customers	7 536 471	4 333 788	18 112 931	18 880	648 239	30 650 309
Operating profit before non-trading items	369 585	283 422	300 392	14 656	36 502	1 004 557
Depreciation	65 751	104 993	62 245	–	9 521	242 510
Capital expenditure	48 511	52 685	8 234	–	17 214	126 644

**NOTES TO THE  
FINANCIAL STATEMENTS** (continued)  
for the year ended 30 June 2017

**28. SEGMENTAL ANALYSIS (CONTINUED)**

	2017 R'000	2016 R'000
<b>Geographical segments</b>		
<b>Revenue</b>		
South Africa	11 453 907	9 739 222
Rest of Africa	1 852 776	2 798 156
Australia	18 599 977	18 112 931
	<b>31 906 660</b>	<b>30 650 309</b>
<b>Operating profit</b>		
South Africa	475 720	346 354
Rest of Africa	251 591	357 811
Australia	312 586	300 392
	<b>1 039 897</b>	<b>1 004 557</b>
Equity-accounted development profit	(53 600)	–
Operating profit before non-trading items	<b>986 297</b>	<b>1 004 557</b>
<b>Non-current assets</b>		
South Africa	1 642 474	1 437 288
Rest of Africa	466 851	378 755
Australia	943 845	1 111 723
United Kingdom	202 962	–
	<b>3 256 132</b>	<b>2 927 766</b>

**29. CASH FLOW INFORMATION**

**29.1 Cash generated from operations**

Operating profit before non-trading items:		
From continuing operations	986 297	1 004 557
From discontinued operations	(69)	(11 831)
Settlement agreement expense	(42 500)	–
Cash portion of equity-accounted investment	31 601	–
Operating profit before non-trading items	<b>975 329</b>	<b>992 726</b>
Adjusted for non-cash items:		
Depreciation	211 422	258 242
Movement in provisions	(88 003)	449 683
Profit from disposal of property, plant and equipment	(14 345)	(18 745)
Operating income before working capital changes	<b>1 084 403</b>	<b>1 681 906</b>
Working capital changes:		
Increase in inventories	(20 967)	(2 089)
(Increase)/decrease in excess billings over work done	(248 684)	418 020
(Decrease)/increase contracts-in-progress	(228 141)	544 519
Increase in trade and other receivables	(745 039)	(623 718)
Increase/(decrease) in trade and other payables	1 275 056	(23 783)
Cash generated from operations	<b>1 116 628</b>	<b>1 994 855</b>

**29.2 Taxation paid**

Asset outstanding at beginning of the year	243 581	305 726
Current tax expense	(349 488)	(498 664)
Subsidiary acquired/(derecognised)	(22 997)	–
Effect of prior period error	–	(46 975)
Interest accrued	–	(3 740)
Asset outstanding at end of year	(123 235)	(243 581)
Net taxation paid	<b>(252 139)</b>	<b>(487 234)</b>

**29.3 Cash and cash equivalents**

Cash and cash equivalents	5 545 621	5 773 369
Bank overdrafts	(38)	(21 175)
	<b>5 545 583</b>	<b>5 752 194</b>

### 30. ACQUISITION OR DISPOSAL OF NON-CONTROLLING INTEREST

Entity	Date acquired/ disposed of	Transaction	Percentage acquired/ disposed of %	Effective interest held after transaction %	Purchase consideration R'000
<b>2017</b>					
Probuild Constructions (Aust) Pty Ltd	01-Jul-16	Share buy-back	0,40	83,35	3 518
Probuild Constructions (Aust) Pty Ltd	15-Aug-16	Share buy-back	0,09	83,44	784
WBHO Australia	03-Oct-16	Acquisition	0,78	84,22	15 856
Renniks Construction (Pty) Ltd	07-Oct-16	Acquisition	17,50	100,00	3 060
Probuild Constructions (Aust) Pty Ltd	01-Dec-16	Share buy-back	1,39	85,61	33 775
Probuild Constructions (Aust) Pty Ltd	31-Mar-17	Share buy-back	0,26	85,87	5 841
Capital Africa Steel (Pty) Ltd	01-Apr-17	Acquisition	44,44	100,00	95 556
Edwin Construction (Pty) Ltd	30-Jun-17	Disposal	8,00	49,00	(44 075)
Probuild Constructions (Aust) Pty Ltd	30-Jun-17	Share issue	5,12	80,74	(117 971)
Net cash flow on changes in shareholding					127 160
The aggregate effect on amounts recognised in equity					10 184

