



AUDITED SUMMARY CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

WBHO



2018 HIGHLIGHTS

REVENUE

2018: R35,0 billion

2017: R31,9 billion

DIVIDEND

2018: 475 cents

2017: 475 cents

EPS

2018: 1 534 cents

2017: 1 346 cents

CASH

2018: R5,9 billion

2017: R5,5 billion

OPERATING MARGIN

2018: 3.0%

2017: 3.1%

CASH GENERATED FROM OPERATIONS

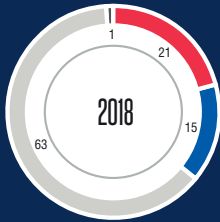
2018: R1,4 billion

2017: R1,1 billion

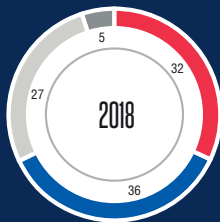
CONTRIBUTION BY SEGMENT (%)

- Building and civil engineering
- Roads and earthworks
- Australia
- Construction materials
- United Kingdom

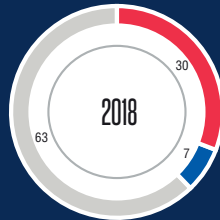
Revenue



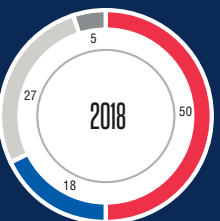
Operating profit



Revenue



Operating profit



CONTRIBUTION BY GEOGRAPHY (%)

- South Africa
- Rest of Africa
- Australia
- United Kingdom

CONTENTS

Basis of preparation	2
Independent auditor's report	3
Consolidated statement of financial performance and other comprehensive income	4
Consolidated statement of changes in equity	5
Consolidated statement of financial position	6
Consolidated statement of cash flows	7
Notes to the summary consolidated financial statements	8
Commentary	14
Notice to the annual general meeting	25
Annexure 1: Directors' CVs	34
Administration	36
Form of proxy	37
Notes to the form of proxy	39

BASIS OF PREPARATION

for the year ended 30 June 2018

The summary consolidated financial statements are prepared in accordance with the JSE Limited Listings Requirements, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and at a minimum, contain the information required by IAS 34 Interim Financial Reporting and the requirements of the Companies Act of South Africa. This announcement does not include the information required pursuant to par 16A (j) of IAS 34. The full annual consolidated financial statements that includes the relevant information is available on the website of the company, at the registered office of the company or on request from the company secretary.

The accounting policies applied in the preparation of the annual consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of International Financial Reporting Standards and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The summary consolidated financial statements and the full annual consolidated financial statements have been

compiled under the supervision of the Chief Financial Officer, Charles Henwood CA(SA) and were authorised by the board on 3 September 2018.

The directors take full responsibility for the preparation of the summary report and that the financial information has been correctly extracted from the underlying annual consolidated financial statements.

These summary consolidated financial statements and the full annual consolidated financial statements for the year ended 30 June 2018 have been audited by BDO South Africa Inc. The auditor's report on the summary consolidated financial statements and on the annual consolidated financial statements are available on the company's website at www.wbho.co.za, or for inspection at the company's registered office, together with the respective financial statements identified in the auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report and accompanying financial information.

INDEPENDENT AUDITOR'S REPORT ON SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2018

TO THE SHAREHOLDERS OF WILSON BAYLY HOLMES-OVCON LIMITED

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at 30 June 2018, the summary consolidated statement of financial performance and other comprehensive income, summary consolidated statement of changes in equity and summary consolidated cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited for the year ended 30 June 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited's (JSE) requirements for summary financial statements, as set out in the "Basis of Preparation" note set out in the summary consolidated financial statements and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa in the preparation of the audited consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 3 September 2018. That report also includes:

- The communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.
- An Other information paragraph (refer below).

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in the 'Basis of preparation' note to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to

summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summary consolidated 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 whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard On Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Other information

The other information paragraph in our audit report dated 3 September 2018 states that as part of our audit of the consolidated financial statements for the year ended 30 June 2018, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date, for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the directors. The paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summary consolidated financial statements or our opinion thereon.

Other matter

We have not audited future financial performance and expectations by management included in the accompanying summary consolidated financial statements and accordingly do not express any opinion thereon.

BDO South Africa Inc.

BDO South Africa Inc.
Per: **J Roberts**
Director
Registered Auditor

3 September 2018

22 Wellington Road
Parktown
2193

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2018

	%	Audited 2018 R'000	Audited 2017 R'000
	change		
Revenue	9,8	35 028 475	31 906 660
Operating profit before non-trading items	6,0	1 045 397	986 297
Settlement agreement expense		–	(170 274)
Profit on disposal of shares		–	12 726
Gain on loss of control of subsidiary		5 092	9 607
Loss on deemed disposal of associate		(57 544)	–
Gain on bargain purchase of subsidiary		101 675	–
Share-based payment expense		(63 759)	(57 788)
Operating profit		1 030 861	780 568
Share of losses and profits from equity accounted investments		(4 830)	68 916
Net finance income		168 467	240 894
Profit before taxation		1 194 498	1 090 378
Income tax expense		(351 053)	(319 161)
Profit from continuing operations	9,4	843 445	771 217
Loss from discontinued operations		–	(1 671)
Profit for the year		843 445	769 546
Other comprehensive income			
<i>Items that may be reclassified through profit or loss:</i>			
Translation of foreign entities		23 493	(256 522)
Translation of net investment in a foreign operation		3 304	(20 908)
Revaluation of a designated cash-flow hedge		–	(11 269)
Tax effect of above items		(925)	9 235
Share of associates' comprehensive income		(10 153)	(33 933)
Total comprehensive income for the year		859 164	456 149
Profit from total operations attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		815 872	722 064
Non-controlling interests		27 573	47 482
		843 445	769 546
Total comprehensive income attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		831 591	410 187
Non-controlling interests		27 573	45 962
		859 164	456 149
Earnings per share (cents)			
Basic earnings per share	14,0	1 534,3	1 345,6
Diluted earnings per share	14,0	1 533,8	1 345,1
Headline earnings per share	8,1	1 414,6	1 307,9
Diluted headline earnings per share	8,1	1 414,1	1 307,5
Dividend per share (cents)		475,0	475,0

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
AND OTHER COMPREHENSIVE INCOME** (continued)
for the year ended 30 June 2018

	%	Audited 2018 R'000	Audited 2017 R'000
	change		
Profit from continuing operations attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		815 872	722 133
Non-controlling interests		27 573	49 084
		843 445	771 217
Earnings per share – continuing operations (cents)			
Basic earnings per share	14,0	1 534,3	1 345,7
Diluted earnings per share	14,0	1 533,8	1 345,3
Headline earnings per share	8,1	1 414,6	1 308,9
Diluted headline earnings per share	8,1	1 414,1	1 308,5

