

A large-scale construction site at sunset. The scene is filled with numerous tall cranes, some red and some blue, and several tall, cylindrical concrete structures under construction. The ground is covered in dirt and construction materials, including stacks of concrete blocks. The sky is a mix of orange and blue, indicating the time is either dawn or dusk.

**AUDITED
CONSOLIDATED
FINANCIAL
STATEMENTS 2015**

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STATEMENT OF RESPONSIBILITY BY THE BOARD

for the year ended 30 June 2015

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 forecasts 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.

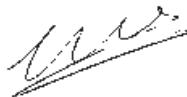
The financial statements have been audited by the independent auditors, BDO South Africa Inc., who were given unrestricted access to all financial records and the related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe 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 page 5.

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 28 August 2015 and are signed on its behalf.



Mike Wylie
Chairman

28 August 2015



Louwtjie Nel
Chief Executive Officer

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

for the year ended 30 June 2015

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 2015 and that all such returns are true, correct and up to date.



Shereen Vally-Kara
Company Secretary

28 August 2015

DIRECTORS' REPORT

for the year ended 30 June 2015

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 Africa and Australia.

GROUP RESULTS

Revenue from continuing operations increased by 14,8% to R29,5 billion (2014: R25,7 billion) while operating profit before non-trading items decreased by 22,9% to R793 million (2014: R1 billion). Total earnings attributable to the equity shareholders of the group amounted to R569 million (2014: R423 million) and headline earnings attributable to equity shareholders of the group amounted to R649 million (2014: R649 million). A full reconciliation between earning and headline earnings is disclosed under note 20. The financial statements set out on pages 6 to 58 provide full details of the financial position, results of operations and cash flows for the year ended 30 June 2015.

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.

Probuild repurchased equity from minority shareholders in the year under review resulting in an increase in the group's interest from 80,03% to 80,57% at a cost of R11,6 million. Debit amounts of R7,6 million were recognised in equity. Probuild also increased its interest from 92,5% to 100% within Probuild Civils at a cost of R3,2 million with credit amounts of R3,9 million recognised in equity. WBHO Civils repurchased 1,35% equity from minority shareholders at a cost of R4,3 million resulting in credit to equity of R755 thousand.

LOSSES IN SUBSIDIARIES

Included in the group's profit before tax of R765 million are pre-tax losses from the following subsidiaries:

Subsidiary	Country of incorporation	Amount of loss
Monaco Hickey Pty Ltd	Australia	R52,6 million
Probuild Civils Pty Ltd	Australia	R184,7 million
WBHO Civils Pty Ltd	Australia	R129,6 million
WBHO Construction Sierra Leone Limited	Sierra Leone	R112,6 million

SHARE CAPITAL

The company has issued 66 000 000 ordinary shares.

Subject to the regulations of the JSE, 10% of the unissued ordinary shares are under the control of the directors, until the next annual general meeting (AGM) to be held on 11 November 2015. At this meeting, shareholders will be requested to grant the directors the same authority until the next annual general meeting in 2016.

DIVIDENDS

The group declares dividends dependent upon profits earned and the availability of cash. On 28 August 2015 the directors declared a final gross dividend of 258 cents (2014: 233 cents) per ordinary share from income reserves, which together with the interim dividend of 110 cents (2014: 135 cents) per ordinary share, results in a total payment to shareholders of 368 cents per share (2014: 368 cents).

The following dates are also relevant:

Last date to trade cum dividend:	Friday, 9 October 2015
Trading ex dividend commences:	Monday, 12 October 2015
Record date:	Friday, 16 October 2015
Payment date:	Monday, 19 October 2015

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

DIRECTORS' REPORT (continued)

for the year ended 30 June 2015

BORROWING POWERS

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

DIRECTORATE

Details concerning the company's directors can be found online at www.wbho.co.za.

In terms of the company's memorandum of incorporation, Ms AN Matyumza and Mr JM Ngobeni retire at the forthcoming annual general meeting and are eligible for re-election.

The composition of the board of directors can be found online at www.wbho.co.za.

DIRECTOR'S SHAREHOLDING

The direct and indirect interests of the directors are disclosed within the remuneration section of the integrated report.

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

There were no significant events subsequent to the reporting date.

GOING CONCERN

The directors have reviewed the group's budget and forecast cash flows for the year to 30 June 2016. 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 and separate annual financial statements.

SPECIAL RESOLUTIONS

The following special resolutions were passed at the 2014 annual general meeting:

Special resolution number 1

Approval for remuneration of non-executive directors.

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.

BUSINESS AND POSTAL ADDRESS

53 Andries Street
Wynberg, Sandton 2090
(PO Box 531, Bergvlei 2012)

COMPANY SECRETARY

Shereen Vally-Kara
ACIS

INDEPENDENT AUDITORS' REPORT

for the year ended 30 June 2015

TO THE SHAREHOLDERS OF WILSON BAYLY HOLMES-OVCON LIMITED

We have audited the consolidated and separate financial statements of Wilson Bayly Holmes-Ovcon Limited set out on pages 6 to 58, which comprise the statements of financial position as at 30 June 2015, and the statements of financial performance and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Wilson Bayly Holmes-Ovcon Limited as at 30 June 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

BDO South Africa Inc.

BDO South Africa Inc.

Japie Schoeman

Director

Registered Auditor

28 August 2015

22 Wellington Road
Parktown

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
AND OTHER COMPREHENSIVE INCOME**
for the year ended 30 June 2015

	Notes	2015 R'000	Restated 2014 R'000
Revenue	15	29 522 972	25 721 683
Operating costs		(27 376 407)	(23 634 390)
Administrative costs		(1 353 137)	(1 057 847)
Operating profit before non-trading items		793 428	1 029 446
Impairment of goodwill	3	(115 982)	(392)
Loss on deemed disposal of associate		–	(1 914)
Impairment of property, plant and equipment		(53 926)	(15 340)
Gain on disposal of property		14 813	–
Share-based payment expense	27	(36 235)	(33 337)
Operating profit	16	602 098	978 463
Share of profits and losses in associates	4	46 189	11 168
Net finance income	17	116 478	114 091
Profit before tax		764 765	1 103 722
Taxation	18	(250 786)	(332 149)
Profit from continuing operations		513 979	771 573
Profit/(loss) from discontinued operations	19	93 307	(523 336)
Profit for the year		607 286	248 237
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Translation of foreign entities*		(269 854)	(64 216)
Share of associate companies' other comprehensive income*		7 018	6 967
Total comprehensive income for the year		344 450	190 988
Profit for the year attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		568 680	422 742
Non-controlling interests	11	38 606	(174 505)
		607 286	248 237
Total comprehensive income attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		304 868	401 252
Non-controlling interests		39 582	(210 264)
		344 450	190 988
Earnings per share (cents)	20	1 029,5	763,8
Diluted earnings per share (cents)	20	1 029,5	762,6
Dividend per share (cents)		368,0	368,0
Profit from continuing operations attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		501 885	703 384
Non-controlling interests		12 094	68 189
		513 979	771 573
Earnings per share (cents)	20	908,6	1 270,8
Diluted earnings per share (cents)	20	908,6	1 268,8

* There are no tax effects recognised on these items

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Property, plant and equipment	2	1 984 417	2 164 724
Goodwill	3	498 266	644 936
Investment in associates	4	203 923	97 847
Investments	5	148 465	96 997
Long-term receivables	6	118 943	292 345
Deferred taxation	12	462 279	365 903
Total non-current assets		3 416 293	3 662 752
Inventories	7	215 108	259 025
Amounts due by customers	8	1 058 957	929 688
Trade and other receivables	9	5 090 207	4 955 738
Taxation		355 900	356 268
Cash and cash equivalents	29	3 995 089	2 756 700
Total current assets		10 715 261	9 257 419
Assets classified as held-for-sale	19	237 610	477 642
Total assets		14 369 164	13 397 813
EQUITY			
Stated capital		28 625	28 625
Non-distributable reserves		297 321	578 873
Retained earnings		4 286 772	3 983 742
Shareholder's equity		4 612 718	4 591 240
Non-controlling interests	11	262 443	273 776
Total equity		4 875 161	4 865 016
LIABILITIES			
Cash-settled share scheme liability	27	22 734	18 761
Borrowings	10	112 530	166 142
Deferred taxation	12	47 708	32 591
Total non-current liabilities		182 972	217 494
Excess billings over work done	8	1 499 471	1 417 028
Trade and other payables	13	5 570 407	4 699 740
Short-term portion of borrowings	10	139 045	147 201
Provisions	14	1 619 749	1 313 421
Taxation		50 174	66 552
Bank overdrafts	29	–	115 605
Total current liabilities		8 878 846	7 759 547
Liabilities associated with disposal group classified as held-for-sale	19	432 185	555 756
Total equity and liabilities		14 369 164	13 397 813

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2015

	Number of ordinary shares issued	Number of shares held by share trusts	Net shares issued to the public	Stated capital R'000
Balance at 30 June 2013	66 000 000	10 668 428	55 331 572	28 625
Vesting of shares	–	(18 429)	18 429	–
Total comprehensive income for the year	–	–	–	–
Dividend paid	–	–	–	–
Transfer between reserves	–	–	–	–
Share-based payments expense	–	–	–	–
Share-based payment settlement	–	–	–	–
Loans advanced by non-controlling interests	–	–	–	–
Change in shareholding of subsidiaries	–	–	–	–
Non-controlling interest raised on deemed acquisition	–	–	–	–
Transactions with owners	–	–	–	–
Balance at 30 June 2014	66 000 000	10 649 999	55 350 001	28 625
Treasury shares acquired	–	512 369	(512 369)	–
Vesting of shares	–	(48 853)	48 853	–
Total comprehensive income for the year	–	–	–	–
Dividend paid	–	–	–	–
Share-based payments expense	–	–	–	–
Share-based payment settlement	–	–	–	–
Loans advanced by non-controlling interests	–	–	–	–
Transfer of non-distributable reserve	–	–	–	–
Transactions with owners	–	–	–	–
Balance at 30 June 2015	66 000 000	11 113 515	54 886 485	28 625
Authorised share capital				
– ordinary shares of one cent per share	100 000 000			
– redeemable preference shares of five cents per share	20 000 000			
There were no changes to the authorised share capital during the current year.				

Non-distributable reserves

Foreign currency translation reserve R'000	Employee share-scheme reserve R'000	Distributable reserves R'000	Shareholders' equity R'000	Non-controlling interests R'000	Total equity R'000
420 010	136 074	3 838 548	4 423 257	152 108	4 575 365
–	–	–	–	–	–
(21 490)	–	422 742	401 252	(210 264)	190 988
–	–	(235 490)	(235 490)	(29 598)	(265 088)
(1 554)	–	1 554	–	–	–
–	33 337	–	33 337	–	33 337
–	12 496	–	12 496	–	12 496
–	–	–	–	15 754	15 754
–	–	(36 375)	(36 375)	8 687	(27 688)
–	–	–	–	337 089	337 089
–	–	(7 237)	(7 237)	–	(7 237)
396 966	181 907	3 983 742	4 591 240	273 776	4 865 016
–	(52 079)	–	(52 079)	–	(52 079)
–	–	–	–	–	–
(263 812)	–	568 680	304 868	39 582	344 450
–	–	(215 171)	(215 171)	(36 422)	(251 593)
–	32 117	–	32 117	–	32 117
–	845	–	845	–	845
–	–	–	–	12 127	12 127
1 377	–	(1 377)	–	–	–
–	–	(49 102)	(49 102)	(26 620)	(75 722)
134 531	162 790	4 286 772	4 612 718	262 443	4 875 161

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Notes	2015 R'000	2014 R'000
Cash flow from operating activities			
Cash generated from operations	29	2 552 930	797 107
Adjustments for:			
Net finance income		69 531	61 004
Taxation paid	29	(363 767)	(548 071)
Dividend paid		(251 593)	(265 088)
Cash retained from operations		2 007 101	44 952
Cash flow from investing activities			
Advances of long-term receivables		(231 419)	(211 166)
Additions to investments		(58 127)	(53 547)
Additional investment in associates		(80 917)	(27 524)
Advances of loans		13 785	–
Repayment of receivable		–	15 753
Proceeds on disposal of business		161 106	29 052
Proceeds on disposal of plant and equipment		134 758	106 175
Purchase of property, plant and equipment			
– to maintain operations		(159 200)	(210 032)
– to expand operations		(43 236)	(92 111)
Net cash flow from investing activities		(263 250)	(443 400)
Cash flow from financing activities			
Repayment of interest-bearing borrowings		(24 109)	(22 565)
Transactions with owners*		(64 538)	(54 787)
Instalments in respect of capitalised finance leases		(153 824)	(163 494)
Treasury shares acquired		(52 079)	–
Net cash flow from financing activities		(294 550)	(240 846)
Net increase/(decrease) in cash and cash equivalents for the year		1 449 301	(639 294)
Foreign currency translation effect		(146 214)	(59 693)
Net overdraft acquired		–	(263 927)
Cash and cash equivalents disposed of	19	(12 823)	–
Net overdraft at the beginning of the year in respect of disposal group		(268 450)	–
Cash and cash equivalents at the beginning of year		2 641 095	3 335 559
Net overdraft in respect of disposal group at the end of the year		332 180	268 450
Cash and cash equivalents at the end of the year	29	3 995 089	2 641 095

* The prior year cash outflow has been reclassified from cash flows from investing activities to cash flows from financing activities.