### 31. BUSINESS COMBINATION

On 30 June 2017, WBHO Construction (Pty) Ltd acquired 90% of the voting equity in Grindrod Rail Construction Company (Pty) Ltd (GRC) for an amount of R62,3 million through the purchase of shares. The group has been rebranded as iKusasa Rail.

The principal activities of GRC includes the construction and maintenance of railway lines, overhead track equipment, track related civil works and the supply of related concrete products. The primary reason for the acquisition is to optimise the synergies in rail related construction by allowing the group to provide the full scope of services relating to rail construction.

All identifiable assets and liabilities are recognised at fair value and where necessary a valuation has been performed by external experts.

Plant and equipment:

The market approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.

The basis of value used is fair market value with an assumed exit period of 90 days to 120 days.

Valuation approach is one of sales comparison with a due consideration to all refurbishment cost incurred within recent years. Information sources used comprise liquidation sales and manufacturer's sales prices.

The valuation was performed by John Booyens of GoIndustry DoveBid S.A. (Pty) Ltd.

Property:

Income capitalisation approach that provides an indication of value by converting future cash flows to a single current capital value.

The valuations were performed using the income capitalisation methodology. These methods are based on open market values with consideration given to the future earnings potential and applying an appropriate discount rate to the property. The capitalisation rate applied was 12%. Other significant inputs used in the valuations was a vacancy rate of 3%, as well as normalised property expenses which includes actual rates and taxes and estimates for insurance, repairs and maintenance and a general expense/ management provision (including an allowance for increased rates).

The valuation was performed by Darryl Robert Riley of The Property Partnership East Rand cc.

**NOTES TO THE  
FINANCIAL STATEMENTS** (continued)  
for the year ended 30 June 2017

**31. BUSINESS COMBINATION (CONTINUED)**

The following provisional information summarises the fair value of identifiable assets acquired and liabilities assumed at the acquisition date:

	R'000
<b>Assets</b>	
Property, plant and equipment	33 595
Other non-current assets	4 418
Inventory	28 129
Other current assets	65 784
Cash and cash equivalents	12 451
<b>Total</b>	<b>144 377</b>
<b>Liabilities</b>	
Non-current liabilities	(2 785)
Current liabilities	(72 415)
<b>Total</b>	<b>(75 200)</b>
<b>Identifiable assets and liabilities</b>	<b>69 177</b>
Fair value of consideration payable	62 259
Fair value of non-controlling interests recognised	6 918
Fair value of identifiable assets and liabilities	(69 177)
No revenue or losses have been included in the group's results. The amounts below illustrate the impact on the group's results had the acquisition been effective at 1 July 2016.	
Revenue	151 884
Loss after tax	(29 150)

**32. LOSS OF CONTROL OF SUBSIDIARY**

On 30 June 2017 the group reduced its controlling interest in Edwin Construction (Pty) Ltd from 57% to 49% through a share buy-back transaction.

	R'000
Fair value of consideration receivable <sup>1</sup>	44 075
Fair value of equity interest retained <sup>2</sup>	137 013
	181 088
Net assets, goodwill and NCI derecognised	(171 481)
Gain on loss of control of subsidiary	9 607
The following amount have been consolidated in the group's results prior to derecognition:	
Revenue	311 980
Profit before tax	52 345

<sup>1</sup> The consideration receivable is repayable in five equal annual instalments. The first instalment was made on 25 June 2017. The present value of the remaining instalments payable later than one year are disclosed in note 6. A discount rate of 9% based on five-year approved financial forecasts and a terminal growth rate of 5% was used in determining the present value.