**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**
for the year ended 30 June 2018

	Share capital R'000	Foreign currency translation reserve R'000	Non- distributable reserves R'000	Distributable reserves R'000	Shareholders' equity R'000
At 1 July 2016	28 597	490 407	212 107	4 697 318	5 428 429
Profit for the year	–	–	–	722 064	722 064
Other comprehensive income (OCI)	–	(256 522)	–	(21 423)	(277 945)
Share of associate OCI	–	(33 933)	–	–	(33 933)
Dividend paid	–	–	–	(277 410)	(277 410)
Treasury shares acquired	–	–	(278 996)	–	(278 996)
Share-based payment	–	–	57 788	–	57 788
Share-based settlement	–	–	6 226	–	6 226
Changes in interests in subsidiaries	–	–	–	(45 718)	(45 718)
At 30 June 2017	28 597	199 952	(2 875)	5 074 831	5 300 505
Profit for the year	–	–	–	815 872	815 872
Other comprehensive income	–	23 493	2 379	–	25 872
Share of associate OCI	–	(10 153)	–	–	(10 153)
Dividend paid	–	–	–	(275 153)	(275 153)
Shares bought back	(32)	–	–	–	(32)
Share-based payment	–	–	63 759	–	63 759
Share-based settlement	–	–	(48 951)	–	(48 951)
Changes in interests in subsidiaries	–	–	–	(60 080)	(60 080)
At 30 June 2018	28 565	213 292	14 312	5 555 470	5 811 639

**CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**
at 30 June 2018

	Audited 2018 R'000	Audited 2017 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	1 883 072	1 635 349
Goodwill	531 117	523 613
Equity accounted investments	745 059	650 246
Long-term receivables	373 136	446 924
Deferred taxation	667 779	631 799
Total	4 200 163	3 887 931
Current assets		
Inventories	284 543	258 858
Amounts due by customers	1 816 792	758 001
Trade and other receivables	6 213 877	5 635 000
Taxation receivable	116 020	148 534
Cash and cash equivalents	5 992 461	5 545 583
Total	14 423 693	12 345 976
Total assets	18 623 856	16 233 907
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	28 565	28 597
Reserves	5 783 074	5 271 908
Shareholders' equity	5 811 639	5 300 505
Non-controlling interests	207 517	139 895
Total	6 019 156	5 440 400
Non-current liabilities		
Long-term liabilities	169 718	192 637
Deferred taxation	27 527	57 211
Total	197 245	249 848
Current liabilities		
Excess billings over work done	2 093 158	1 673 161
Trade and other payables	8 538 478	6 931 937
Provisions	1 764 968	1 913 262
Taxation payable	10 851	25 299
Total	12 407 455	10 543 659
Total equity and liabilities	18 623 856	16 233 907

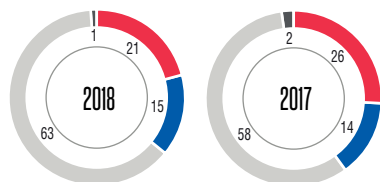
**CONSOLIDATED STATEMENT
OF CASH FLOWS**
for the year ended 30 June 2018

	Audited 2018 R'000	Audited 2017 R'000
Operating profit before working capital requirements	1 126 373	1 084 403
Working capital changes	263 158	32 225
Cash generated from operations	1 389 531	1 116 628
Net finance income	186 129	259 765
Taxation paid	(362 634)	(252 139)
Dividends paid	(285 339)	(302 081)
Cash retained from operations	927 687	822 173
Cash flow from investing activities		
Advances of long-term receivables	(38 774)	(265 356)
Repayment of long-term receivables	131 923	90 765
Repayment of contributed equity	–	152 211
Additional investment in equity accounted investments	(241 921)	(202 962)
Disposal of equity-accounted investments	–	13 386
Proceeds on disposal of businesses	–	112 726
Proceeds from share buy-back in subsidiary	–	8 815
Proceeds on disposal of property, plant and equipment	78 175	130 369
Purchase of property, plant and equipment	(238 274)	(220 402)
	(308 871)	(180 448)
Cash flow from financing activities		
Repayment of borrowings	–	(21 288)
Transactions with owners	(93 148)	(184 531)
Purchase of treasury shares	–	(278 996)
Equity-settled incentives	(63 611)	–
Instalments in respect of capitalised finance leases	(63 165)	(46 321)
	(219 924)	(531 136)
Net increase in cash and cash equivalents	398 892	110 589
Foreign currency translation effect	(31 002)	(167 054)
Cash and cash equivalents at the beginning of the year	5 545 583	5 752 194
Cash and cash equivalents acquired	83 756	12 451
Cash and cash equivalents derecognised	(4 768)	(162 597)
Cash and cash equivalents at the end of the year	5 992 461	5 545 583

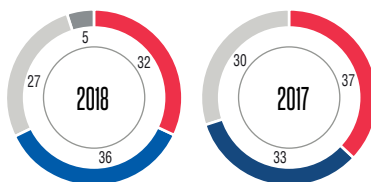
**NOTES TO THE
FINANCIAL STATEMENTS**
for the year ended 30 June 2018

	Audited 2018 R'000	Audited 2017 R'000
1. SEGMENTAL INFORMATION		
Segment revenue		
Building and civil engineering	7 302 475	8 135 777
Roads and earthworks	5 282 155	4 589 881
Australia	21 941 438	18 599 977
Total construction revenue	34 526 068	31 325 635
Property developments	1 778	2 301
Construction materials	500 629	578 724
Total revenue	842 034	892 940
Inter-segment revenue	(341 405)	(314 216)
Total revenue	35 028 475	31 906 660
Segment operating profit before non-trading items		
Building and civil engineering	332 184	384 943
Roads and earthworks	370 858	341 737
Australia	277 906	258 986
United Kingdom	57 209	-
Total construction operating profit	1 038 157	985 666
Property developments	1 970	(1 472)
Construction materials	5 270	2 103
Total operating profit before non-trading items	1 045 397	986 297

SEGMENT REVENUE



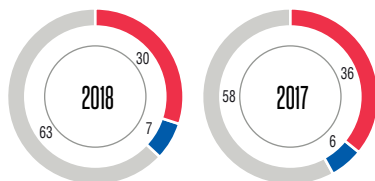
SEGMENT OPERATING PROFIT



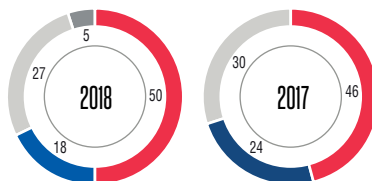
- Building and civil engineering
- Roads and earthworks
- Australia
- Construction materials
- United Kingdom

	Audited 2018 R'000	Audited 2017 R'000
Geographical revenue		
South Africa	10 649 599	11 453 907
Rest of Africa	2 437 438	1 852 776
Australia	21 941 438	18 599 977
Total revenue	35 028 475	31 906 660
Geographical operating profit		
South Africa	524 653	475 720
Rest of Africa	185 629	251 591
Australia	277 906	258 896
United Kingdom	57 209	–
Total operating profit before non-trading items	1 045 397	986 297
Geographical non-current assets excluding deferred tax		
South Africa	1 797 922	1 642 474
Rest of Africa	368 597	466 851
Australia	1 145 074	943 845
United Kingdom	220 791	202 962
	3 532 384	3 256 132