PRINCIPAL ACCOUNTING POLICIES

for the year ended 30 June 2015

STATEMENT OF COMPLIANCE

The consolidated and company 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 and company 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 consolidated and company financial statements have been prepared on the historical cost basis, except for specific financial assets and derivative financial instruments 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 and company 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, subsidiaries, other investments and associates depending on the contractual rights and obligations of each investor. The judgements used have been disclosed in note 4 and 5.

b) Impairment of trade receivables

Estimates are based on management's assessment of the likelihood of collecting outstanding receivables.

c) Inventories

Where inventories are recognised at net realisable value, estimates are made of the expected selling price, cost of completion and marketing, selling and distribution costs. Significant judgement has been applied in determining the net realisable value of limited service stock, specifically the estimate of the future selling price.

d) Impairment of goodwill

Estimates are made in determining the recoverable amounts of cash-generating units, based on value-in-use calculations.

e) Property, plant and equipment

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

f) Impairment of assets other than goodwill

In determining the recoverable amount of an asset, estimates are made of suitable discount rates, growth rates and working capital requirements in order to calculate present value as well as the future cash flows expected to arise from a specific asset.

g) Provisions

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

h) Contracting profit or loss recognition

Estimates are made of the total expected costs 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.

i) Taxation

The group is subject to taxes in numerous jurisdictions. Judgement is required in determining the provision for taxes as the tax liability and treatment thereof cannot be finally determined until a formal assessment has been made by the relevant taxation authority. The group recognises the net future tax benefit related to deferred tax assets, where it is probable that there will be taxable income against which the tax losses and deductible temporary differences can be utilised.

j) Fair value

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

k) Segmental reporting

Judgement is applied in aggregating the segments within the group. The judgements used have been disclosed in note 28.

PRINCIPAL ACCOUNTING POLICIES

(continued)

for the year ended 30 June 2015

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

Changes in shareholding

Changes in shareholding that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners). After adjusting the non-controlling interests to reflect the changes in their relative interests in the subsidiary any difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

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 is subject to an annual impairment test and any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Goodwill recognised on the acquisition of a subsidiary or a joint arrangement is disclosed separately in the financial statements. Goodwill recognised on the acquisition of an associate company is included in investment in associates. On disposal of a subsidiary the attributable goodwill is included in the determination of the profit or loss on disposal. For partial disposals which do not result in a loss of control, the net effect of the disposal is recognised in equity.

INVESTMENTS IN ASSOCIATES

An associate company is an entity over which the group has the ability to exercise significant influence, but not control. Investments in associates are initially recognised at cost. The group's share of the post-acquisition earnings and reserves of its associates are incorporated in the financial statements using the equity method of accounting from the effective dates of their acquisition until the effective dates of their disposal, or any other date where there is a change in shareholding or control such that 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.

In the company's separate annual financial statements, investments in associates are carried at cost less any accumulated impairment.

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-for-line basis.

In the company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment.

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, 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.

Intercompany 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

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

- 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 (ie as prices) or indirectly (ie derived from prices); or
- Level 3: inputs for the asset or liability that are not based on observable market data.

Where the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, 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 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. For financial instruments carried at fair value through profit and loss, transaction costs are recognised immediately in profit or loss.

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

The fair value of instruments that are actively traded in organised financial markets are determined by reference to quoted market prices at the close of business on the reporting date. For instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, referencing to the current market value of instruments which are substantially similar or a discounted cash flow analysis.

Financial assets and liabilities at fair value through profit or loss include:

a) Investments

Investments include unlisted investments which are valued using the valuation techniques mentioned above.

b) Derivatives

Derivative financial assets and liabilities are financial instruments whose value changes in response to underlying conditions and require little or no initial investment. Derivatives are separated between their current and non-current portions on the face of the statement of financial position depending on their expected maturity dates.

PRINCIPAL ACCOUNTING POLICIES

(continued)

for the year ended 30 June 2015

FINANCIAL INSTRUMENTS (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently 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 (ie the effective interest rate computed at initial recognition).

The group assesses whether there is objective evidence that loans and receivables are impaired at the end of each reporting period. Loans and receivables are impaired when there is objective evidence of impairment arising from one or more events occurring after initial recognition where the impact on the estimated future cash flows of the asset can be reliably estimated.

An impairment loss in respect of loans and receivables carried at amortised cost is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Loans and receivables include:

a) Loans receivable

Loans are recognised at amortised cost and include accrued interest where applicable. Loans are classified as current or non-current in terms of the loan agreements.

b) Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method less provision for accordance with impairment. An impairment arises when there is objective evidence that the group will be unable to collect the amount owing in accordance with the relevant trade terms. The impairment is recognised in profit or loss.

c) Cash and cash equivalents and bank overdrafts

Cash and cash equivalents comprise bank balances and cash with original maturities of three months or less and include bank overdrafts repayable on demand. Where bank overdrafts and cash balances are with the same financial institution and a right to set-off exists, such balances are netted off for disclosure purposes.

Financial liabilities held at amortised cost

These instruments include trade payables, accruals, bank overdrafts and amounts owing under finance lease agreements and are carried at amortised cost.

Financial liabilities include:

a) Trade and other payables

These instruments are subsequently measured at amortised cost using the effective interest rate method where the obligation arising is expected to be settled within 12 months of the reporting date.

b) Borrowings and bank overdrafts

Borrowings and bank overdrafts are recognised at amortised cost net of finance costs. Borrowings are classified as current and non-current depending on when the obligation will fall due.

Derecognition

Financial assets, or a portion thereof, are derecognised when the group's rights to the cash flows cease or when all the risks and rewards related to the financial asset have been transferred 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.

EQUITY LOANS

Where loans to subsidiary companies will, in all likelihood, only be settled on disposal of the shareholder's interest in the subsidiary company or are repayable at the discretion of the company, such loans are classified as equity loans.

PROPERTY, PLANT AND EQUIPMENT

Measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Land is not depreciated. 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.

Site restoration and dismantling costs

Where there is an obligation to dismantle items of property, plant and equipment and restore a site to its original condition, a provision is raised for the estimated present value of any future unavoidable costs of dismantling and removing the assets and is included in the cost of the related amount.

Any changes to the estimates for dismantling and site restoration are added to, or deducted from, the cost of the related asset in the current period or recognised in profit or loss if the adjustment exceeds the carrying value of the asset.

Components

Where plant and equipment comprises major components with differing useful lives, such components are accounted for and depreciated as separate items. Expenditure incurred to replace or modify a significant component is capitalised and any remaining book value of the component replaced is expensed in profit or loss.

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 subtracting the carrying amount from the proceeds and are recognised in profit or loss as appropriate.

CONSTRUCTION CONTRACTS

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely inter-related or inter-dependent 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. On 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 less recognised losses exceeds progress billings, and the gross amounts due to customers, for which progress billings exceed costs incurred plus recognised profits 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.

Cost is determined on the following basis:

- materials on site, raw materials, consumable stores and trading stock are valued at cost on the weighted-average basis; and
- properties for development are stated at cost together with development expenditure incurred during the development stage, unless the capitalisation of such expenditure would result in the value of the property exceeding the value realised when sold.

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.

ASSETS HELD-FOR-SALE

Non-current assets, disposal groups or components of an enterprise are classified as held-for-sale when their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held-for-sale the assets, or components of a disposal group, are remeasured in accordance with the group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis of the carrying value of each asset in the disposal group.

PRINCIPAL ACCOUNTING POLICIES

(continued)

for the year ended 30 June 2015

ASSETS HELD-FOR-SALE (continued)

Assets such as inventory and financial instruments allocated to a disposal group will not absorb any portion of the impairment as they are assessed for impairment according to the applicable accounting policy. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Any subsequent reversal of an impairment loss should be proportionately allocated to the other assets of the disposal group on the basis of the carrying value of each asset in the unit but not to goodwill.

Assets held-for-sale are not amortised or depreciated. Interest and other expenses relating to the liabilities of a disposal group continue to be recognised.

Non-current assets, disposal groups or components of an enterprise that are classified as held-for-sale are presented separately on the face of the statement of financial position.

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 and statement of cash flows are presented as if the operation had been discontinued from the start of the comparative year.

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

IMPAIRMENT OF ASSETS

Impairment tests are undertaken at each reporting date for goodwill and intangible assets with an indefinite useful life or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where the carrying amount of an asset exceeds its recoverable amount, the asset is impaired to its recoverable amount.

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 largely independent of those 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.

In respect of other assets an impairment loss is only reversed if there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount. However, the amount of the impairment reversed cannot result in the final balance exceeding the carrying amount that would have been determined net of depreciation or amortisation, had no impairment loss been previously recognised.

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 liabilities (current or non-current as appropriate) in the statement of financial position. The interest portion is expensed to profit or loss over the lease.

Operating leases – lessee

Leases of assets under which all 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 economic benefits from the group and a reliable estimate can be made of the amount of the obligation. 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 is material.

Provisions for future expenses are not raised, unless supported by an onerous contract, being a contract in which unavoidable costs will be incurred in meeting contract obligations in excess of the economic benefits expected to be received from the contract.

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 revenues are stated net of value added taxes and trade discounts, if applicable. Intercompany 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, and 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 costs of the contract. If circumstances arise that may change the original estimates of revenues, costs or the extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management. For contracts where the outcome cannot be reliably estimated, contract revenue is recognised to the extent that the recoverability of costs incurred is probable.

Service revenue

Revenue is recognised by reference to the stage of completion for each specific transaction on the basis of actual services provided, as a proportion of the total services to be provided in the accounting period in which the services are rendered.

Sale of property and manufactured goods

Revenue arising from the sale of properties and manufactured goods is recognised when the group no longer retains control of the item 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 or loss:

- Interest income is recognised using the effective interest rate method;
- Dividend income is recognised when the shareholder's right to receive payment has been established; and
- Rental income is recognised on a straight-line basis over the term of the lease in accordance with the substance of the agreements.

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 majority of the operations within 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 translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at closing exchange rates are recognised in profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign entities are treated as assets of the foreign entity and translated at the closing rate.

TAXATION

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

Current taxation

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

PRINCIPAL ACCOUNTING POLICIES

(continued)

for the year ended 30 June 2015

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 profits will be available against which the unused tax losses and deductible temporary differences can be utilised. The carrying value of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow part of the asset to be recovered.

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% from amounts paid to all registered shareholders unless a shareholder qualifies for an exemption or 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 that it agrees to contribute 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 service in a particular period are recognised as an expense in that period.

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 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

The group operates both equity-settled and cash-settled share-based schemes.

a) Equity-settled

The fair value of shares and deferred delivery 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 vesting period, allowing for an estimate of the 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 exists 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, determined using valuation techniques, 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 is expensed in profit or loss immediately.

b) Cash-settled

The fair value of the estimated amount payable to employees in respect of share appreciation rights is recognised as an expense with a corresponding increase in liabilities. The liability is remeasured at each reporting date or any settlement dates to fair value. The fair value of the instruments granted is measured using valuation techniques.

TREASURY SHARES

Shares held by the share 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 in the statement of financial performance and other comprehensive income on the purchase, sale, issue or cancellation of the group's own equity instruments.

CONTINGENCIES AND COMMITMENTS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only 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 arising from past events which 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. Amounts are classified as commitments where the group commits itself to future transactions, particularly in the acquisition of property, plant and equipment.

RELATED PARTY TRANSACTIONS

All subsidiaries, joint arrangements and associated companies of the group are related parties. A list of the major subsidiaries, joint ventures and associated companies are included in Annexures 1 and 2 and note 4. All transactions entered into with subsidiaries and associated companies were under terms no more favourable than those with third parties and have been eliminated in the consolidated group accounts. Director and senior management emoluments as well as transactions with other related parties, are set out in note 24.

STANDARDS AND INTERPRETATIONS

During the year the group has adopted all the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2014. The adoption of these new and revised standards and interpretations has not resulted in material changes to the group's accounting policies and treatment.