<sup>2</sup> The estimate of the fair value has been determined using an earnings multiple method. The multiple used was benchmarked against similar companies in the construction sector in which the company operates. The multiple used was 5. This is categorised as a level 3 in the fair value hierarchy.

**33. EVENTS AFTER THE REPORTING DATE**

The board is not aware of any matter or circumstance arising since the end of the reporting period not otherwise dealt with in the consolidated annual financial statements, which significantly affects the financial position of the group as at 30 June 2017 or the results of its operations or cash flows for the year then ended.



## ANNEXURE 1

### INVESTMENTS IN SUBSIDIARIES

for the year ended 30 June 2017

			Effective holding	
	Country of Incorporation	Issued capital	2017 %	2016 %
<b>Held directly</b>				
WBHO Construction (Pty) Ltd	South Africa	R900,000	100	100
WBHO Industrial Holdings (Pty) Ltd	South Africa	R1	100	100
<b>Special purpose entities</b>				
WBHO Management Trust	South Africa		–	–
WBHO Share Trust	South Africa		–	–
WBHO Broad-based Employee Share Incentive Trust	South Africa		–	–
Akani Investment Holdings (Pty) Ltd	South Africa	R51,394	32	32
<b>Held indirectly</b>				
Renniks Construction (Pty) Ltd	South Africa	R405 600	100	82,5
Roadspan Surfaces (Pty) Ltd	South Africa	R10 000	100	100
St Francis Links (Pty) Ltd	South Africa	R100	80	80
WBHO Construction Sierra Leone Limited	Sierra Leone	US\$23,000	100	100
Capital Africa Steel (Pty) Ltd	South Africa	R235 861	100	55,6
Tekfalt Binders (Pty) Ltd	South Africa	R100	60	60
Balmoral Crushers (Pty) Ltd	South Africa	R120	100	100
WBHO Guinea (SA) Limited	Guinea	Fr100,000,000	100	100
WBHO Mozambique Projectos Limitada	Mozambique	MZN10,000,000	100	100
WBHO Namibia (Pty) Ltd	Namibia	N\$1	100	100
WBHO Construction Zambia Limited	Zambia	ZMW5,000	100	100
Kalcon (Pty) Ltd	Botswana	P2	100	100
WBHO Ghana (Pty) Ltd	Ghana	\$500,000	100	100
WBHO Australia Pty Ltd	Australia	AUS\$26,400,000	100	100
WBHO Infrastructure Pty Ltd	Australia	AUS\$19 561 409	96,4	95,8
Monaco Hickey Pty Ltd	Australia	AUS\$5 592 000	82,0	69,7
Probuild Constructions (Aust) Pty Ltd	Australia	AUS\$52 657 848	80,7	83,0
WBHO UK Limited	United Kingdom	GBP100	100	–

Investments in dormant subsidiaries are not disclosed.

## ANNEXURE 2

### INTERESTS IN JOINT OPERATIONS

for the year ended 30 June 2017

#### INVESTMENTS IN SIGNIFICANT JOINT OPERATIONS

All of the joint operations listed below are involved in construction activities.

	Country of operation	2017 %	2016 %
Investments in significant joint operations			
<b>Non-statutory entities</b>			
Sandton Joint Venture	South Africa	50,0	50,0
Kusile Civils Joint Venture	South Africa	25,0	25,0
WBHO/Group 5 Mall of Africa Joint Venture	South Africa	50,0	50,0
WBHO/Phayindani Joint Venture	South Africa	59,0	59,0
WBHO/Inanda Joint Venture	South Africa	59,0	59,0
WBHO/Stats SA Joint Venture	South Africa	63,0	63,0
WBHO/Tiber Discovery JV	South Africa	50,0	50,0
WBHO/Tiber 140 West JV	South Africa	50,0	50,0
WBHO/CCC Joint Venture	Botswana	50,0	50,0
WBHO/Parsons Birkenhoff JV	Mozambique	70,0	70,0
WBHO/MBS JV	Ghana	60,0	–