GEOGRAPHICAL REVENUE



GEOGRAPHICAL OPERATING PROFIT



- South Africa
- Rest of Africa
- Australia
- United Kingdom

**NOTES TO THE
FINANCIAL STATEMENTS**
for the year ended 30 June 2018

	Audited 2018 R'000	Audited 2017 R'000
2. RECONCILIATION OF HEADLINE EARNINGS		
Continuing operations		
Attributable earnings	815 872	722 133
Adjusted for:		
Gain on loss of control of subsidiary	(5 092)	(9 607)
Loss on deemed disposal of equity accounted investments	57 544	-
Gain on bargain purchase of subsidiary	(101 675)	-
Profit from the disposal of property, plant and equipment	(18 996)	(14 345)
Non-controlling interest in above transactions	645	401
Tax effect of above transactions	5 339	3 813
Equity accounted investments:		
Profit from the disposal of property, plant and equipment	(3 223)	-
Impairment of investments	1 097	-
Tax effect of above transactions	683	-
	752 194	702 395
Total operations		
Attributable earnings	815 872	722 064
Adjusted for:		
Gain on loss of control of subsidiary	(5 092)	(9 607)
Loss on deemed disposal of equity accounted investments	57 544	-
Gain on bargain purchase of subsidiary	(101 675)	-
Profit from the disposal of property, plant and equipment	(18 996)	(15 545)
Non-controlling interest in above transactions	645	934
Tax effect of above transactions	5 339	4 000
Equity accounted investments:		
Profit from the disposal of property, plant and equipment	(3 223)	-
Impairment of investments	1 097	-
Tax effect of above transactions	683	-
	752 194	701 846
3. ORDINARY SHARES		
Ordinary shares in issue ('000)	59 890	63 190
Weighted average number of shares ('000)	53 175	53 663
Diluted weighted average number of shares ('000)	53 192	53 680

4. BUSINESS COMBINATIONS

Following the initial acquisition of a 40% interest in the Byrne Group in 2017, WBHO UK Limited (WBHO UK) increased its shareholding from 40% to 80% on 18 June 2018. The Byrne Group consists of the Byrne Bros. who specialise in concrete sub and superstructure packages while new build refurbishment and fit-out projects are delivered through Ellmer Construction.

The original valuation performed for the company at the acquisition date on 22 June 2017 included a forecast amount for earnings before interest, tax and depreciation (EBITDA) in respect of the 2018 financial year. The share purchase agreement allowed for the original valuation to be amended to include the actual EBITDA achieved for FY18. In the event that the actual EBITDA was lower than the forecast EBITDA, the shareholders had a pre-emptive right to recapitalise the business such that the original valuation was maintained.

If the shareholders elected not to do so, WBHO UK would receive additional shares in the company. The total adjusted interest acquired after the issue of additional shares would be equivalent to the proportion of the group's original investment of £12 million to the total value of the amended valuation. Due to the extent of the losses incurred in the current financial year the original shareholders elected not to recapitalise the business with the result that on 18 June 2018 the group's interest in the company increased from 40% to 80% for no further consideration.

The investment was accounted for as an associate up until the date of the change in shareholding. In terms of IFRS 3 Business combinations, when control is achieved in stages, the group's investment is disposed of as follows:

	R'000
Fair value of the business at 30 June 2018	276 838
40% of fair value (deemed consideration)	110 735
Carrying amount of investment at 30 June 2018	(168 279)
Loss on deemed disposal	(57 544)

The group's 80% interest is subsequently acquired in terms of the provisions of IFRS 3:

All identifiable assets and liabilities are recognised at fair value after a detailed review including identifying any possible intangible assets. No further intangible assets were identified. The acquisition resulted in a gain on bargain purchase due to the losses made in the current year.

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

	R'000
Assets	
Property, plant and equipment	220 791
Deferred taxation	30 055
Amounts due by customers	85 245
Contract debtors	397 797
Contract debtor retentions	181 273
Other current assets	70 894
Cash and cash equivalents	83 756
Total	1 069 811
Liabilities	
Non-current liabilities	13 488
Excess billings over work done	41 494
Trade and other payables	226 738
Subcontractor creditors and retentions	178 749
Contract accruals	141 074
Other current liabilities	191 430
Total	792 973
Fair value of identifiable net assets	276 838
Proportionate share of non-controlling interests recognised	(55 368)
Group's share of net assets acquired	221 470

**NOTES TO THE
FINANCIAL STATEMENTS** (continued)
for the year ended 30 June 2018

4. BUSINESS COMBINATIONS (CONTINUED)

	R'000
Fair value of previously held interest (deemed consideration)	110 735
Preference shares acquired	9 060
Group's share of net assets acquired	(221 470)
Gain on bargain purchase	(101 675)
Revenue and losses have not been included in the results of the group for the period from the acquisition date to the reporting date as the amounts are immaterial and it is impracticable to accurately calculate due to the measurement method of construction accounting.	
The amounts below illustrate the impact on the group's results had the acquisition been effective at 1 July 2017.	
Revenue	2 393 891
Loss after tax	(117 060)

In the current year, 40% of the after-tax loss amounting to R46,8 million has been included in the group's share of profits and losses from equity accounted investments.

In the prior year, the acquisition of iKusasa Rail was disclosed as provisional. This acquisition has been finalised and there are no changes to report.

5. EVENTS AFTER THE REPORTING DATE

Russells Limited and Russell Homes Limited

On 18 July 2018, WBHO UK Limited concluded an agreement in which it acquired a controlling 60% interest in Russells Limited and a 31.7% equity-accounted interest in Russell Homes Limited for a consideration of £32, 8 million (R572 million) and £3,3 million (R56,4 million) respectively.

Following stagnant growth within local markets over recent years, WBHO has been seeking growth opportunities in new markets in order to further diversify its earnings platform. The construction market in the United Kingdom was identified as offering the most potential at acceptable levels of risk. The acquisition of the Russells businesses is an excellent strategic fit for the group's UK operations and will add additional substance to WBHO's presence in the UK market. The culture and values of both the business and the management team, which are based on teamwork, integrity and loyalty, are strongly aligned with those of WBHO.

Russells Limited is a main contracting business located in Manchester in the United Kingdom (UK) and provides design, installation and project management capabilities across all main sectors. Russells was founded in 1997 and has grown from a small regional contractor into one of North West England's largest and most successful construction business with a strong and reputable brand.

Russell Homes Limited specialises in land acquisition and planning applications in respect of in-house and developer-led residential schemes and is experienced in delivering a full spectrum of builds, from cost-effective social housing to executive homes and luxurious bespoke builds.

Russell Homes Limited offers WBHO entry into the UK residential property market. The business has a number of schemes in various stages from planning permission to build-out with good potential for future growth in the region.