Amendments to IAS 32: <i>Financial Instruments: Presentation</i>	1 January 2014
Amendment to IAS 39: <i>Financial Instruments: Recognition and Measurement</i>	1 January 2014
Amendments to IAS 36: <i>Impairment of Assets</i>	1 January 2014
Amendment to IAS 19: <i>Employee Benefits</i>	1 January 2014
IFRIC 21: <i>Accounting for Levies</i>	1 January 2014

The Group adopted the following Annual Improvements to IFRS: 2010-2012 cycle and 2011-2013 cycle during the year. The adoption of these annual improvements has not resulted in material changes to the group's accounting policies and treatment:

- IFRS 2 Share-based Payment: Share-based Payments – Additions to definitions in the standard
- IFRS 3 Business Combinations – Amendment to measurement requirements for contingent consideration assets and liabilities and to scope paragraph for the formation of a joint arrangement
- IFRS 8 Operating Segments: Disclosure requirements regarding judgements made by management in applying aggregation criteria
- IFRS 9 Financial Instruments: Amendment to measurement requirements for all contingent consideration assets and liabilities
- IFRS 13 Fair Value Measurement: Clarify the measurement requirements for short-term receivables and payments; Clarify that the portfolio exception applies to all contracts within the scope of IAS 39 and IFRS 9
- IAS 24 Related Party Disclosures: Definition and disclosure requirements for key management personnel have been amended

At the date of authorisation of these annual financial statements, the following standards and interpretations are in issue but not effective and will be adopted when they become effective:

Standard	Effective date – annual periods commencing on or after:	Effect of change
IFRS 9: <i>Financial Instruments</i>	1 January 2018	Disclosure impact only
IFRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2016	No impact expected
IFRS 15: <i>Revenue from Contracts with Customers</i>	1 January 2018	Impact of the change will be evaluated

PRINCIPAL ACCOUNTING POLICIES

(continued)

for the year ended 30 June 2015

Standard	Effective date – annual periods commencing on or after:	Effect of change
The following annual improvements to the IFRS 2012-2014 cycle have been issued but are not yet effective:		
IFRS 5: <i>Non-current Assets Held for Sale and Discontinued Operations</i> An amendment clarifying that a change in the manner of disposal of a non-current asset or disposal group held-for-sale is considered to be a continuation of the original plan of disposal, and accordingly the date of classification as held-for-sale does not change.	1 January 2016	No impact expected
IFRS 7: <i>Financial Instruments Disclosures</i> Clarification of circumstances under which an entity will have continuing involvement in a transferred financial asset and with regards to offsetting financial assets and liabilities.	1 January 2016	No impact expected
IAS 19 <i>Employee Benefits</i> Clarification of the requirements to determine the discount rate in a regional market sharing the same currency.	1 January 2016	No impact expected
IAS 34 <i>Interim Financial Reporting</i> Clarification of the meaning of disclosure of information elsewhere in the interim financial report.	1 January 2016	No impact expected
Amendments to IAS 1: <i>Presentation of Financial Statements</i> Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.	1 January 2016	Disclosure impact only
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 12: <i>Disclosure of Interests in Other Entities</i> and IAS 28: <i>Investments in Associates</i> Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	1 January 2016	Disclosure impact only
IFRS 11: <i>Joint Arrangements</i> Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.	1 January 2016	No impact expected
Amendments to IAS 16 <i>Property, Plant and Equipment</i> and IAS 38: <i>Intangible Assets</i> Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.	1 January 2016	No impact expected
IAS 27: <i>Consolidated and Separate Financial Statements</i> Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016	No impact expected

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS**
for the year ended 30 June 2015

2. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Aircraft R'000	Plant, vehicles and equipment R'000	Office and computer equipment R'000	Total R'000
Cost					
At 30 June 2014	444 691	57 217	3 411 188	128 117	4 041 213
Additions	32 760	–	266 235	27 980	326 975
Disposals	(9 766)	(2 919)	(286 675)	(8 469)	(307 829)
Disposal of a subsidiary	(2 911)	–	(41 966)	(505)	(45 382)
Exchange rate movements	(12 903)	–	(163 703)	(4 023)	(180 629)
At 30 June 2015	451 871	54 298	3 185 079	143 100	3 834 348
Accumulated depreciation and impairments					
At 30 June 2014	44 512	6 701	1 741 451	83 825	1 876 489
Depreciation	15 397	247	256 996	23 354	295 994
Disposals	(2 241)	(2 834)	(208 648)	(7 885)	(221 608)
Disposal of a subsidiary	(326)	–	(32 187)	(413)	(32 926)
Impairments	2 750	–	51 176	–	53 926
Exchange rate movements	(1 542)	–	(117 800)	(2 602)	(121 944)
At 30 June 2015	58 550	4 114	1 690 988	96 279	1 849 931
Net book value at 30 June 2015	393 321	50 184	1 494 091	46 821	1 984 417
Cost					
At 30 June 2013	360 082	57 217	2 930 891	102 326	3 450 516
Additions	55 688	–	401 509	27 060	484 257
Acquisitions through business combinations	235 545	–	695 561	14 655	945 761
Disposals	(15 169)	–	(282 641)	(14 498)	(312 308)
Transfer to assets of disposal group held-for-sale (note 19)	(231 073)	–	(436 844)	(6 812)	(674 729)
Exchange rate movements	39 618	–	102 712	5 386	147 716
At 30 June 2014	444 691	57 217	3 411 188	128 117	4 041 213
Accumulated depreciation and impairments					
At 30 June 2013	30 011	5 349	1 398 988	66 479	1 500 827
Depreciation	17 207	1 352	318 506	19 076	356 141
Acquisitions through business combinations	20 522	–	240 896	7 643	269 061
Disposals	(820)	–	(193 076)	(10 400)	(204 296)
Transfer to assets of disposal group held-for-sale (note 19)	(164 698)	–	(326 477)	(5 554)	(496 729)
Impairments	134 192	–	238 449	2 712	375 353
Exchange rate movements	8 098	–	64 165	3 869	76 132
At 30 June 2014	44 512	6 701	1 741 451	83 825	1 876 489
Net book value at 30 June 2014	400 179	50 516	1 669 737	44 292	2 164 724
The net book value of land and buildings comprise:				2015 R'000	2014 R'000
Land				193 063	190 706
Buildings				200 258	209 473
				393 321	400 179

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS (continued)**
for the year ended 30 June 2015

2. PROPERTY, PLANT AND EQUIPMENT (continued)

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 R390 million (2014: R358 million) are subject to instalment sale agreements (note 10). Land and buildings with a book value of R53 million (2014: R41 million) are subject to bank loans (note 10).

Impairment losses recognised

2015

Australia

An impairment of R54 million was recognised in respect of plant and equipment where the carrying amounts exceeded the recoverable amounts of the assets.

2014

Roads and earthworks

An impairment of R14 million was recognised on certain items of plant transferred from West Africa where the carrying amounts exceeded at the recoverable amounts of comparable assets in South Africa.

Construction materials

An impairment of R360 million, disclosed in the loss from discontinued operations, was recognised in respect of the pipe factory in Mozambique as part of the classification of Capital Star Steel SA (Mozambique) as a disposal group held-for-sale. The remaining carrying amount of the factory is R206 million (2014: R178 million). The recoverable amount of the factory was determined to be the fair value less cost to sell.

	2015 R'000	2014 R'000
3. GOODWILL		
Cost	763 117	763 117
Accumulated impairment and exchange rate movements	(264 851)	(118 181)
Carrying value	498 266	644 936
The carrying value of goodwill is reconciled as follows:		
Carrying value at the beginning of year	644 936	582 509
Arising from business combinations	–	9 125
Impairments	(115 982)	(392)
Exchange rate movements	(30 688)	53 694
Carrying value at the end of the year	498 266	644 936
Business segmentation		
Roads and earthworks	71 519	71 519
Australia	426 747	564 292
Construction materials	–	9 125
	498 266	644 936
Goodwill has been allocated to the group's cash-generating units as follows:		
Probuild Constructions (Aust) Pty Ltd	426 747	522 664
WBHO Civils Pty Ltd	–	41 628
Edwin Construction (Pty) Ltd	974	974
Capital Africa Steel (Pty) Ltd	–	9 125
WBHO Pipelines division	70 545	70 545
	498 266	644 936

Impairment of goodwill

Impairment of Monaco Hickey Pty Ltd, Probuild Civils Pty Ltd and WBHO Civils Pty Ltd

The current poor performance of these business together with what remains a negative outlook for future earnings has necessitated an impairment of the goodwill.

Impairment of Capital Africa Steel (Pty) Ltd (CAS)

A decision was made to impair the goodwill in CAS as the recoverable amount was below its carrying value.

Roads and earthworks and Construction materials impairment assessment

The recoverable amount was determined based on value-in-use calculations. Based on the inputs utilised in the valuation technique used to determine the recoverable amounts, the fair value measurement is categorised as level 3.

The calculation uses discounted cash flow projections based on financial forecasts over a five-year period.

The growth rates used on a year-on-year basis vary depending on management's assessment of the sector in which the cash-generating unit operates. Growth rates are based on operating profit before non-trading items, interest and tax. Terminal growth rates of 5% are utilised.

These are the after-tax discount rates used in the valuation that reflect the current market assessments of the time-value of money and risks specific to the cash-generating unit.

	2015 %	2014 %
Roads and earthworks		
WBHO Pipelines division		
– discount rate	18	14
– growth rate	10 – 12	8 – 12
Edwin Construction (Pty) Ltd		
– discount rate	18	18
– growth rate	6 – 10	15 – 20
Construction materials		
Capital Africa Steel (Pty) Ltd		
– discount rate	19	19
– growth rate	8	7 – 10

Australia

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. Based on the inputs in the valuation technique used, the fair value measurement is categorised as level 3.

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

	2015	2014
– Probuild Constructions (Aust) Pty Ltd	6,05	7
– WBHO Civils Pty Ltd	–	9

Should one of the following changes be made to the above key assumptions, the carrying amount and recoverable amount would be equal:

	WBHO Pipelines	Edwin Construction (Pty) Ltd	Probuild Constructions (Aust) Pty Ltd
Discount rate	Increase from 18% to 19%	Increase from 18% to 20%	n/a
Growth rate	Reduction from 12% to 3%	Reduction from 10% to 4%	n/a
Earnings multiple	–	–	5,55

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	2015 R'000	2014 R'000
4. INVESTMENTS IN ASSOCIATES		
Investment at cost	64 080	45 995
Attributable post-acquisition gains, losses and equity movements	70 957	32 558
Loans advanced and equity loan drawdowns	68 886	19 294
Carrying value	203 923	97 847
The carrying value of investments in associates is reconciled as follows:		
Carrying value at the beginning of the year	97 847	442 123
Additions	18 085	16 009
Associate acquired through business combination	–	88 675
Share of profits and losses	46 189	11 168
Share of profits included in discontinued operations (note 19)	–	5 223
Share of other comprehensive income	7 018	6 967
Dividends received	(13 181)	(11 743)
Loans (repaid)/advanced	(13 785)	4 847
Equity loan drawdowns	63 377	–
Transfer to subsidiaries (Annexure 1)	–	(381 140)
Exchange rate movements	(1 627)	1 283
Associate classified as held-for-sale asset (note 19)	–	(85 565)
Carrying value at the end of the year	203 923	97 847

Investments in associates include:

	Country of incorporation	Effective interest		Investments at cost		Loans advanced	
		2015 %	2014 %	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Unlisted							
Gigajoule International (Pty) Ltd	South Africa	26,6	26,6	31 835	17 770	–	14 445
Ilembe Airport Construction Services (Pty) Ltd	South Africa	28,3	28,3	3	3	–	432
Dipalopalo Concession (Pty) Ltd	South Africa	27,7	27,7	–	–	21 027	4 417
Saddleback Pty Ltd	Australia	50,0	50,0	12 213	12 213	–	–
Gigajoule Power (Pty) Ltd	South Africa	10,0	10,0	20 029	16 009	47 859	–
				64 080	45 995	68 886	19 294

The loans are unsecured and will not be repaid within the next 12 months in terms of the loan agreements.

The loan with Gigajoule International (Pty) Ltd accrued interest at prime plus 1,25% per annum.

The loan with Gigajoule Power bears interest at 16,5% per annum.

The loan with Dipalopalo Concession (Pty) Ltd bears interest at 13% per annum.

The aggregate assets and liabilities and the aggregate results from operations of associates are summarised as follows:

	2015 R'000	2014 R'000
Non-current assets	2 458 159	345 939
Current assets	508 936	194 244
Total assets	2 967 095	540 183
Shareholders' equity	916 467	219 273
Non-current liabilities	1 673 123	117 427
Current liabilities	377 505	203 483
Total equity and liabilities	2 967 095	540 183
Revenue	1 892 413	655 724
Profit for the year	601 635	176 041
Other comprehensive income/(loss)	45 914	(17 453)
Total comprehensive income for the year	647 549	158 588
The group's share of profits and losses in associates	46 189	11 168
The group's share of profits and losses in associates included in discontinued operations (note 19)	–	5 223

The group has classified all entities over which it has significant influence but not control as associates.

	2015 R'000	2014 R'000
5. INVESTMENTS		
<i>Classified as fair value through profit and loss:</i>		
Investments in concessions		
At fair value	280	280
Other investments		
At cost	149 173	91 046
Accumulated fair value adjustments and exchange rate movements	(988)	5 671
Fair value	148 185	96 717
	148 465	96 997
The carrying value of Other investments is reconciled as follows:		
Carrying value at the beginning of the year	96 717	43 344
Additions	58 127	50 691
Disposals	–	(3 603)
Exchange rate effect	(6 659)	6 285
Carrying value at the end of the year	148 185	96 717

Entity	Country of incorporation	2015 % interest	2014 % interest
Rainprop (Pty) Ltd	South Africa	2,5	2,5
BPG Caulfield Village Pty Ltd	Australia	30	30

The group's interest in entities over which it has neither significant influence nor control are classified as investments.