**ANNEXURE 3**  
**SHAREHOLDERS' ANALYSIS**  
for the year ended 30 June 2017

	Number of shareholdings	%	Number of shares	%
<b>Shareholder spread</b>				
1 – 1 000 shares	2 740	72,28	800 106	1,27
1 001 – 10 000 shares	667	17,60	2 232 927	3,53
10 001 – 100 000 shares	292	7,70	9 950 447	15,75
100 001 – 1 000 000 shares	79	2,08	20 466 325	32,39
1 000 001 shares and over	13	0,34	29 740 259	47,06
Totals	3 791	100,00	63 190 064	100,00
<b>Distribution of shareholders</b>				
Banks/brokers	114	3,01	10 613 776	16,80
Close corporations	19	0,50	11 237	0,02
Empowerment	4	0,11	7 336 015	11,61
Endowment funds	20	0,53	167 616	0,26
Individuals	2 582	68,11	3 706 971	5,87
Insurance companies	44	1,16	1 753 250	2,77
Investment companies	4	0,10	39 552	0,06
Medical schemes	19	0,50	187 530	0,30
Mutual funds	161	4,25	14 894 541	23,57
Other corporations	27	0,71	14 439	0,02
Private companies	74	1,95	389 422	0,62
Public companies	1	0,03	100	0,00
Retirement funds	223	5,88	17 570 570	27,81
WBHO Share and Management Trusts	3	0,08	4 373 612	6,92
Other trusts	496	13,08	2 131 433	3,37
Totals	3 791	100,00	63 190 064	100,00
<b>Non-public shareholders</b>				
Non-public shareholders	35	0,92	26 512 564	41,96
Directors and associates	5	0,13	261 182	0,42
Strategic holders holding more than 10%	23	0,61	14 541 755	23,01
Empowerment	4	0,10	7 336 015	11,61
WBHO Share and Management Trusts	3	0,08	4 373 612	6,92
Public shareholders	3 756	99,08	36 677 500	58,04
Totals	3 791	100,00	63 190 064	100,00
<b>Beneficial shareholders holding 3% or more</b>				
Government Employees Pension Fund			8 089 612	12,80
Akani Investment Holdings (Pty) Ltd			7 336 015	11,61
Allan Gray			6 452 143	10,21
WBHO Management Trust			4 331 237	6,85
Totals			26 209 007	41,47
<b>Geographical breakdown</b>				
South Africa	3 631	95,78	47 745 957	75,56
United States of America and Canada	40	1,05	10 386 853	16,43
United Kingdom	51	1,35	3 440 753	5,45
Rest of the World	48	1,27	804 338	1,27
Rest of Europe	21	0,55	812 163	1,29
Totals	3 791	100,00	63 190 064	100,00

## STATUTORY INFORMATION

### **Wilson Bayly Holmes-Ovcon Limited**

(Incorporated in the Republic of South Africa)

(Registration number 1982/011014/06)

Share code: WBO

ISIN: ZAE000009932

(WBHO)

### **Registered office and contact details**

53 Andries Street

Wynberg, Sandton, 2090

PO Box 531

Bergvlei, 2012

Telephone: +27 11 321 7200

Fax: +27 11 887 4364

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

Email: [wbhoho@wbho.co.za](mailto:wbhoho@wbho.co.za)

### **Company Secretary**

Shereen Vally-Kara

ACIS

### **Auditors**

BDO South Africa Inc.

### **Transfer secretaries**

Computershare Investor Services Proprietary Ltd

Rosebank Towers

15 Biermann Ave

Rosebank

Johannesburg 2196

South Africa

Telephone: +27 11 370 5000

Fax: +27 11 370 5271

### **Sponsor**

Investec Bank Limited



[www.wbho.co.za](http://www.wbho.co.za)

WBHO