The following information summarises the fair value of identifiable assets recognised and liabilities assumed in respect of Russells Limited on the acquisition date:

	R'000
Assets	
Property, plant and equipment	26 121
Intangible assets	2 437
Amounts due by customers	122 847
Trade and other receivables	297 409
Loan to Russell Homes	148 280
Cash and cash equivalents	139 508
Total	736 602
Liabilities	
Non-current liabilities	26 112
Deferred taxation	1 116
Trade and other payables	204 832
Accruals	171 183
Other current liabilities	32 388
Total	435 631
Fair value of identifiable net assets	300 971
Proportionate share of non-controlling interests recognised	(120 388)
Fair value of identifiable net assets acquired	180 583
Cash consideration	571 670
Fair value of identifiable net assets acquired	(180 583)
Goodwill recognised on acquisition	391 087
An assessment to identify potential intangible assets within the business has yet to be performed as the acquisition was finalised shortly after year end. Therefore the amount recognised as goodwill is provisional.	
The provisional goodwill arising on the acquisition of this business is not expected to be deductible for tax purposes.	
The amounts below illustrate the impact on the group's results had the acquisition been effective at 1 July 2017.	
Revenue	1 308 318
Profit after tax	128 303

3Q Mahuma Concrete (Pty) Ltd

The amount of R40 million held in escrow pending the lapsing of the warranty period was received in July 2018.

The board is not aware of any other matter or circumstance arising since the end of the reporting period not otherwise dealt with in the summary consolidated financial statements, which significantly affects the financial position of the group at 30 June 2018 or the results of its operations or cash flows for the year then ended.

COMMENTARY

The group delivered a credible set of results this year where market sentiment in Australia and the United Kingdom (UK) was positive, while the local construction environment deteriorated rapidly with a number of large and medium-sized contractors facing financial difficulties. Locally, building activity continues to subside which when combined with low levels of public infrastructure spending, has seen a significant decrease in overall activity within the sector. In addition, activity in the group's targeted markets in the rest of Africa remained relatively stagnant.

Within this climate, stringent bid identification and selection, well executed projects and containment of overhead expenditure have been paramount in delivering profitable results for the overall African business.

The Building and civil engineering division produced solid results within a shrinking market and the Roads and earthworks division saw growth in both revenue and profitability, however the local construction materials division continues to endure difficult market conditions. In Australia, the group experienced strong revenue growth in both the building and infrastructure businesses as well as an improvement in the combined operating performance. The losses generated in the UK this year were primarily due to a significant decline in revenue arising from various delays in project commencement married with the implementation of the group's turnaround strategy for the business.

FINANCIAL REVIEW

Revenue and operating profit

Group revenue increased by 10% from R31,9 billion to R35,0 billion in FY18 driven by strong growth of 18% from Australia. Revenue from the African business decreased by 2 % in aggregate, comprising a 7% decrease in South Africa and a 32% increase in revenue from the rest of Africa. The decrease in local revenue was primarily attributable to lower activity within building markets and the knock-on effect on the construction materials business. While local revenue from the Roads and earthworks division was broadly in line with the previous year, the division showed growth across all regions in the rest of Africa. The growth in revenue from Australia and the rest of Africa resulted in an increased contribution toward group revenue from 58% to 63% and 6% to 7% respectively, while the South African contribution dropped from 36% to 30%.

The operating profit before non-trading items of the group increased by 6% to R1,05 billion compared to R986 million in the previous year resulting in an operating margin of 3%. The operating profit from Australia increased by 7% and improved profitability from the Roads and earthworks division and the UK negated lower profitability from the Building and civil engineering and Construction materials divisions. The local currency has been particularly volatile this year resulting in currency gains of R128 million of which R80 million related to cash balances held in the United Kingdom at 30 June 2018.

Non-trading items

Included in non-trading items is the financial effect of the additional interest acquired in the Byrne Group in the UK. The original valuation performed for the company at the acquisition date on 22 June 2017 included a forecast amount for earnings before interest, tax and depreciation (EBITDA) in respect of the 2018 financial year. The share purchase agreement allowed for the original valuation to be amended to include the actual EBITDA achieved for FY18. In the event that the actual EBITDA was lower than the forecast EBITDA, the shareholders had a pre-emptive right to recapitalise the business such that the original valuation was maintained. If the shareholders elected not to do so, WBHO would receive additional shares in the company. The total adjusted interest acquired after the issue of additional shares would be equivalent to the proportion of the group's original investment of £12 million to the total value of the amended valuation. Due to the extent of the losses incurred in the current financial year the original shareholders elected not to recapitalise the business with the result that on 18 June 2018 the group's interest in the company increased from 40% to 80%.

In terms of IFRS the group is required to dispose of its non-controlling interest for deemed proceeds equal to its percentage interest (40%) of the fair value of the company less the carrying amount of its investment. This resulted in a loss on disposal of R58 million.

The controlling interest in the company is then acquired for a deemed purchase consideration equal to the percentage interest acquired (80%) of the fair value of the assets and liabilities acquired plus any additional cash consideration. Due to the mechanism described above no further cash consideration was payable for the additional 40% interest acquired and this resulted in a gain on bargain purchase of R102 million. Full details of the accounting for this transaction are disclosed in note 4 of the summary financial statements.

The share-based payment expense of R63,8 million recognised relates to the WBHO Share Plan for executive management and the existing broad-based and management share schemes in place.

Earnings per share and headline earnings per share – continuing operations

Earnings per share from continuing operations increased by 14% from 1 345.6 cents per share at 30 June 2017 to 1 534.3 cents per share at 30 June 2018 and headline earnings per share increased by 8% from 1 307.9 cents per share to 1 414.6 cents per share.

Included in earnings in FY17 was a once off-expense relating to the Settlement Agreement signed with Government in the previous year. Adjusting for this once-off expense, earnings per share and headline earnings per share have decreased by 2.5% and 8% compared to the previous year.

Equity-accounted investments (associates and joint ventures)

Following the reclassification of the Byrne Group, the group has an interest in 11 equity accounted investments. The Byrne Group was accounted for as an associate up to the date on which the additional interest was acquired and the performance of the company up until that date is reflected in the table below alongside the remaining equity accounted investments:

Entity	Industry	Country	Effective %	Carrying amount of investment Rm	Share of after-tax profit/(loss)	
					2018 Rm	2017 Rm
Gigajoule International	Gas supply	Mozambique	26.6%	129,4	10,9	12,4
Gigajoule Power	Power	Mozambique	13%	142,6	24,1	18,9
Dipalopalo	Serviced accommodation	South Africa	27.7%	61,3	–	–
DFMS Joint Venture	Serviced accommodation	South Africa	14.6%	4,1	4,1	–
Edwin Construction	Road and civil construction	South Africa	49%	95,2	9,6	–
iKusasa Rail SA	Railway construction	South Africa	49%	9,1	(6,7)	–
Catchu Trading	Property development	South Africa	50%	95,1	–	–
Byrne Group	Building and civil construction	United Kingdom	–	–	(46,8)	–
Caulfield	Property development	Australia	30%	135,2	–	37,6
The Glen Residential	Property development	Australia	20%	69,3	–	–
IACS	Construction	South Africa	28.3%	3,8	–	–
Total				745,1	(4,8)	68,9

During the year the group received a dividend of R6 million from Gigajoule International and R10,9 million from Edwin Construction.

