

WILSON BAYLY HOLMES - OVCON LIMITED

(Incorporated in the Republic of South Africa)

(Registration no. 1982/011014/06)

ISIN No: ZAE 000009932

Share code: WBO

("WBHO" or the "Group")

BUSINESS UPDATE

The directors of WBHO wish to advise shareholders of developments within the company in the second half of the financial year ending 30 June 2015.

Order Book:

Order book by segment (Rm)	%	31 December 2014	%	30 May 2015
Building and civil engineering	21	8,039	23	9,342
Roads and earthworks	10	3,935	11	4,215
Australia	69	26,157	66	26,273
	100	38,131	100	39,830

Building and civil engineering:

WBHO continues to secure quality projects locally as well as in other African building markets and the operating performance of the Group's various building divisions is in line with management's expectations.

Likewise, the Civil engineering division has performed in line with expectations and has no problem contracts in its order book. The mining environment continues to be affected by low commodity prices hence there are fewer new projects entering the market. The main civil works at Kusile are essentially complete and an agreement has been reached with Eskom in respect of the variations and outstanding claims relating to the project. The re-sizing of the division initiated in the first half of the year is also now complete and various projects have been secured during the second half of the year.

Roads and earthworks:

The lack of mining projects continues to impact the Roads and earthworks division resulting in replacement work being procured from different sectors, predominantly the road and energy sectors. The continued delay in the Government infrastructure roll out, an important part of the National Development Plan, is a cause for concern. The Group has previously reported on delays and cost overruns affecting profitability on the North South Carrier Pipeline (NSC) contract in Botswana which has now been completed. The effect on profitability from NSC together with the lower margins achieved on roadwork have impacted the division's overall margin this year which is expected to be consistent with the margin reported upon at 31 December 2014.

Australia:

The building divisions within Probuild continue to perform satisfactorily. The focus in the second six months of the year has been on delivery particularly in Queensland, WA and NSW. New opportunities continue to present themselves and Probuild was recently appointed as the preferred contractor on the Christchurch Convention centre in New Zealand.

At 31 December 2014 the group reported on four loss-making contracts within the group's Australian-based civil engineering companies, Probuild Civil and WBHO Civil. Completion of the works and the close out of these four projects has been more difficult than anticipated particularly in Probuild Civils. With the exception of the Tan Burrup project in Karatha all projects are now complete, however the resolution of claims relating to these projects will not be finalised in the current financial year. No additional problem contracts have materialised in the second half of the year. The volume of replacement work anticipated in December 2014 has not materialised and further downsizing of these companies has thus been necessary. The new managing director for the Civil division commenced employment on 1 April 2015 and has developed a strategy focusing on infrastructure prospects expected in Sydney and Melbourne. The poor trading experienced in the current year

together with the short-term outlook for these businesses will require an impairment of both goodwill and plant and equipment within the businesses.

The operating result from Australia for the second six months is expected to be broadly in line with the results achieved in the first six months.

Capital Africa Steel:

In March 2015 Capital Africa Steel signed an exclusive sale of shares agreement for the sale of Capital Star Steel (CSS), the group's pipe factory in Mozambique, where production ceased in December 2014. On 1 June 2015 the purchaser signed a heads of agreement with the funding banks in respect of restructuring the debt within CSS and the detailed funding agreements are currently being negotiated. The operating results from continuing operations in respect of Capital Africa Steel are expected to show some improvement over the results achieved in the first six months.

Competition Commission:

Limited progress has occurred with regard to the case referred to the Competition Tribunal relating to the World Cup Stadia meeting 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.

This statement has not been reviewed or reported on by WBHO's auditors.

By order of the board

Johannesburg
2 July 2015

Sponsor: Investec Bank Limited