	2015 R'000	2014 R'000
6. LONG-TERM RECEIVABLES		
At amortised cost:		
Secured loans		
Mezzanine financing arrangements ¹	530 906	251 432
Loans to concession company ²	2 305	2 395
Loans to employees for shares ³	110 341	97 756
Property loans ⁴	34 754	31 982
	678 306	383 565
<i>Less: Short-term portion (note 9)</i>	(565 660)	(109 844)
	112 646	273 721

1. Mezzanine financing arrangements are secured by one or more of the following: third-party guarantees, bonds over the property, listed company shares, cession of sale agreements and funds held in escrow and bear interest at prime linked rates. Repayments are at terms agreed with each entity.

2. Concession company loans are secured through an option to exercise rights in terms of the preference share terms, bear interest at 16% per annum and are repayable at the end of the concession.

3. Loans to employees for shares are secured by the shares issued, are interest-free and repayable five years from the date of sale of the shares (note 27).

4. The loan is underwritten by a take-out agreement with a reputable, listed company and bears interest at 9% per annum. The loan will be settled upon the commencement of construction of the development or the expiry of the land bank period of four years, whichever is earlier.

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	2015 R'000	2014 R'000
6. LONG-TERM RECEIVABLES (CONTINUED)		
Unsecured loans		
Property development loan ¹	4 639	13 434
Shareholders' loans ²	1 658	5 190
	6 297	18 624
1. The loans are unsecured and bear interest at rates of between 0% and 11,5%.		
2. The loans are unsecured, interest-free and will not be repaid in the next 12 months.		
	118 943	292 345
The fair value of long-term receivables is disclosed in note 25.		
7. INVENTORIES		
Consumable stores	60 653	84 640
Raw materials	116 998	112 364
Finished goods	3 483	8 124
Manufacturing work-in-progress	1 178	1 871
Properties for development	32 796	52 026
	215 108	259 025
In the prior year, properties for development, consumable stores and finished goods was written down to net realisable value (note 16).		
8. CONTRACTS IN PROGRESS		
Costs incurred to date	65 391 242	48 963 231
Plus: Profit recognised to date	4 673 559	4 139 595
	70 064 801	53 102 826
Less: Work certified to date	(70 921 649)	(53 865 022)
Net amounts due to customers	(856 848)	(762 196)
Payments received in advance (note 13)	416 334	274 856
Excess billings over work done	1 499 471	1 417 028
Amounts due by customers	1 058 957	929 688
9. TRADE AND OTHER RECEIVABLES		
Contract receivables	3 701 898	3 696 825
Provision for irrecoverable debts	(252 146)	(111 710)
Contract retentions	218 538	287 893
Trade receivables	275 184	416 144
Sundry trade receivables	79 205	75 442
Amounts owing by joint operations (note 24)	30 064	195 367
Other receivables	216 889	79 843
Short-term portion of long-term receivables (note 6)	565 660	109 844
Prepayments	202 933	69 822
FEC asset	–	2 528
Value-added tax	51 982	133 740
	5 090 207	4 955 738

	2015 R'000	2014 R'000
10. BORROWINGS		
At amortised cost		
Secured		
Capitalised finance leases (market-related interest rates linked to prime)	214 019	262 371
Bank loans (effective interest rate between 5,25% and 7,76% per annum)	37 556	50 972
	251 575	313 343
Less: Short-term portion of borrowings	(139 045)	(147 201)
	112 530	166 142
Instalment sales		
Capitalised finance leases are for periods up to 48 months and are secured by certain plant, vehicles and equipment disclosed in note 2.		
The present value of future minimum payments on capitalised finance lease agreements is as follows:		
Due:		
Within 1 year	145 989	158 410
Within 2 – 5 years	81 235	120 904
Total capitalised finance lease obligation	227 224	279 314
Less: Future finance costs	(13 205)	(16 943)
Present value of finance lease obligations	214 019	262 371

Bank loans

The terms and conditions on the outstanding bank loans are as follows:

	Interest rate	Year of maturity	2015 R'000	2014 R'000
Westpac	4,97%	2017	36 511	49 897
Secured by properties in Geraldton and Kwinana, Western Australia and is repayable monthly from July 2014 (note 2).				
Nedbank	9,36%	2030	1 045	1 075
Secured by a first covering mortgage bond over portion 1 of Erf 1771 Ext 16, Limpopo Province and repayable in monthly instalments (note 2).				
Bank loans			37 556	50 972

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11. NON-CONTROLLING INTEREST

The following table summarises the information relating to each of the group's subsidiaries that has material non-controlling interest.

The subsidiaries in which the group has direct and indirect interests are set out in Annexure 1.

		2015 R'000	2014 R'000
Subsidiary	Principal place of business		
WBHO Civils Pty Ltd	Australia	(8 926)	(5 777)
Probuild Construction (Aust) Pty Ltd	Australia	85 086	66 196
Edwin Construction (Pty) Ltd	South Africa	100 242	100 605
Capital Africa Steel (Pty) Ltd	South Africa	80 849	104 096
Individually immaterial subsidiaries with non-controlling interest		5 192	8 656
		262 443	273 776

	WBHO Civils Pty Ltd		Probuild Constructions (Aust) Pty Ltd	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Ownership interest held by non-controlling interests (%)	4,86	6,39	19,43	19,97
Summarised statement of financial position				
Non-current assets	317 401	367 075	1 053 327	1 186 148
Current assets	362 506	673 040	2 566 591	1 524 422
Total assets	679 907	1 040 115	3 619 918	2 710 570
Non-current liabilities	(87 862)	(131 815)	(278 500)	(211 182)
Current liabilities	(329 786)	(501 779)	(2 580 606)	(1 707 095)
Total liabilities	(417 648)	(633 594)	(2 859 106)	(1 918 277)
Summarised statement of financial performance and other comprehensive income				
Revenue	1 630 145	1 993 140	11 867 466	10 444 830
(Loss)/profit for the year	(87 987)	23 419	67 855	155 634
Other comprehensive loss	(60 754)	–	(83 088)	–
Total comprehensive (loss)/income for the year	(148 741)	23 419	(15 233)	155 634
(Loss)/profit for the year allocated to non-controlling interest	(4 276)	1 496	13 184	31 080
Other comprehensive income allocated to non-controlling interest	(7 295)	–	(16 144)	–
Dividends paid to non-controlling interests	–	–	1 335	–
Summarised statement of cash flows				
Cash flows from operating activities	25 621	27 065	415 728	(129 125)
Cash flows from investing activities	42 088	(38 595)	(14 481)	(96 563)
Cash flows from financing activities	(54 757)	(25 067)	(23 401)	(68 079)
Net increase/(decrease) in cash and cash equivalents	12 952	(36 597)	377 846	(293 767)

	Edwin Construction (Pty) Ltd		Capital Africa Steel (Pty) Ltd	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Ownership interest held by non-controlling interests (%)	43,00	43,00	44,44	44,44
Summarised statement of financial position				
Non-current assets	58 098	76 381	241 022	291 439
Current assets	354 834	358 259	729 830	874 863
Total assets	412 932	434 640	970 852	1 166 302
Non-current liabilities	(17 877)	(13 759)	(14 515)	(26 996)
Current liabilities	(161 934)	(186 916)	(757 443)	(929 949)
Total liabilities	(179 811)	(200 675)	(771 958)	(956 945)

	Edwin Construction (Pty) Ltd		Capital Africa Steel (Pty) Ltd	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Summarised statement of financial performance and other comprehensive income				
Revenue	513 852	671 267	1 724 327	1 734 575
Profit/(loss) for the year	52 075	95 838	112 536	(522 806)
Other comprehensive loss	–	–	(140 969)	(80 466)
Total comprehensive income/(loss) for the year	52 075	95 838	(28 433)	(603 272)
Profit/(loss) for the year allocated to non-controlling interest	22 392	41 210	44 832	(232 335)
Other comprehensive loss allocated to non-controlling interest	–	–	(62 647)	(35 759)
Dividends paid to non-controlling interests	22 755	18 880	–	–
Summarised statement of cash flows				
Cash flows from operating activities	(26 162)	83 061	103 358	(69 211)
Cash flows from investing activities	239	(21 899)	139 253	(101 571)
Cash flows from financing activities	(12 331)	21 256	(73 619)	102 681
Net increase/(decrease) in cash and cash equivalents	(38 254)	82 418	168 992	(68 101)

	2015 R'000	2014 R'000
12. DEFERRED TAXATION		
Deferred tax assets		
The balance of the deferred tax asset can be reconciled as follows:		
At the beginning of year	365 903	200 825
Charge to profit or loss	62 288	110 560
Acquisitions and disposals	9 545	52 033
Transfer from/(to) deferred tax liability	26 932	(6 147)
Exchange rate movements	(2 389)	8 632
At the end of the year	462 279	365 903
Comprising of:		
Construction allowances	52 518	109 507
Capital allowances	(187 798)	(204 345)
Provisions	419 537	382 561
Tax losses	176 156	73 758
Other	1 866	4 422
	462 279	365 903
Deferred tax liabilities		
The balance of the deferred tax liability can be reconciled as follows:		
At the beginning of year	(32 591)	(11 738)
Charge to profit or loss	9 163	(20 288)
Transfer from deferred tax asset	(26 932)	6 147
Acquisition of business	–	(159)
Exchange rate movements	2 652	(6 553)
At the end of the year	(47 708)	(32 591)
Comprising:		
Construction allowances	(32 361)	(10 960)
Capital allowances	(23 833)	(28 188)
Provisions	10 250	(4 145)
Other	(1 764)	10 702
	(47 708)	(32 591)

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 tax losses amounting to R78,9 million (2014: R218,4 million).

Unutilised tax losses in foreign entities amount to R10,0 million (2014: R48,9 million) have a regulatory expiry period of three years.

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	2015 R'000	2014 R'000
13. TRADE AND OTHER PAYABLES		
Trade creditors	690 895	1 258 600
Subcontractor creditors	471 200	691 807
Subcontractor retentions	615 114	562 251
Contract and other accruals	3 005 950	1 373 745
Payroll accruals	264 426	288 981
Amounts owing to joint operations (note 24)	9 997	15 927
Short-term loans	–	20 027
FEC liability	13 756	2 444
Payments received in advance (note 8)	416 334	274 856
Value-added tax	82 735	211 102
	5 570 407	4 699 740

R'000	Contracting provisions	Bonus provision	Insurance provision	Total
14. PROVISIONS				
Balance at 30 June 2013	1 044 389	418 101	36 610	1 499 100
Provisions raised	475 688	485 620	17 041	978 349
Amounts utilised	(468 129)	(437 152)	(13 131)	(918 412)
Unutilised amounts reversed	(224)	–	(2 400)	(2 624)
Acquisition of subsidiary	2 294	–	–	2 294
Transfer to other accruals*	(207 526)	–	–	(207 526)
Transfer to liabilities associated with disposal group classified as held-for-sale (note 19)	(42 113)	–	–	(42 113)
Exchange rate movements	1 500	2 853	–	4 353
Balance at 30 June 2014	805 879	469 422	38 120	1 313 421
Provisions raised	960 737	377 648	7 833	1 346 218
Amounts utilised	(564 243)	(447 445)	(9 273)	(1 020 961)
Unutilised amounts reversed	(2 682)	(4 777)	(4 846)	(12 305)
Exchange rate movements	(11 276)	4 652	–	(6 624)
Balance at 30 June 2015	1 188 415	399 500	31 834	1 619 749

Contracting provisions

Contracting provisions represent estimated amounts in respect of 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 but within a period of 12 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 12 months.

Insurance provision

The balance represents provisions for probable insurance premiums payable based on past claim history. The provisions are utilised within 12 months, once investigations into the claims are finalised.

* An amount of R208 million in respect of the administrative penalty from the Competition Commission Tribunal was transferred to trade and other payables upon the timing and amount becoming certain.

	2015 R'000	Restated 2014 R'000
15. REVENUE		
Contracting revenue	27 804 133	24 253 186
Sale of properties	50 730	84 601
Sale of goods	1 668 109	1 383 896
	29 522 972	25 721 683
16. OPERATING PROFIT		
Operating profit is arrived at after taking into account the following:		
Irrecoverable debts		
Written off	12 244	4 968
Recovered during the year	(19 523)	(23 146)
Provided against during the year	147 715	104 150
	140 436	85 972
Depreciation (note 2)		
Aircraft	247	1 352
Buildings	15 397	12 324
Plant, vehicles and equipment	256 996	288 163
Office and computer equipment	23 354	18 029
	295 994	319 868
Net foreign exchange (gains)/losses		
Realised	(53 074)	(28 004)
Unrealised	41 620	(51 947)
Forward exchange contracts	13 756	(84)
	2 302	(80 035)
Operating lease rentals		
Land and buildings	55 962	33 097
Plant and equipment	6 553	11 414
	62 515	44 511
Consulting and technical fees	37 334	34 808
Employee benefits (note 27)	4 247 838	3 965 297
Impairment of inventories to net realisable value (note 7)	–	9 131
Profit on disposal of property, plant and equipment	(21 268)	(11 459)
17. NET FINANCE INCOME		
Finance income		
Bank accounts	116 801	100 147
Unlisted investments	11 880	14 053
Other	36 083	33 006
	164 764	147 206
Finance costs		
Bank overdrafts	6 560	17 088
Instalment sale agreements	31 093	14 198
Other	10 633	1 829
	48 286	33 115
	116 478	114 091

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	2015 R'000	Restated 2014 R'000
18. TAXATION		
South African normal taxation		
Current taxation		
Current year expense	199 771	195 652
Prior year (over)/under provision	(34 531)	66 628
Deferred taxation		
Current year expense (note 12)	4 169	(27 062)
Prior year under/(over) provision	15 337	(78 484)
	184 746	156 734
Foreign taxation (including withholding tax)		
Current taxation		
Current year expense	141 704	175 807
Prior year under/(over) provision	15 293	(14 843)
Deferred taxation		
Current year expense (note 12)	(90 975)	14 040
Prior year under provision	18	411
	66 040	175 415
Total tax charge	250 786	332 149
Reconciliation of tax rate:	%	%
South African normal tax rate	28,0	28,0
Adjusted for:		
Capital and non-taxable items	(3,3)	0,1
Non-deductible expenses	10,1	2,4
Foreign tax rate differential	(1,9)	0,2
Taxation losses utilised	(0,1)	(0,3)
Prior year over provision	(0,2)	(1,9)
Deferred tax assets not recognised in respect of losses	0,2	1,5
Effective tax rate	32,8	30,0
Estimated tax losses available for utilisation against future taxable income	629 130	263 421
Potential tax relief at current tax rates	176 156	73 758

19. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES ASSOCIATED WITH DISPOSAL GROUP HELD-FOR-SALE

The group's management remains committed to a plan to dispose of operations that are not core to its business. During the current year, operations in the construction materials segment: Bela-Bela, a quarry in Botswana, and Dywidag Systems International, an associate, were disposed of. Symo Steel and Krost Shelving were disposed of in the prior year. Capital Star Steel SA (Mozambique) and Capital Star Steel (Pty) Ltd remain discontinued operations in the current year. The results of the comparative period to June 2014 have been restated to reflect trading from Bela-Bela.