Gigajoule International, a shareholder in the Matola Gas Company which sells and distributes gas in Mozambique and Gigajoule Power, which provides electricity generated from a gas-fired power station both continue to perform well within their respective markets.

COMMENTARY (continued)

The operational phase of the serviced accommodation concession for Statistics South Africa commenced toward the end of the last financial year. The outstanding finalisation of various contractual issues in respect of the construction phase of the concession has resulted in no profit to date being recognised by the private party. The DFMS Joint Venture responsible for providing the serviced accommodation on behalf of Dipalopalo has performed well over the period and has returned its first profits to partners.

Following the completion of Precinct 1 in the previous financial year, no profitability has been recognised within the Caulfield development in the current year. Pre-sales of Precinct 2 have progressed well with this phase of the development now 99% sold. In addition, Probuild Constructions Aust (Probuild) successfully negotiated the design and construct contract for the development which commenced in October 2017.

Edwin Construction, an associate company delivered an improved performance this year with revenue growing by 53%. Following subdued activity in the provincial road sector the business has successfully diversified into new markets securing two new infrastructure projects for private clients during the year. Two road projects secured in the second half of FY17 also supported growth this year.

The operational performances of the Byrne Group is discussed under the operational review of the United Kingdom

Amounts due by customers

The increase in amounts due by customers of R1,1 billion relates predominantly to an amount of R620 million in WBHO Infrastructure in Australia of which R416 million relates to a significant under payment by the client on the OSAR Western Road upgrade project in Australia due to the certification process. WBHO Infrastructure has requested that the process be reviewed in order to better align payment with costs incurred. The consolidation of the Byrne Group at 30 June 2018 added a further R85 million to the balance.

Cash

The cash balances increased by R447 million to R5,9 billion at 30 June 2018 from R5,5 billion at 30 June 2017. This comprises an increase in cash balances in Australia of R461 million, a net decrease in other cash balances of R99 million offset by the recognition of cash balance of R84 million in respect of the Byrne Group which is now a subsidiary.

Cash generated from operations remains healthy amounting to R1,4 billion compared to R1,1 billion generated in the comparative period. Capital expenditure increased marginally from R309 million to R316 million of which R238 million was acquired for cash and R78 million was financed. Depreciation amounted to R240 million (2017: R211 million). Other significant cash outflows included R242 million in respect of equity-accounted investments discussed above. Local and foreign cash balances amounted to R1,2 billion and R4,7 billion respectively.

Changes in non-controlling interests

In terms of the shareholder agreements, Probuild Constructions (Probuild) acquired a further 3.8% interest from minority shareholders during the year at a cost AU\$8,4 million, while WBHO Australia acquired a further 0.8% from minority shareholders at a cost of AU\$1,6 million. The combined effect of these transactions resulted in an increase in the group's interest in Probuild of 4.6% from 80.4% to 85%. In June 2018, WBHO Infrastructure issued 0,8 million shares to management for a consideration of AU\$2,6 million. The group's effective interest in the company reduced from 95.1% to 90.1% as a result.

Contingent liabilities

Financial guarantees issued to third parties amount to R10,7 billion in line with those in issue at 30 June 2017.

Events after the reporting date

On the 18 July 2018, the group acquired a 60% interest in Russells Limited and a 31.7% interest in Russell Homes Limited, both companies located in the UK. The consideration paid amounts to £32,6 million and £3,3 million respectively. Full details of the transaction are included in note 5 of the summary financial statements.

OPERATIONAL REVIEW
BUILDING AND CIVIL ENGINEERING

	% change	2018 Rm	2017 Rm
Revenue	10.3% decline	7 302	8 136
Operating profit	4,5% margin	332	385
Capital expenditure		76	67
Depreciation		45	43

Revenue from the Building and civil engineering division declined by 10% in the current year impacted by shrinking building markets and the completion of a number of mega-projects in the previous year. A moderate improvement in activity within the Coastal building divisions and growth within the Civil engineering division alleviated some of these effects. The decrease in the margin from 4.7% to 4.5% reflects the more competitive environment in general, lower revenue from higher-margin design and construct projects in the current year and a lower margin return from the civil engineering division due to conservative profit recognition on a challenging major project.

Building

The enduring low-growth environment continues to weigh on local building markets, particularly in Gauteng. There has been noticeably less tender activity from the division's traditional larger customers and with fewer large-scale projects available the division is competing against more mid-tier contractors on smaller contracts. As a result overall Building revenue decreased by 17%.

The commercial office sector continued to generate the highest levels of revenue for the division and was in line with the previous year. The sector contributed 47% toward overall revenue and activity was centred in Gauteng where it comprised 66% of revenue from the region. Key projects completed in Gauteng this year include the iconic PWC twisted tower at Waterfall, the new head office for Discovery in Sandton, the redevelopment of 33 Baker Street in Rosebank and the Loftus Park commercial development in Tshwane. Significant ongoing projects include 92 Rivonia, a 4 star rated green building and 2 Pybus both of which are office developments located opposite Sandton City as well as the Rosebank Link opposite the Gautrain station in Rosebank. In the coastal regions, the Sable Park office development in the Western Cape and the CCI offices and ABSA regional head office, both on the Umhlanga Ridge, contributing toward activity.

Residential activity and mixed-use developments, which can comprise elements of residential, retail, hotel and office space, saw a marked improvement during the year. Together, revenue from this sector more than doubled that of the comparative period and contributed 27% toward the total building revenue. Major projects under construction this year encompass further phases of the 6800m² Club Development and the Trilogy apartments at Menlyn Maine in Tshwane, the Umhlanga Arch in KZN, the Yacht Club located at the Foreshore of the V&A Waterfront as well as the Palm Vue and Axis apartments in Century City and student accommodation in Summerstrand in the Eastern Cape.

The retail sector remains heavily subdued and revenue from this sector declined by 60% in FY18. Activity was concentrated in KwaZulu-Natal where the ongoing development in and around Umhlanga has offered opportunities. During the year the Cornubia shopping centre was completed while the extensions to the Gateway shopping centre will be completed early in the next financial year. In Gauteng, activity was limited to smaller refurbishments at the Sandton City and Eastgate shopping centres.

Following the completion of the casino at the Time Square mega-project in Centurion last year, revenue from the hotels and casino sector has reduced to normal levels. The hotel component of Time Square was largely completed this year and supported activity from the sector in Gauteng. The remaining activity was in KZN where construction at the Sun Coast Casino resumed and contributed strongly toward revenue in the region. The award of the Radisson BLU Oceans Hotel in Umhlanga in the second half of the year was also important.

In the Western Cape the division successfully completed the Norval Foundation Gallery in Steenberg.

COMMENTARY (continued)

Industrial activity for the division was concentrated mainly in the Eastern Cape with the first phases of the Yekani project at the East London Industrial Development Zone being successfully handed over and the first phase of a project for BAIC, where a new car assembly plant is being developed in Port Elizabeth, is progressing well.