	2015 R'000	Restated 2014 R'000
19.1 Results of the discontinued operations		
Revenue	271 093	538 955
Cost of sales	(305 551)	(565 802)
Gross loss	(34 458)	(26 847)
Operating income/(expenses)	131 938	(33 682)
Operating profit/(loss) before non-trading items	97 480	(60 529)
Impairment of property, plant and equipment	–	(360 014)
Profit on sale of associate	4 435	–
Profit/(loss) on disposal of operations	20 573	(39 778)
Onerous contracts	–	(35 233)
Operating profit/(loss)	122 488	(495 554)
Share of profits from associate	–	5 223
Net finance costs	(18 319)	(32 195)
Profit/(loss) before tax	104 169	(522 526)
Taxation	(10 862)	(810)
Profit/(loss) from discontinued operations	93 307	(523 336)
Other comprehensive loss		
<i>Items that may be reclassified to profit or loss</i>		
Translation of foreign entities classified as discontinued operations	(140 969)	(80 466)
Total comprehensive loss for the year	(47 662)	(603 802)
Profit/(loss) from discontinued operations attributable to:		
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	66 795	(280 642)
Non-controlling interests	26 512	(242 694)
	93 307	(523 336)
Total comprehensive loss from discontinued operations attributable to:		
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	(11 527)	(325 349)
Non-controlling interests	(36 135)	(278 453)
	(47 662)	(603 802)
Earnings per share (cents) (note 20)		
Basic earnings/(loss) per share	120,9	(507,0)
Diluted earnings/(loss) per share	120,9	(506,3)
Headline earnings/(loss) per share	69,5	(105,8)
Diluted headline earnings/(loss) per share	69,5	(105,6)
Cash flows from discontinued operations		
Net cash from operating activities	(54 649)	(130 406)
Net cash investing activities	–	(16 350)
Net cash from financing activities	(9 081)	88 951
Net cash flow for the year	(63 730)	(57 805)
Restatement of discontinued operations		
Profit/(loss) from discontinued operations	93 307	(523 336)
Effect of restatement	–	(3 694)
As previously reported	93 307	(527 030)

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	2015 R'000	Restated 2014 R'000
19. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES ASSOCIATED WITH DISPOSAL GROUP HELD-FOR-SALE (CONTINUED)		
19.1 Results of the discontinued operations (continued)		
Profit/(loss) on disposal of operations		
Bela-Bela (Pty) Ltd	20 573	–
Dywidag Systems International (Pty) Ltd	4 435	–
Krost Shelving (Pty) Ltd	–	(4 965)
Symo Steel	–	(34 813)
	25 008	(39 778)
Consideration received	161 106	29 052
Cash and cash equivalents disposed of	(12 823)	–
Net cash flow	148 283	29 052
Operating profit/(loss) is arrived at after taking into account the following:		
Bad debts (recovered)/written off	(12 830)	26 314
Consulting and technical fees	1 922	6 997
Depreciation (note 2)	–	35 463
Employee benefits	22 734	67 169
Impairment of inventories to net realisable value (note 7)	–	12 593
Net foreign exchange (gains)/losses	(147 259)	85 736
Operating lease rentals	420	3 746
19.2 Assets classified as held-for-sale and liabilities of disposal group held-for-sale		
Included in assets held-for-sale for the current financial year are the assets of Capital Star Steel SA (Mozambique) which forms part of the construction materials segment. Dywidag Systems International, an associate in the construction material segment, was held-for-sale in the prior year and sold in the current year for R90 million.		
The sale of the disposal group is expected to occur within 12 months. There have been delays in finalising the terms and conditions relating to the sale.		
At 30 June 2015, the assets held-for-sale and liabilities of disposal group held-for-sale are as follows:		
Assets of disposal group held-for-sale		
Property, plant and equipment	206 079	178 000
Inventories	5 000	137 270
Trade and other receivables	10 418	44 722
Taxation receivable	29	–
Cash and cash equivalents	16 084	32 085
	237 610	392 077
Non-current assets held-for-sale		
Investment in associate	–	85 565
Assets classified as held-for-sale	237 610	477 642
Liabilities associated with disposal group held-for-sale		
Trade and other payables	10 382	130 400
Taxation payable	–	88
Borrowings	73 540	82 620
Provisions	–	42 113
Bank overdraft	348 263	300 535
	432 185	555 756
Net liabilities of disposal group held-for-sale	194 575	78 114

	2015	Restated 2014	2014
20. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE			
Earnings per share is calculated by dividing attributable earnings by the weighted average number of shares in issue. Appropriate adjustments 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.			
Earnings (R'000)			
Profit/(loss) for the year attributable to the equity shareholders			
From continuing operations	501 885	703 384	705 438
From discontinued operations	66 795	(280 642)	(282 696)
	568 680	422 742	422 742
Weighted average number of shares ('000)			
In issue at the beginning of the year	55 350	55 332	55 332
Treasury shares sold	–	18	18
Treasury shares acquired	(114)	–	–
In issue at the end of the year	55 236	55 350	55 350
Dilutive effect of Akani shares allocated	–	86	86
Diluted weighted average number of shares	55 236	55 436	55 436
Basic earnings/(loss) per share (cents)			
From continuing operations	908,6	1 270,8	1 274,5
From discontinued operations	120,9	(507,0)	(510,7)
	1 029,5	763,8	763,8
Diluted earnings/(loss) per share (cents)			
From continuing operations	908,6	1 268,8	1 272,5
From discontinued operations	120,9	(506,2)	(509,9)
	1 029,5	762,6	762,6
Headline earnings (R'000)			
Attributable earnings from continuing operations	501 885	703 384	705 439
Adjusted for:			
Impairment of goodwill*	99 283	392	392
Loss on deemed disposal of investment in associate	–	1 914	1 914
Impairment of property, plant and equipment*	49 953	14 825	14 825
Profit on disposal of property, plant and equipment*	(35 011)	(12 213)	(12 213)
Tax effect	(5 359)	(731)	(731)
	610 751	707 571	709 626
Headline earnings (R'000)			
Attributable earnings from total operations	568 680	422 742	422 742
Adjusted for:			
Impairment of goodwill*	99 283	392	392
Loss on deemed disposal of investment in associate	–	1 914	1 914
Impairment of property, plant and equipment*	49 953	214 849	214 849
Net (profit)/loss on disposal of operations*	(26 418)	22 101	22 101
Profit on disposal of property, plant and equipment*	(35 011)	(12 213)	(12 213)
Profit on disposal of investment in associate*	(2 464)	–	–
Tax effect thereof	(4 904)	(731)	(731)
	649 119	649 054	649 054

* Net of non-controlling interests

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	2015	Restated 2014	2014
20. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE (CONTINUED)			
Basic headline earnings/(loss) per share (cents)			
From continuing operations	1 105,7	1 278,4	1 282,1
From discontinued operations	69,5	(105,8)	(109,5)
	1 175,2	1 172,6	1 172,6
Diluted headline earnings/(loss) per share (cents)			
From continuing operations	1 105,7	1 276,4	1 280,1
From discontinued operations	69,5	(105,6)	(109,3)
	1 175,2	1 170,8	1 170,8
		2015 R'000	2014 R'000
21. GUARANTEES AND CONTINGENT LIABILITIES			
Guarantees issued in respect of due performance of contracts by:			
Subsidiaries		4 679 860	4 529 745
Associates and joint operations		1 478 247	1 981 022
Third parties		47 594	57 319
		6 205 701	6 568 086
In the opinion of the directors, the possibility of any loss is considered improbable nor are any material liabilities anticipated to arise.			
Contingent liabilities			
The total estimated claims in respect of pending litigation are below R25,5 million (2014: R18,2 million).			
WBHO continues to develop its defence with regard to the "World Cup Stadia meeting" referred to the Competition Tribunal and the civil claim received from the City of Cape Town. WBHO remains confident that it can defend these cases and has not made a provision in this regard.			
22. CAPITAL COMMITMENTS			
Capital commitments include expenditure relating to property, plant and equipment for which specific board approval has been obtained.			
Authorised and contracted for		3 593	18 151
Authorised but not yet contracted for		256 111	257 556
		259 704	275 707
Expenditure on estimated commitments will occur within one year. Capital commitments will be funded from internal cash resources and existing facilities.			
23. COMMITMENTS UNDER OPERATING LEASES			
The minimum lease rentals to be paid under non-cancellable leases at 30 June are as follows:			
Buildings:			
Due within one year		28 452	37 029
Due later than one year but less than five years		71 031	65 494
Greater than five years		652	–
		100 135	102 523
Plant and equipment:			
Due within one year		266	240
Due later than one year but less than five years		369	519
		635	759

	2015 R'000	2014 R'000
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 executive 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. Transactions and balances between the group companies have, where appropriate, been eliminated on consolidation and are not disclosed. Details of transactions and balances are set out below:		
Amounts owing by related parties		
Amounts owed by associate companies are disclosed under (note 4)	68 886	19 294
Amounts owed by joint operations (note 9)	30 064	195 367
The amounts are unsecured, interest-free and have no fixed terms of repayment		
Amounts owing to related parties		
Amounts owing to joint operations (note 13)	9 997	15 927
The amounts are unsecured, interest-free and have no fixed terms of repayment		
Transactions with related parties		
Contracts with associate companies	1 126 978	–
Interest and dividends received from related parties	13 181	1 364

24.3 Directors' emoluments

	Directors' fees R'000	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
2015						
Executive						
MS Wylie	–	1 200	4 272	470	262	6 204
EL Nel	–	1 680	5 246	497	251	7 674
CV Henwood	–	1 560	4 936	465	280	7 241
	–	4 440	14 454	1 432	793	21 119
Non-executive						
NS Maziya	350	–	–	–	–	350
NS Mjoli-Mncube	437	–	–	–	–	437
NNA Matyumza	656	–	–	–	–	656
JM Ngobeni	351	–	–	–	–	351
RW Gardiner	366	–	–	–	–	366
	2 160	–	–	–	–	2 160
Total	2 160	4 440	14 454	1 432	793	23 279
2014						
Executive						
MS Wylie	–	1 104	4 583	463	172	6 322
EL Nel	–	1 440	5 506	433	266	7 645
JP Botha*	–	679	–	215	144	1 038
CV Henwood	–	1 360	5 018	410	283	7 071
	–	4 583	15 107	1 521	865	22 076
Non-executive						
NS Maziya	280	–	–	–	–	280
NS Mjoli-Mncube	407	–	–	–	–	407
NNA Matyumza	524	–	–	–	–	524
JM Ngobeni	323	–	–	–	–	323
RW Gardiner [#]	141	–	–	–	–	141
	1 675	–	–	–	–	1 675
Total	1 675	4 583	15 107	1 521	865	23 751

* Retired 28 January 2014

[#] Appointed 23 January 2014

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24. RELATED PARTY TRANSACTIONS (CONTINUED)

24.4 Directors' shareholding

The interests of directors in the share capital of the company are as follows:

Number of ordinary shares ('000)	2015			2014		
	Direct	Indirect	Total	Direct	Indirect	Total
MS Wylie	–	900	900	–	900	900
EL Nel	261	–	261	261	–	261
CV Henwood	–	100	100	–	100	100
NS Maziya [^]	–	712	712	–	701	701
NS Mjoli-Mncube [^]	–	712	712	–	701	701
JM Ngobeni [^]	–	712	712	–	701	701
RW Gardiner	–	–	–	–	–	–
	261	3 136	3 397	261	3 103	3 364

[^] 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 ultimately vest is dependent on the market value at the end of that period based on a predetermined threshold. A partner is entitled to exit the scheme upon the occurrence of a trigger event as defined in the scheme rules. If this were to happen at 30 June 2015, such partner would receive no shares in terms of the threshold, but would receive 78 243 shares acquired with dividends since the scheme has been in existence, on the assumption that all taxes due would be paid by the partner. The indirect shares reflected at 30 June 2015 consist of 633 333 allocated shares and 78 243 dividend shares purchased on the open market.