In Ghana, revenue dropped sharply - with our traditional customer base having lost appetite for the region, the international building team has struggled to replace existing projects. The design and construct contract incorporating new offices for Standard Chartered Bank on behalf of RMB Westport was completed and successfully handed over in the second half of the year and construction of a new mall in Takoradi will continue into next year.

Civil engineering

While revenue from the Civil engineering division grew strongly this year, growth was largely due to the execution of existing projects as opportunities from within both the local market and West Africa remain limited. Construction activity was focused at the crude oil terminal in Saldanha (delivered together with the Roads and earthworks division) and the ongoing re-access works at the Kusile Power Station which comprised the majority of revenue generated. Various delays to the construction programme at the crude oil terminal have resulted in a conservative approach to profit recognition on this project which has impacted the overall margin of the division.

The award of two new mid-sized coal mining infrastructure projects during the year, both for Exxaro, was welcome and hopefully indicative of an improving climate within this sector. These projects consist of a rapid load out station at the Grootegeluk mine in Limpopo and a coal handling facility at Belfast. The division also secured its first marine work project in the second half of the year consisting of repair work at the Durban Harbour. While the project is relatively small in nature, the division has been seeking to diversify into the sector to mitigate low levels of activity in traditional markets.

In Zambia there was a moderate improvement in overall activity during the year supported by civil works at the milling plant for the National Milling Corporation and smaller-scale projects within the mining and industrial sectors. However, following an increase in the copper price activity on these mines has improved and in the second six months of the year the division secured a significantly larger project for the construction of a new infrastructure surrounding the concentrator at the Mopani mine in Mufulira which will support further growth in FY19.

In West Africa, the mining infrastructure projects in Guinea and Ghana also executed in conjunction with the group's Roads and earthworks division are nearing completion but have been highly challenging.

ROADS AND EARTHWORKS

	% change	2018 Rm	2017 Rm
Revenue	15,1% growth	5 282	4 590
Operating profit	7,0% margin	371	342
Capital expenditure		187	178
Depreciation		135	99

Following a strong order intake in FY18, the Roads and earthworks division has achieved solid growth of 15% in the current year. In what was a difficult market, revenue from South Africa was sustained at R3,4 billion and equal to that of the previous year while revenue from the rest of Africa grew by 63% from R1,1 billion to R1,8 billion. Growth from the rest of Africa was spread across all key territories comprising Botswana, Mozambique and West Africa. Local margins improved due to the higher proportion of earthworks, but were hampered by the challenges encountered on the crude oil terminal facility. The overall margin decreased from 7.4% to 7.0% and was negatively affected by poor margins achieved in West Africa on a number of difficult projects discussed further below.

Locally, roadwork and infrastructure for the industrial, mining and energy sectors have comprised the bulk of work executed during the year. Roadwork largely consisted of revenue from existing projects secured in the prior period as the South African National Roads Agency (SANRAL) halted the issue of new tenders pending the finalisation of its future procurement policies. Existing large-scale road projects included upgrade construction on the N1 and N6 in

the Free State and the N2 in the Eastern Cape and the completion of the upgrade to the Oxford road intersection in Johannesburg. New road construction projects awarded this year consisted of new road infrastructure for private clients, extensions to existing roads at Saldanha for the Western Cape provincial government, new bridges and an access road for Transnet also at Saldanha, rehabilitation of the N4 near Zeerust for a toll concession company and the upgrade of a gravel road near Rust de Winter for the Gauteng provincial government. In recent years the division has successfully expanded its footprint nationally within the road sector and is well positioned for when SANRAL resumes spending.

Roadspan, the road surfacing business unit within the division also had a strong year on the back of the high levels of existing road construction, contracting not only internally but with the external market as well.

Revenue from the mining sector consisted mostly of ongoing construction at the Booyensdal mine for Northam Platinum, however a new award for the infrastructure to extend the Klipspruit coal mine in Mpumalanga for South 32 was further evidence of improving activity in the coal mining sector.

Other major infrastructure projects under construction include construction of a haul road, ash dam and accompanying earthworks and infrastructure for SASOL, roads and other infrastructure at the Clairwood logistics park in KZN and the division's participation in the construction of the crude oil terminal facility at Saldanha.

Procurement within local pipeline sector remains challenging with limited opportunities, tender irregularities and high competition with both large and small contractors. A large proportion of work this year was derived internally by offering clients a full suite of construction services alongside the group's other divisions. These included pipeline expertise and construction services at the crude oil terminal facility in Saldanha, the ash dam for SASOL and at the Klipspruit mine for South 32. For external customers, the division executed contracts for Transnet at the Tarlton fuel depot and ongoing small works contracts for Eskom at Rosherville, Joburg Water, Egoli Gas, the City of Cape Town and Natref.

The division continues to construct well-built low cost housing for rural communities in KZN and the Eastern Cape.

In Botswana, revenue grew by 37% comprising mining infrastructure activity at the Debswana diamond mine in Orapa, ongoing construction of a pump station along the North South Carrier Pipeline and the inclusion of the Tshwele Hills rail project being executed by iKusasa Rail Africa.

iKusasa Rail performed well in Africa but as a result of Transnet and Prasa not awarding any new contracts, the result in South Africa was very disappointing.

In Mozambique revenue increased by 76% following a sharp decline in FY17. Activity in the region centred around the Vale coal mine, further rehabilitation of the EN4, pipeline infrastructure and services within the Temane and Pande gas fields for SASOL and construction of a new 60 000m² transfer facility for Grindrod in order to transport graphite to the Nacala port.

Revenue from West Africa also grew sharply by 77% due to various projects secured in Ghana, Guinea and Burkina Faso last year. The simultaneous award of six of these projects, with some located in extremely remote areas, resulted in delays in the mobilisation of resources (particularly plant and the local labour component required under the contract). Additional resourcing aimed at clawing back lost time have resulted in additional costs and weak margin performance.

AUSTRALIA

	% change	2018 Rm	2017 Rm
Revenue	18,0% increase	21 941	18 600
Operating profit	1,3% margin	278	259
Capital expenditure		49	53
Depreciation		52	60

COMMENTARY (continued)

Revenue from the Australian business grew by 22% in dollar terms this year incorporating 14% growth from the building division and 86% growth from the infrastructure division. Negative currency effects of R751 million resulted in growth of 18% when reporting in Rands. Operating profit increased by 7% as lower profitability from the building business due to two under-performing contracts was supported by healthy profitability within the infrastructure business.

Building

The building business recorded good growth in all markets other than Queensland where, following steep growth and substandard performance in prior years, activity was purposefully suppressed to achieve consolidation within the region. The larger Melbourne and Sydney markets continue to drive the majority of building activity in Australia demonstrating growth of 26% and comprising 69% of total revenue. While the division successfully completed a number of large-scale and iconic residential towers and apartments in these cities at good margins during the year, two problematic projects, one in each city, hampered overall profitability. Both projects suffered programme delays resulting in additional costs to reach completion in the current financial year. Growth of 43% in Western Australia was due to ongoing construction at the AU\$400 million Elizabeth Quay development in Perth.