Long-term incentive scheme (LTIs) ('000)	2015			2014		
	Share appreciation rights	Performance shares	Total	Share appreciation rights	Performance shares	Total
EL Nel	20	19	39	–	–	–
CV Henwood	19	18	37	–	–	–
	39	37	76	–	–	–

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

24.5 Prescribed officers

	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
2015					
PJ Foley	1 560	5 000	463	215	7 238
TR Armstrong	1 260	3 800	380	227	5 667
S Vally-Kara	913	500	212	141	1 766
MJ Sprott [†]	792	2 375	264	203	3 634
RM Smith	1 440	5 000	425	270	7 135
EA Mashishi [*]	1 188	4 500	373	267	6 328
L Cohen [#]	760	1 550	238	192	2 740
	7 913	22 725	2 355	1 515	34 508

[†] Retired 30 June 2015

^{*} Appointed 1 July 2014

[#] Resigned 31 March 2015

	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
2014					
PJ Foley	1 328	5 500	398	259	7 485
TR Armstrong	1 181	4 000	355	228	5 764
S Vally-Kara	839	500	196	141	1 676
MJ Sprott	1 220	4 000	367	281	5 868
RM Smith	1 241	5 500	369	259	7 369
L Cohen	1 073	2 500	336	206	4 115
	6 882	22 000	2 021	1 374	32 277

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)	2015			2014		
	Direct	Indirect	Total	Direct	Indirect	Total
PJ Foley	78	–	78	78	–	78
TR Armstrong	14	514	528	14	564	578
S Vally-Kara	–	–	–	–	–	–
MJ Sprott	91	–	91	91	–	91
RM Smith	18	–	18	18	–	18
EA Mashishi	2	114	116	–	–	–
L Cohen	49	–	49	50	–	50
	252	628	330	251	564	815

RM Smith and EA Mashishi have 1,5% and 28% interest in Edwin Construction (Pty) Ltd respectively.

Long-term incentive scheme (LTIs) ('000)	2015			2014		
	Share appreciation rights	Performance shares	Total	Share appreciation rights	Performance shares	Total
PJ Foley	19	18	37	–	–	–
S Vally-Kara	5	5	10	–	–	–
RM Smith	19	18	37	–	–	–
EA Mashishi	11	10	21	–	–	–
	54	51	105	–	–	–

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 activities expose it to a variety of financial risks, including the effects of foreign currency exchange rates and interest rates. 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. Where appropriate, the group uses derivative financial instruments such as foreign exchange contracts to hedge expected exposures.

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 has 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.

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25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial instruments by category

R'000	Total carrying value	At fair value through profit or loss	Financial liabilities held at amortised cost	Loans and receivables at amortised cost
2015				
Loans advanced to associated companies	68 886	–	–	68 886
Investments	148 465	148 465	–	–
Long-term receivables ¹	118 943	–	–	118 943
Amounts due by customers	1 058 957	–	–	1 058 957
Trade and other receivables	4 835 292	–	–	4 835 292
Borrowings	(251 575)	–	(251 575)	–
Excess billings over work done	(1 499 471)	–	(1 499 471)	–
Trade and other payables	(5 071 338)	(13 756)	(5 057 582)	–
Cash and cash equivalents	3 995 089	–	–	3 995 089
	3 403 248	134 709	(6 808 628)	10 077 167
2014				
Loans advanced to associated companies	19 294	–	–	19 294
Investments	96 997	96 997	–	–
Long-term receivables ¹	292 345	–	–	292 345
Amounts due by customers	929 688	–	–	929 688
Trade and other receivables	4 752 176	2 528	–	4 749 648
Borrowings	(313 343)	–	(313 343)	–
Excess billings over work done	(1 417 028)	–	(1 417 028)	–
Trade and other payables	(4 213 782)	(2 444)	(4 211 338)	–
Cash and cash equivalents	2 756 700	–	–	2 756 700
Bank overdraft	(115 605)	–	(115 605)	–
	2 787 442	97 081	(6 057 314)	8 747 675

1. The carrying value of long-term receivables, subject to market related interest rates, approximates fair value. The fair value of loans to employees for shares is calculated at R88 million (2014: R72 million) discounted using a rate of 9,5% (2014: 9%) for South Africa.

Fair value

At 30 June 2015 the carrying amounts of all financial instruments approximated their fair values unless otherwise disclosed. The group does not trade in financial instruments and only enters into contracts as a means of hedging open exposures.

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined 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 the three levels.

R'000	Level 2	Level 3	Total
2015			
Financial assets at fair value through profit and loss:			
Investments	–	148 465	148 465
	–	148 465	148 465
Financial liabilities at fair value through profit and loss:			
Derivative financial liabilities	(13 756)	–	(13 756)
	(13 756)	–	(13 756)
2014			
Financial assets at fair value through profit and loss:			
Investments	–	96 997	96 997
Derivative financial assets	2 528	–	2 528
	2 528	96 997	99 525
Financial liabilities at fair value through profit and loss:			
Derivative financial liabilities	(2 444)	–	(2 444)
	(2 444)	–	(2 444)

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.

Sale of properties

Where the group is exposed to credit risk through the sale of properties, the risk is fully mitigated by retaining title over such properties until the purchase price has been settled in full.

Sale of goods

New customers are analysed individually for credit worthiness using external ratings and in some cases bank references. Where a credit facility is granted the group requests a guarantee for the value of the facility. Where no facilities are granted customers are required to deposit cash in advance.

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. Cash and cash equivalents are held with financial institutions which are rated between BBB and BBB-based on Fitch ratings.

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

Past due analysis and allowance for impairment:

R'000	Carrying amount	Not past due	Past due 1-30 days	Past due 31-120 days	Past due >120 days	Provision for impairment
2015						
Trade and other receivables	4 835 292	4 417 876	229 169	135 685	304 708	(252 146)
Cash and cash equivalents	3 995 089	3 995 089	—	—	—	—
Long-term receivables	118 943	118 943	—	—	—	—
Loans advanced to associated companies	68 886	68 886	—	—	—	—
	9 018 210	8 600 794	229 169	135 685	304 708	(252 146)
2014						
Trade and other receivables	4 752 176	4 387 279	201 095	149 432	126 080	(111 710)
Cash and cash equivalents	2 756 700	2 756 700	—	—	—	—
Long-term receivables	292 345	292 345	—	—	—	—
Loans advanced to associated companies	19 294	19 294	—	—	—	—
	7 820 515	7 465 618	201 095	149 432	126 080	(111 710)

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25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

25.1 Credit risk (continued)

Reconciliation of the provision for impairment losses:

R'000	Loans advanced to associated companies	Trade and other receivables	Total
2015			
Balance at the beginning of the year	–	111 710	111 710
Impairment losses recognised/(reversed)	–	128 192	128 192
Amounts written off	–	12 244	12 244
Balance at the end of the year	–	252 146	252 146
2014			
Balance at the beginning of the year	65 867	41 727	107 594
Impairment losses recognised/(reversed)	(65 867)	65 015	(852)
Amounts written off	–	4 968	4 968
Balance at the end of the year	–	111 710	111 710

25.2 Market risk (Currency risk)

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.

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 group's exposure to significant foreign denominated monetary assets and liabilities is as follows:

R'000	US Dollar	Mozambique Meticals	Australian Dollar	Botswana Pula	Zambia Kwacha	Ghanain Cedi
2015						
Trade and other receivables	599 612	121 236	2 070 149	183 031	20 753	2 101
Cash and cash equivalents	662 727	39 278	1 252 467	218 214	4 436	19 917
Trade and other payables	(356 463)	(71 175)	(3 418 919)	(20 717)	(19 260)	(65 813)
Borrowings	–	–	(63 019)	–	–	–
	905 876	89 339	(159 322)	380 528	5 929	(45 795)
<i>Closing rate</i>	12,26	0,32	9,40	1,20	1,64	2,80
<i>Average rate</i>	11,45	0,35	9,56	1,20	1,72	3,27
2014						
Trade and other receivables	416 363	147 570	1 806 371	711 118	32 970	13 990
Cash and cash equivalents	230 977	34 084	909 677	85 607	58 036	73 705
Trade and other payables	(258 725)	(159 493)	(2 506 299)	(395 182)	(50 165)	(24 311)
Borrowings	–	–	(117 747)	–	–	–
	388 615	22 161	92 002	401 543	40 841	63 384
<i>Closing rate</i>	10,60	0,34	9,98	1,20	0,58	0,30
<i>Average rate</i>	10,37	0,34	9,51	1,18	0,55	0,23

Forward exchange contracts

The group has entered into significant forward exchange contracts during the year in order to mitigate foreign exchange risks associated with the supply of foreign goods and services within particular contracts.

The following forward exchange contracts and cross currency swaps were held during the year and at 30 June:

	Contract foreign currency amount FC '000	Contract Rand equivalent amount R'000	Average rate of exchange (calculated)	Actual/ estimated fair value gain/(loss) R'000
2015				
Relating to transactions which have already occurred:				
US Dollar	950	11 516	12,1	(34)
Euro	3 858	53 967	14,0	(3 831)
Related to commitments surrendered at year end:				
Euro	11 124	168 177	15,1	(20 139)
Related to future commitments:				
US Dollar	8 149	97 520	11,97	1
2014				
Relating to transactions which have already occurred:				
Euro	9 460	114 527	12,1	16 456
Related to future commitments:				
US Dollar	8 881	103 596	11,7	374
Euro	4 250	64 685	15,2	(290)

Expected cash flows to settle derivative financial instruments occurring within one year amounts to R97,5 million (2014: R118,8 million).

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	US Dollar	Mozambique Meticals	Australian Dollar	Botswana Pula	Zambia Kwacha	Ghanain Cedi
2015						
Trade and other receivables	59 961	12 124	207 015	18 303	2 075	210
Cash and cash equivalents	66 273	3 928	125 247	21 821	444	1 792
Trade and other payables	(35 646)	(7 118)	(341 892)	(2 072)	(1 926)	(6 581)
Borrowings	–	–	(6 302)	–	–	–
Total	90 588	8 934	(15 932)	38 052	593	(4 579)
2014						
Trade and other receivables	41 636	14 756	180 637	71 112	3 297	1 399
Cash and cash equivalents	23 098	3 408	90 968	8 561	5 804	7 370
Trade and other payables	(25 872)	(15 949)	(250 630)	(39 518)	(5 016)	(2 431)
Borrowings	–	–	(11 775)	–	–	–
Total	38 862	2 215	9 200	40 155	4 085	6 338

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.

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25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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 linked to prime	Interest free
2015			
Loans to associate companies	68 886	68 886	–
Long-term receivables	118 943	4 639	114 304
Trade and other receivables	4 835 292	565 660	4 269 632
Borrowings	(251 575)	(251 575)	–
Trade and other payables	(5 071 338)	–	(5 071 338)
Cash and cash equivalents	3 995 089	3 995 089	–
	3 695 297	4 382 699	(687 402)
2014			
Loans to associate companies	19 294	18 862	432
Long-term receivables	292 345	187 005	105 340
Trade and other receivables	4 752 176	112 372	4 639 804
Borrowings	(313 343)	(313 343)	–
Trade and other payables	4 213 782	(2 444)	(4 211 338)
Cash and cash equivalents	2 756 700	2 756 700	–
Bank overdraft	(115 605)	(115 605)	–
	3 177 785	2 643 547	534 238

Sensitivity analysis

A change of 150 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.

R'000	Profit/(loss) 150 basis point increase	Profit/(loss) 150 basis point decrease
2015		
Long-term receivables	1 033	(1 033)
Trade and other receivables	8 485	(8 485)
Cash and cash equivalents	59 926	(59 926)
Borrowings	(3 774)	3 774
	65 670	(65 670)
2014		
Long-term receivables	3 088	(3 088)
Trade and other receivables	1 686	(1 686)
Cash and cash equivalents	41 350	(41 350)
Bank overdraft	(1 734)	1 734
Borrowings	(4 700)	4 700
	39 652	(39 652)

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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

R'000	Total	<1 years	2-5 years	>5 years
2015				
Non-derivative liabilities measured at amortised cost				
Borrowings	251 575	139 045	112 158	372
Other financial liabilities	3 971 268	3 948 534	22 734	–
Subcontractor liabilities	1 086 314	1 086 314	–	–
Derivative financial liabilities at fair value				
Forward exchange contracts	13 756	13 756	–	–
	5 322 913	5 187 649	134 892	372
2014				
Non-derivative liabilities measured at amortised cost				
Borrowings	313 343	147 201	165 738	404
Other financial liabilities	2 957 280	2 938 519	18 761	–
Subcontractor liabilities	1 254 058	1 254 058	–	–
Bank overdraft	115 605	115 605	–	–
Derivative financial liabilities at fair value				
Forward exchange contracts	2 444	2 444	–	–
	4 642 730	4 457 827	184 499	404

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.