The strong Asian demand, driven mainly by Chinese property investors, that has supported growth over recent years has also seen rising residential prices in the Australian market. A number of interventions by federal government to improve affordability for owner-occupiers has resulted in a shift away from residential-only projects to more mixed-use and hotel developments within the division's project portfolio.

Prominent residential projects and mixed-use developments completed this year include the Victoria One and Marina Towers in Melbourne, the Discovery Point apartments and Phase 2 of the Promenade residential apartments in Sydney.

Activity in Queensland was centred on the completion of the AU\$280 million Jupiters Hotel and Casino on the Gold Coast.

The Monaco Hickey business in Melbourne, which previously focused on specialised medical and pharmaceutical facilities, has successfully restructured its project portfolio to include projects from the sub AU\$50 million building market.

Infrastructure and civil engineering

Following 63% growth from a low base in the prior year, the Infrastructure business achieved further growth of 86% this year with revenue increasing to AU\$365 million which comprises 17% of total revenue in Australia. While the business has always had a strong presence and performed well in Western Australia, penetration of the Eastern markets in Victoria has been the focus in recent years. The award of the AU\$600 million OSAR Western Road upgrade in Melbourne alongside in excess of AU\$200 million of renewable energy projects in rural Victoria has seen the business mature in this market with revenue exceeding that of the Western region for the first time. Nonetheless, the Western Australia business contributed strongly toward overall profitability in the 2018 financial year while the Eastern Region secured two new contracts during the year.

UNITED KINGDOM

(Byrne Group Limited – income accounted for as an associate in the current year)

	2018 Rm
Revenue	2 394
Operating profit	(101)
Restructuring costs	(32)
Finance costs	(8)
Loss before tax	(141)
Taxation	24
Loss after tax	(117)
40% share of after-tax loss	(47)

The Byrne Group has had a disappointing year due to a lower order intake and the start of a number of secured projects significantly delayed. This has adversely affected turnover in the period with revenue for the year to 30 June 2018 of £125 million compared to £303 million in the previous year. The business undertook positive action during the year to reduce its cost base in the face of declining revenue and project uncertainty, however it has not been possible to mitigate the full impact of the reduced level of activity while also keeping core teams in place. The operating loss for the year amounted to £8 million (2017: Operating profit of £3.4 million), which includes £2 million in respect of retrenchment costs.

Byrne Brothers, the specialist concrete frame business, completed projects on Westfield Shopping Centre in Shepherds Bush, the Scalpel, an iconic 37 storey commercial development in the heart of the City of London and a 52 storey residential tower at One Blackfriars overlooking the River Thames.

Ellmer, the refurbishment, new build and fit-out contractor, completed projects at Young Street, a new-build of 53 residential apartments in London's Kensington, the fit-out of apartments at Quadrant 4 in London's Piccadilly and student accommodation at Goldsmiths University.

CONSTRUCTION MATERIALS

	% change	2018 Rm	2017 Rm
Continuing operations			
Revenue	6% decline	842	893
Inter-company sales		(341)	(314)
Revenue to external customers		501	579
Operating profit	1,0% margin	5	2
Capital expenditure		3	11
Depreciation		8	10

The steel supply market remains particularly difficult. Demand has weakened over recent years as low mining and public infrastructure expenditure have impacted the traditional construction markets of the business. Declining building markets have further increased margin pressure in the current year.

Trading conditions in Gauteng remained challenging with low volumes. In the coastal regions, both the Cape and KZN achieved satisfactory volumes, however margins in KZN are exceptionally competitive.

Poor profitability has been further compounded by the current state of the industry in general which has seen a number of companies enter business rescue in both the top and mid-tier markets. This has resulted in increases write-off and provisioning for bad debts.

ORDER BOOK AND OUTLOOK

Order book by segment	%	2018 Rm	%	2017 Rm
Building and civil engineering	12	5 985	16	7 189
Roads and earthworks	9	4 165	14	6 161
Australia	66	32 565	70	31 526
United Kingdom	13	6 446	-	-
Total	100	49 161	100	44 876
Order book by geography				
South Africa	18	8 698	26	11 707
Rest of Africa	3	1 452	4	1 643
Australia	66	32 565	70	31 526
United Kingdom	13	6 446	-	-
Total	100	49 161	100	44 876

COMMENTARY (continued)

The group's total order book at 30 June 2018 increased by 10% from R45 billion to R49 billion. The increase comprises a 32% and 17% decrease in the order books of the Roads and earthworks and Building and civil engineering divisions respectively, a marginal increase of 3% in the order book of Australia and the inclusion of the order book in respect of the Byrne Group in the United Kingdom. The inclusion of the order book of Russells Limited at 30 June 2018 would add a further R4,6 billion to the total book for United Kingdom bringing the total order book to R53,8 billion.

Africa (including South Africa)

While the general building market remains sluggish with fewer opportunities and smaller sized projects, the order intake of the local building division has remained stable through the year albeit with a larger weighting toward the coastal divisions. The division is also benefiting from reduced competition on available large-scale projects resulting in a greater share of a smaller market. Commercial office projects and residential and mixed use developments will again form the bulk of work to be executed. The division has also secured projects after year end to the value of R1,4 billion which will further support activity in FY19.

New awards and significant ongoing projects that will support building activity in Gauteng this year include new offices for Deloitte at Waterfall, a development at 144 Oxford Street in Rosebank, extensions to the Milpark Hospital for Netcare and a new office development for Exxaro. In the coastal regions ongoing projects include the Oceans Hotel and the Umhlanga Arch development in KZN and the Milkwood social housing project and a new packaging line for the South African Breweries in the Eastern Cape. One of the projects secured after year end was a new head office for Capitec in the Western Cape.

In Ghana, construction of the Takoradi mall and a fit out of Game Stores in Accra are the only building projects on hand. The division has been seeking work from potential new clients however negotiations have proved difficult with the division preferring to turn work down where the risk is deemed to be too high.

The Civil engineering division's order book at the beginning of the year was significantly bolstered by the award of the commercial crude oil terminal facility at Saldanha. Having executed a substantial portion of this work without fully replacing it from other civil markets, the order book declined once again. Activity in FY19 will be supported by ongoing work from the energy sector at Kusile and the crude oil terminal, the two local coal mining infrastructure projects secured during year and the work at the Mopani copper mine in Zambia.

The order book of Roads and earthworks division at the beginning of the year was also strengthened by the award of the crude oil terminal facility and a number of large-scale projects for private clients. As with the Civil engineering division, the division has not fully replaced the higher volume of work executed in FY18 with new contracts. As such the order book has fallen in line with the levels of FY16.

Locally, ongoing construction of the ash dam and related infrastructure at SASOL and the crude oil terminal facility in Saldanha will extend well into the 2019 financial year, while various new road contracts secured during the year will sustain activity from this sector. Hopefully the FY19 year will see new work emerge from SANRAL. In recent years the division has supported a number of smaller emerging contractors, developing long-term mutually beneficial strategic relationships which are key to bidding on public infrastructure projects. The new projects for Anglo and South 32 will form the bulk of local mining activity in the year ahead.