	2015	2014
Debt/equity ratio (%)	5,9	7,2

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

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	2015 R'000	2014 R'000
27. EMPLOYEE BENEFITS		
27.1 Staff costs		
Wages and salaries	3 702 224	3 409 162
Provident fund cost – defined contribution funds	140 073	130 550
Superannuation and retirement funding expense	74 507	142 206
Medical aid	2 120	1 173
Other contributions	328 914	282 206
	4 247 838	3 965 297

27.2 Defined contribution funds

WBHO Provident Fund

The fund is open to all full-time monthly paid employees of the company.

27.3 Equity compensation benefits

WBHO Share Trust

The trust is a special purpose vehicle through which the group sells shares to employees with the aim of retaining existing talent within the group. The shares are sold to employees at market value at the date of issue. At the time of the sale, a loan equal to the value of the shares sold, is raised for each identified employee. The employee is required to pledge the shares to the trust as security against the loan.

The loan must be repaid after, but not before, a period of five years. Any dividends earned from the shares during that period are set off against the balance of the loan. The trustees are entitled to buy back from the employee sufficient shares to settle any amount outstanding on the loan once the five-year period has elapsed. Should a scheme member leave the employ of the company before the five-year period has elapsed, the member is obliged to sell the shares back to the trust at the same price at which they were purchased. Details relating to the number of shares issued to the trust, the selling prices to employees and the accompanying share-based expense are set out in the following table:

	Number of shares '000	Average selling price per share cents	Share-based payments expense for the year R'000	Future expense to be recognised R'000
Shares sold to employees in prior periods where the loan period has yet to expire	50	10 000	8	–
Unsold treasury shares	42	n/a	n/a	n/a

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. In order to further this aim the trust has acquired, and has the option to acquire further shares, at a discounted price.

The options described above allowed the trust to acquire shares at a discount to the market price and hence the trust is able to sell such shares to identified members of staff at a discount.

The terms and conditions relating to the sale of shares by the trust in terms of the scheme, any loans raised or settled, the duration of the loan, securities pledged and repurchasing of shares by the trust before the prescribed period are the same as for the WBHO Share Trust described above.

In the current period the trust entered into a new long-term incentive scheme in which eligible employees were offered options in the WBHO Management Trust subject to the employees remaining in the employ of the group for a period of five (5) years.

As with the SARs and PS's mentioned above, the WBHO Share Option Plan was valued based on the equity-settled methodology and by using the Binomial model. The following estimates and assumptions were used in the calculation of the share-based payment expense:

Grant date share price	114,96
Exercise price (R')	83,06
Volatility (%)	23,40
– Volatility has been calculated using the historical WBHO share prices over the vesting periods	
Risk-free rate (%)	7,49
Dividend yield (%)	2,53
Attrition rate (%)	5,00

Details relating to the number of shares purchased and sold by the trust, the respective share prices, and the accompanying share-based payment expense are set out in the following table:

	Number of shares/options '000	Average selling price cents	Share-based payments expense for the year R'000	Future expense to be recognised R'000
Shares sold to employees in prior periods where the loan period has yet to expire.	696		4 150	7 690
– Offer 2010	50	5 000		
– Offer 2012	646	9 978		
Options issued in the current year				
– Offer 2014	75	8 306	109	3 643
Unallocated share stock	1 292	n/a	n/a	n/a

WBHO Share Plan

In the current year executive directors and prescribed officers were granted the following rights in the WBHO Share Plan:

Share appreciation rights

Annual allocations, determined by the Board, and advised by the Remuneration Committee are made to eligible employees 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 ie 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 appreciation is calculated as:

$$A = EP - AP$$

where A = Appreciation; EP = Exercise Price and AP = Allocation price

The performance target threshold to be achieved equals 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.

Performance Shares

Annual awards of performance shares will be made to eligible employees for which there will be no consideration payable by the employee. Vesting will commence on the 3rd anniversary of the award to the extent that the company has met the specified performance criteria over the period. 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.

The performance criteria for each award are determined by the Board. The criteria for the current financial year are set out below:

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

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

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

	PS	SARs
Grant date share price (R')	107,95	107,95
Exercise price (R')	115,4	115,4
Volatility (%)	n/a	22,1 – 22,6
Risk-free rate (%)	n/a	6,9 – 7,4
Dividend yield (%)	2,3	2,3 – 2,5
Attrition rate (%)	5,0	5,0

NOTES TO THE CONSOLIDATED
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27. EMPLOYEE BENEFITS (CONTINUED)

27.3 Equity compensation benefits (continued)

	Number of conditional awards '000	Grant date	Exercise price (cents)	Vesting period	Share-based payment expense for the year	Future expense to be recognised
Performance shares	128	16 Mar 2015	115,4	3 years	1 990	21 656
Share appreciation rights	137	16 Mar 2015	115,4	3 – 5 years	–	–
Total					1 990	21 656

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 to source strategic black partners and reward black employees who have been in the service of the group for more than five years.

Akani Investment Holdings (Pty) Ltd (Akani) has been incorporated and has as its main business and object the subscription for and holding of Wilson Bayly Holmes-Ovcon Limited (WBHO) shares. On incorporation, WBHO issued shares to Akani and Akani issued an equal number of shares to the shareholders, the effect being that each Akani share held by the shareholders is linked to one WBHO share (linked shares).

Black partners

The black partners subscribed for the Akani shares at par value, in cash on the issue date. The black partners may not dispose of the Akani shares held by them for a period of 10 years from the issue date (the lock-up period). The last day of the lock-up period is determined to be the date of repurchase. On the date of repurchase, WBHO will purchase from Akani (with Akani immediately repurchasing an equal number of Akani shares from the relevant black partners) so many of the WBHO shares, at their par value, based on the repurchase formula. The repurchase formula is calculated as follows:

$$A = [(B+D)/C] \times E$$

Where:

A = number of WBHO shares to be repurchased

B = notional initial amount being the 15 trading day VWAP (Volume Weighted Average Price) of a WBHO share for the period preceding the issue date

C = market value of a WBHO share on the date of repurchase

D = an amount determined by applying the hurdle rate to the notional initial amount less the subscription price paid for the subscription share for the period from the issue date until the date of repurchase

E = original number of WBHO shares subscribed for by the black partner in question

The hurdle rate is defined as being the nominal annual growth rate of 8,33% compounded annually.

Furthermore a reinvestment obligation is imposed on the black partners whereby they are obliged to utilise two-thirds of the proceeds from all cash distributions received during the lock-up period for the subscription for shares in Akani to purchase WBHO shares on the open market. Any shares acquired by the black partners arising from the reinvestment obligation will also be subject to the lock-up period and two-thirds of any distributions received will be subject to the reinvestment obligation.

The Broad-Based Employee Share Incentive Trust (BBE Trust)

The BBE Trust subscribed for the Akani shares at par value, in cash at the issue date. Allocations of the Akani shares are granted to eligible employees meeting the qualification criteria as set out by the board of directors. Each allocation is for a period of five years from the date of allocation.

The Broad-Based Employee Share Incentive Trust (BBE Trust)

A reinvestment obligation is imposed on participants similar to that imposed on the black partners above with the exception that the full proceeds from any cash distributions shall be applied for the subscription of shares in Akani for the purchase, by Akani of WBHO shares on the open market.

At the maturity date the repurchase formula is applied to the allocated shares to determine the number of shares that will vest with the employees. These shares, together with those purchased in terms of the reinvestment obligation, are then issued to the employees and the linked Akani shares are bought back at par value and cancelled.

WBHO

WBHO subscribed for the Akani shares at par value, in cash at the issue date. WBHO is entitled to transfer the subscribed Akani shares to black people identified by WBHO periodically. WBHO holds 1 861 000 shares for future allocation to new or existing black partners.

Details of shares issued by Akani and the accompanying share-based payments expense recognised are set out in the table below:

	Number of shares '000	Selling price cents	Share-based payments expense for the year R'000	Future expense to be recognised R'000
Akani Investment Holdings (Pty) Ltd (Akani)				
WBHO shares issued to Akani in terms of the BEE agreement	9 989	1	n/a	n/a
Akani shares issued to the black partners	2 247	1		
Allocated	2 000			
Purchased in terms of the reinvestment obligation	247			
Akani shares issued to the BBE Trust	2 477			
Allocated (1 550 employees)	2 325	1	25 860	64 804
For future allocation	26	1	n/a	n/a
Purchased in terms of the reinvestment obligation	156			
Shares vested in terms of repurchase formula – allocated	–			
Shares vested in terms of the repurchase formula – reinvestment obligation	(30)			
Akani shares issued to WBHO	3 045			
Allocated (451 employees)	1 128	1	n/a	n/a
For future allocation	1 861	1	n/a	n/a
Purchased in terms of the reinvestment obligation	75			
Shares vested in terms of repurchase formula – allocated	–			
Shares vested in terms of the repurchase formula – reinvestment obligation	(19)			

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 (%)	8,3	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

Probuild Constructions (Aust) Employee Share Scheme

This is an arrangement through which the company sells shares to employees with the aim of retaining existing talent. Shares are offered to selected employees based on their responsibility, seniority and tenure with the company. The shares are offered to employees at market value at the date of issue. Market value is calculated taking into consideration audited earnings, the current budget and retained earnings. Where required, loans are provided to the participants to obtain the shares. The loan is secured against their shareholding. Loans are progressively repaid through a compulsory dividend reinvestment programme or the balance may be settled by the participant. Shares are restricted from trading until the employee leaves the company or with the explicit approval of the board and have to be resold in accordance with such approval.

Details of shares sold are set out in the table below:

	Number of shares '000	Selling price per share cents
Shares sold in prior periods	1 027	3 098
Shares sold in the current period	–	n/a
Shares repurchased in the current period	502	5 442

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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27. EMPLOYEE BENEFITS (CONTINUED)

27.3 Equity compensation benefits (continued)

WBHO Civils Employee Share Scheme

In order to facilitate the restructuring of the Australian civil businesses, all the shares owned by management were acquired during the year and the scheme has been dissolved.

27.4 Cash-settled compensation benefits

Edwin Construction Employee Share Incentive Trust (Edwin Trust)

The trust is a special purpose vehicle through which Edwin Construction (Pty) Ltd aims to retain existing talent within the company. The company issues Edwin Construction shares to the trust at the discretion of the directors. The shares are allocated to employees in the form of units at market value at the date of issue. A loan equal to the value of the units acquired, is raised for each identified employee and the units may not be disposed of prior to the five-year vesting period without the explicit approval of the trustees. The employee is required to pledge the units to the trust as security for the loan. Any dividends earned by the units during that period are set off against the balance of the loan. The loan must be repaid no later than the date on which the employee disposes of all his units. Should a scheme member leave the employ of the company during the five-year vesting period, the member has an obligation to offer the units back to the trust at either the deemed value, or the higher of R1 and the outstanding balance of the loan. Should the employee leave the company after the five-year vesting period, the member has an obligation to offer the units back to the trust at either the deemed value or the higher of the original cost and 50% of the deemed value. The deemed value is calculated as the higher of five times the profit before tax or the tangible net asset value as disclosed in the company's most recent annual financial statements.

Details relating to the number of shares issued to the trust, the selling price to employees and the liability recognised are set out in the following table:

	Number of units '000	Selling price (cents)	Share-based payments expense for the year R'000	Liability recognised to date R'000
Edwin Trust				
Edwin shares issued to the trust	600	n/a	n/a	n/a
Units issued (11 employees)	311	1 512	4 118	22 734
Units remaining to be issued	289	n/a	n/a	n/a

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:

Civil and building engineering

- the construction of retail shopping centres, commercial buildings, hotels, hospitals and other infrastructure; and
- the mining sector from civil engineering related infrastructure.

Roads and earthworks

- a number of civil engineering disciplines, mainly in the road building, mining, water, gas and power sectors.

Australia

- the construction of retail, residential and commercial buildings for the private building sector.
- a number of civil engineering disciplines, mainly in the road building and mining sectors.

Property developments

- property development sales.

Construction materials

- sales and manufacture of various construction materials.

There were no inter-segment sales during the periods presented.

None of the operating segments are aggregated and there are no additional segments to report separately.