Mining infrastructure activity in Botswana has improved with the sizeable project secured in Orapa while other large mining infrastructure projects for which tenders have been submitted offer further opportunities. In Mozambique construction of Section 19 of the EN4 continues alongside small works projects at the Vale coal mine.

In West Africa, the three mining projects secured in Guinea last year are largely complete, however additional work at the Ahafo gold mine in Ghana seems promising. In addition the division is pursuing roadwork in the Ivory Coast and further mining infrastructure projects in Guinea and Ghana.

Australia

The Australian order book has been maintained at levels in excess of AU\$3 billion with the Infrastructure business now growing to 26% of the total book. Demand remains strong in both building and infrastructure markets and the business has migrated toward a smaller number of larger sized projects. Significant infrastructure spending by Federal and State governments is nearing unprecedented levels, which while positive for activity levels, is also attracting increasing levels of international contractors and resulting in cost pressure on key material such as concrete and steel.

Projects from the residential, mixed-use and hotel sectors will continue to form bulk of work to be executed in FY19, particularly following the award of the AU\$ 700 million West Side Place contract for the Far East Consortium in what is to be Melbourne's largest CBD residential development with over 2 600 apartments, and the tallest hotel in the southern hemisphere. New awards from this sector in other states include 443 Queen Street, a new residential development in Brisbane comprising three towers and a AU\$200 million mixed-use development in Western Australia comprising residential accommodation and a hotel. In the commercial space, the building business was awarded a AU\$400 million contract for new offices for the Victorian Police Department on behalf of CBus Property.

The WBHO Infrastructure business order book continues to be underpinned by the OSAR road project and renewable energy projects in the Eastern Region alongside ongoing maintenance contracts in the mining and industrial sectors in the Western Region. The high levels of infrastructure spending and increased order book offer ample opportunity for the business.

United Kingdom (UK)

Stagnant growth and margin pressure within the African business over a number years has prompted WBHO to seek growth opportunities in new markets in order to grow shareholder returns and further diversify the group's earnings platform.

Last year the group acquired a 40% interest in the Byrne Group in London which increased to 80% in June 2018. Subsequent to the end of the year, the group increased its footprint in the UK by acquiring a controlling interest in Russells Limited and a 31.7% interest in Russell Homes Limited which have a strong presence in the North West.

The combined order book of both businesses comprises 21% of the group's order book having added R11 billion to the total.

The London construction market offers substantial opportunity and following the restructuring of the Byrne Group and an improved order intake over the second six months of the year, the business is poised to return revenue volumes back to normalised levels and is expected to operate profitably. The secured order book includes frames at Google's new head office for 7,000 employees near London's King's Cross station as well as two projects in London's Vauxhall area, Aykon One (comprising two residential towers of 50 and 24 storeys) and One Nine Elms, a 56 storey and 42 storey residential development. In respect of Ellmer Construction, the secured order book includes the refurbishment of 180 rooms at the Kingsway Hall Hotel in Covent Garden and the development of 26 high-end luxury apartments at Mayfair Park Residences in London's prosperous Mayfair district. In addition, Ellmer are working on refurbishing five floors and adding a further three floors to Cityside House in Aldgate.

The Manchester market is also strong and the Russells' businesses have relationships with many of the regional developers and housing trusts. With the support of WBHO, the company aims to bid on large-scale projects in the region. Key projects included in FY18 include construction of the Axis Tower, 28 storeys of luxury apartments within a crystal steeple due for completion in 2020 and the refurbishment of Hanover House, a century old heritage building. Other large projects supporting activity in FY19 include the Store Street residential apartment scheme and a new hotel for the Premier Inn. The homes business currently has two residential housing schemes under construction as well a number of other schemes in various stages of planning applications.

WBHO's entry into the UK market offers an exciting new opportunity for the group.

SAFETY

The group's lost time injury frequency ratio (LTIFR) at 30 June 2018 increased slightly from 0,80 injuries per million man hours at 30 June 2017 to 0,91 in the current year. Sadly one WBHO employee and two subcontractor employees were fatally injured on local projects this year. The Board and management offer their sincere condolences to the family, friends and colleagues affected by this tragic loss of life.

APPRECIATION

The challenging conditions locally and in Africa and high demand in Australia have both impacted the work-life balance of our employees. In addition staff in the UK have responded well to the restructuring of the business there. The directors acknowledge the additional effort and commitment given by our employees both in Africa, Australia and the UK and extend their gratitude to them for consistently meeting and exceeding client's expectations. We also thank our loyal clients for their continued trust in our ability to deliver projects of the highest quality on their behalf.

COMMENTARY (continued)

DIVIDEND DECLARATION

Notice is hereby given that the directors have declared a final gross dividend of 325 cents per share (2017: 325 cents) payable to all shareholders recorded in the register on 19 October 2018.

In terms of the dividends tax legislation the following information is disclosed:

The dividend is made from income reserves and is subject to dividend withholding tax of 20% which results in a net dividend of 260 cents per share.

The number of shares in issue at date of declaration amount to 59 890 514 (53 200 121 exclusive of treasury shares) and the company's tax reference number is 9999597710.

In order to comply with the requirements of Strate, the following details are relevant:

Last date to trade cum dividend	Tuesday 16 October 2018
Trading ex dividend commences	Wednesday 17 October 2018
Record date	Friday 19 October 2018
Payment date	Monday 22 October 2018

Shares may not be dematerialised or re-materialised between Wednesday, 17 October and Friday 19 October 2018, both dates inclusive.

Shareholders and interested parties are advised that a presentation of the Company's audited consolidated financial results for the year ended 30 June 2018 will be held at Investec's offices in Sandton on Wednesday, 5 September 2018 at 10:00 and at the Norval Foundation Gallery in Cape Town on Thursday 6 September 2018 at 10:30. The presentation will also be made available on the Company's website at www.wbho.co.za.

EL Nel

CV Henwood

MS Wylie

3 September 2018

Sponsor:

Investec Bank Limited

ADMINISTRATION

WILSON BAYLY HOLMES-OVCON LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1982/011014/06

Share code: WBO

ISIN: ZAE00009932

(WBHO)

REGISTERED OFFICE AND CONTACT DETAILS

53 Andries Street

Wynberg, Sandton, 2090

PO Box 531

Bergvlei 2012

Telephone: +27 11 321 7200

Fax: +27 11 887 4364

Website: www.wbho.co.za

Email: wbhoho@wbho.co.za

COMPANY SECRETARY

Shereen Vally-Kara

ACIS

AUDITORS

BDO South Africa Inc.

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Ltd

Rosebank Towers

15 Biermann Ave

Rosebank

Johannesburg 2196

South Africa

Telephone: +27 11 370 5000

Fax: +27 11 370 5271

SPONSOR

Investec Bank Limited

WBHO.CO.ZA