Operating segments	Civil and building R'000	Roads and earthworks R'000	Australia R'000	Property development R'000	Construction materials R'000	Total R'000
At 30 June 2015						
Revenue – external customers	7 385 199	5 282 022	15 351 787	50 730	1 453 234	29 522 972
Operating profit before non-trading items	351 685	380 260	10 612	13 318	37 553	793 428
Additional items regularly reported to the executive committee:						
Impairment of goodwill	–	–	106 857	–	9 125	115 982
Depreciation and amortisation	57 662	133 037	76 438	–	28 857	295 994
Impairment of property, plant and equipment	–	–	53 926	–	–	53 926
Capital expenditure	74 804	188 218	44 936	–	19 017	326 975
At 30 June 2014						
Revenue – external customers	7 001 985	5 001 508	12 437 970	84 600	1 195 620	25 721 683
Operating profit before non-trading items	329 089	413 888	250 040	28 057	8 372	1 029 446
Additional items regularly reported to the executive committee:						
Impairment of goodwill	–	–	392	–	–	392
Depreciation and amortisation	51 862	165 639	75 309	–	27 058	319 868
Impairment of property, plant and equipment	–	14 181	–	–	1 159	15 340
Capital expenditure	53 614	151 969	127 804	–	79 175	412 562
Geographical segments					2015 R'000	Restated 2014 R'000
Revenue						
South Africa					10 495 591	10 242 530
Rest of Africa					3 675 594	3 041 183
Australia					15 351 787	12 437 970
					29 522 972	25 721 683
Operating profit before non-trading items						
South Africa					452 708	495 022
Rest of Africa					330 108	284 384
Australia					10 612	250 040
					793 428	1 029 446

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	2015 R'000	Restated 2014 R'000
29. CASH FLOW INFORMATION		
29.1 Cash generated from operations		
Operating profit before non-trading items:		
From continuing operations	793 428	1 029 446
From discontinued operations	97 479	(95 760)
Operating profit before non-trading items	890 907	933 686
Adjusted for non-cash items:		
Depreciation and amortisation	295 994	356 142
Unrealised foreign currency movement from discontinued operations	(36 441)	–
Other non-cash items	17 218	–
Movement in provisions	264 216	61 667
Profit from disposal of property, plant and equipment	(21 268)	(11 459)
Impairment of trading stock	–	7 322
Operating income before working capital changes	1 410 626	1 347 358
Working capital changes:		
Decrease in inventories	176 188	139 371
Increase/(decrease) in excess billings over work done	82 442	(213 648)
Decrease in contracts-in-progress	(129 269)	(211 560)
Decrease/(increase) in trade and other receivables	288 921	(384 634)
Increase in trade and other payables	724 022	120 220
Cash generated from operations	2 552 930	797 107
29.2 Taxation paid		
Asset outstanding at the beginning of the year	289 716	144 354
Current tax expense	(322 237)	(423 244)
Interest and penalties accrued	(25 520)	20 535
Asset outstanding at the end of the year	(305 726)	(289 716)
Net tax paid	(363 767)	(548 071)
29.3 Cash and cash equivalents		
Cash and cash equivalents	3 995 089	2 756 700
Bank overdraft	–	(115 605)
	3 995 089	2 641 095

30. ACQUISITION OF NON-CONTROLLING INTERESTS

Entity	Date acquired	Transaction	Percentage acquired %	Effective interest held after purchase %	Purchase consideration R'000
2015					
Probuild Constructions (Aust) Pty Ltd	31 Oct 2014	Share buy-back	0,54	80,57	11 641
WBHO Civils Pty Ltd	1 Jan 2015	Acquisition	1,35	95,14	4 320
Probuild Civils Pty Ltd	31 Dec 2014	Acquisition	5,00	79,56	1 482
Probuild Civils Pty Ltd	28 Feb 2015	Acquisition	1,25	80,57	1 673
Cash flow on changes in shareholding					19 116
The aggregate effect of the acquisition of non-controlling interests on amounts recognised in equity					
– debit amounts					7 993
– bargain purchases					(4 978)
					3 015
2014					
Probuild Constructions (Aust) Pty Ltd	16 Jul 2013	Share buy-back	0,35	78,78	4 767
Probuild Constructions (Aust) Pty Ltd	07 Aug 2013	Share buy-back	1,56	80,03	21 457
Monaco Hickey Pty Ltd	31 May 2014	Acquisition	16,00	76,00	7 143
Monaco Hickey Pty Ltd	30 Jun 2014	Acquisition	8,00	84,00	5 521
Cash flow on changes in shareholding					38 888
The aggregate effect of the acquisition of non-controlling interests on amounts recognised in equity					16 010

31. ACQUISITION OF BUSINESS

Capital Africa Steel (CAS) Group

On 1 July 2013, CAS acquired 10% of its share capital for an amount of R15,9 million through a share buy-back transaction with the result that the group's shareholding increased from 50% to 55,6%.

The CAS group contributed revenue of R1,3 billion, profit of R4,2 million from continuing operations and an attributable loss of R283 million from discontinued operations during the year.

The following summarises identifiable assets acquired and liabilities assumed at the acquisition date:

	R'000
Assets	
Property, plant and equipment	662 156
Investments in associates	88 675
Long-term receivables	4 828
Deferred taxation	52 033
Inventory	397 411
Trade and other receivables	403 805
Cash and cash equivalents	70 489
	1 679 397
Liabilities	
Borrowings	132 546
Deferred taxation	159
Provisions	2 294
Share-buy back	15 900
Short-term portion of borrowings	14 435
Trade and other payables	458 553
Excess billings over work done	6 627
Bank overdraft	341 693
	972 207
Identifiable assets and liabilities	707 190

The fair value of the investment in associate has been determined using the discounted cash flow method. A discount rate of 16,4%, for cash flows over a period of five years was used to discount the expected cash flows from the business.

The contingent liability of R15,9 million represents a present obligation in respect of the buy back of shares.

Deferred tax assets of R4,2 million not recognised by the CAS group have been recognised as there is an expectation that the deferred tax asset will be utilised in the future.

The carrying value of the remaining identifiable assets and liabilities approximate their fair values at acquisition date.

Goodwill arising from the acquisition has been recognised as follows:

	R'000
Fair value of previously held interest	379 226
Fair value of non-controlling interests recognised	337 089
Fair value of identifiable assets and liabilities	(707 190)
	9 125

32. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Investments in subsidiaries and special purpose entities	1	42 769	42 769
Loans to group companies	2	186 162	186 557
Total non-current assets		228 931	229 326
Cash and cash equivalents		561	522
Value-added tax		1	1
Total current assets		562	523
Total assets		229 493	229 849
EQUITY			
Stated capital		31 175	31 175
Retained earnings		1 916	29 833
Total equity		33 091	61 008
LIABILITIES			
Loans from group companies	3	195 610	168 090
Unclaimed dividends (current)		792	751
Total liabilities		196 402	168 841
Total equity and liabilities		229 493	229 849

COMPANY STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Note	2015 R'000	2014 R'000
Finance income and dividends received	4	198 377	251 068
Other direct costs		(1)	(186)
Profit before tax		198 376	250 882
Taxation paid		–	(1 184)
Profit for the year		198 376	249 698

**COMPANY STATEMENT OF
CHANGES IN EQUITY**
for the year ended 30 June 2015

	Stated capital R'000	Retained earnings R'000	Total equity R'000
Balance at 30 June 2013	31 175	23 015	54 190
Profit for the year	–	249 698	249 698
Dividend paid	–	(242 880)	(242 880)
Balance at 30 June 2014	31 175	29 833	61 008
Profit for the year	–	198 376	198 376
Dividend paid	–	(226 293)	(226 293)
Balance at 30 June 2015	31 175	1 916	33 091

**COMPANY STATEMENT OF
CASH FLOWS**
for the year ended 30 June 2015

	2015 R'000	2014 R'000
Cash flow from operating activities		
Other direct costs	(1)	(186)
Increase in unclaimed dividends	41	93
Finance income and dividends received	198 377	251 068
Taxation paid	–	(1 184)
Dividend paid	(226 293)	(242 880)
Net cash flow from operating activities	(27 876)	6 911
Increase/(decrease) in loans from group companies	27 915	(7 035)
Increase/(decrease) in cash and cash equivalents for the year	39	(124)
Cash and cash equivalents at the beginning of the year	522	646
Cash and cash equivalents at the end of the year	561	522

NOTES TO THE
COMPANY FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015	2014
1. INVESTMENTS IN SUBSIDIARIES ('000)		
Shares at cost less impairment losses	42 769	42 769
A complete list of investments in subsidiaries is set out in Annexure 1		
2. LOANS TO GROUP COMPANIES		
Loans to subsidiaries (Annexure 1)	184 688	185 083
Loans to share trusts	1 474	1 474
	186 162	186 557
The loans are unsecured, bear no interest and will not be repaid within the next 12 months		
3. LOANS FROM GROUP COMPANIES		
Loans from subsidiaries (Annexure 1)	190 529	163 009
Loans from share trusts	5 081	5 081
	195 610	168 090
The loans are unsecured, bear no interest and will not be repaid within the next 12 months		
4. FINANCE INCOME		
Dividends received from subsidiaries	198 377	251 065
Interest received from financial institutions	–	3
	198 377	251 068

ANNEXURE 1

INVESTMENT IN SUBSIDIARIES

for the year ended 30 June 2015

	Country of incorporation	Stated capital	Effective holding		Shares at cost		Amounts owing by/(to) subsidiaries	
			2015 %	2014 %	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Held directly								
WBHO Construction (Pty) Ltd	South Africa	R900 000	100	100	42 738	42 738	(190 529)	(163 009)
WBHO Industrial Holdings (Pty) Ltd	South Africa	R1	100	100	–	–	184 308	184 308
Special purpose entities								
WBHO Management Trust	South Africa		–	–	–	–	(5 081)	(5 081)
WBHO Share Trust	South Africa		–	–	–	–	1 474	1 474
WBHO Broad-based Employee Share Incentive Trust	South Africa		–	–	–	–	–	–
Edwin Construction Employee Share Incentive Trust	South Africa		–	–	–	–	–	–
Akani Investment Holdings (Pty) Ltd	South Africa	R81 962	39	39	31	31	380	775
Held indirectly								
Edwin Construction (Pty) Ltd	South Africa	R100	57	57				
Insitu Pipelines (Pty) Ltd	South Africa	R100	100	100				
Renniks Construction (Pty) Ltd	South Africa	R405 600	70	70				
Roadspan Surfaces (Pty) Ltd	South Africa	R10 000	100	100				
Simbithi Eco Estate (Pty) Ltd	South Africa	R100	100	100				
St Francis Links (Pty) Ltd	South Africa	R100	80	80				
WBHO Construction Sierra Leone Limited	Sierra Leone	US\$23 000	100	100				
WBHO Guinea Limited SA	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 Construcacao Mozambique Limitada	Mozambique	MZN10 000 000	100	100				
WBHO Ghana (Pty) Ltd	Ghana	\$500 000	100	100				
WBHO Australia Pty Ltd	Australia	AU\$26 400 000	100	100				
WBHO Civils Construction Pty Ltd	Australia	AU\$16 560 228	95,1	93,7				
Monaco Hickey Pty Ltd	Australia	AU\$6 000 000	67,7	67,2				
Probuild Constructions (Aust) Pty Ltd	Australia	AU\$37 915 795	80,6	80,0				
Contexx Pty Ltd	Australia	AU\$5 509 248	80,6	80,0				
Capital Africa Steel (Pty) Ltd	South Africa	R235 861	55,6	55,6				
Capital Star Steel SA (Mozambique)	Mozambique	R341 250	54,2	54,2				
Capital Star Steel (Pty) Ltd	South Africa	R49	27,2	27,2				
Loop and Hoop Investments (Pty) Ltd	Botswana	R93	38,9	39				
3Q Mahuma Crushing (Pty) Ltd	South Africa	R701	38,9	39				
3Q Group Holdings (Pty) Ltd	South Africa	R100	55,6	55,6				
Tekfalt Binders (Pty) Ltd	South Africa	R100	60	–				
Balmoral Crushers (Pty) Ltd	South Africa	R120	100	38,9				
					42 769	42 769	(9 448)	18 467

Investments in dormant subsidiaries have been omitted.

ANNEXURE 2

INTERESTS IN JOINT OPERATIONS

for the year ended 30 June 2015

Investments in significant joint operations	Country of operation	Principle activity	2015 %	2014 %
Statutory entities				
Murphy Street Developments Pty Ltd	Australia	Property development	50,0	50,0
WBHO Building Energy (Pty) Ltd	South Africa	Renewable energy	70,0	70,0
Non-statutory entities				
Sandton Joint Venture	South Africa	Retail shopping centre	50,0	50,0
Kusile Civils Joint Venture	South Africa	Power station	25,0	25,0
WBHO/Fikile Joint Venture	South Africa	Retail shopping centre	90,0	90,0
WBHO/Group 5 Mall of Africa Joint Venture	South Africa	Retail shopping centre	50,0	50,0
WBHO/Phayandani Joint Venture	South Africa	Public transport network	59,0	59,0
WBHO/Inanda Joint Venture	South Africa	Public transport network	59,0	59,0
WBHO/Stats SA Joint Venture	South Africa	Serviced accommodation	63,0	–
WBHO/CCC Joint Venture	Botswana	Water infrastructure	50,0	50,0
WBHO Ghana/Desimone Joint Venture	Ghana	Retail shopping centre	50,0	50,0
WBHO/Tiber Discovery Joint Venture	South Africa	Office building	50,0	–
WBHO/Parsons Brinkerhoff Joint Venture	Mozambique	Power station	70,0	–

The group's proportionate share of the assets, liabilities, results of operations and cash flows as incorporated in the financial statements are summarised below:

	2015 R'000	2014 R'000
Non-current assets	24 510	12 908
Current assets	1 802 701	1 385 269
Total assets	1 827 211	1 398 177
Shareholders' equity	10 101	128 229
Non-current liabilities	131 672	180 094
Current liabilities	1 685 438	1 089 854
Total equity and liabilities	1 827 211	1 398 177
Revenue	3 522 402	3 443 243
Contract costs	(3 288 026)	(2 902 969)
Overheads	(26 880)	25 306
Profit before tax	238 423	597 290

