



**2019**

**AUDITED  
CONSOLIDATED  
FINANCIAL  
STATEMENTS**

**WBHO**

## STATUTORY INFORMATION

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

(Incorporated in the Republic of South Africa)  
(Registration number 1982/011014/06)  
Share code: WBO  
ISIN: ZAE000009932  
(WBHO)

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

53 Andries Street  
Wynberg, Sandton, 2090  
PO Box 531  
Bergvlei, 2012  
Telephone: +27 11 321 7200  
Fax: +27 11 887 4364  
Website: [www.wbho.co.za](http://www.wbho.co.za)  
Email: [wbhoho@wbho.co.za](mailto:wbhoho@wbho.co.za)

### **Company Secretary**

Shereen Vally-Kara  
ACIS

### **Auditors**

BDO South Africa Incorporated

### **Transfer secretaries**

Computershare Investor Services (Pty) 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

### **Level of assurance:**

These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Published: 2 September 2019

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## STATEMENT OF RESPONSIBILITY BY THE BOARD

for the year ended 30 June 2019

### STATEMENT OF COMPLIANCE

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB. The consolidated financial statements comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The directors have also prepared any other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

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

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

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

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

The preparation of the financial statements was supervised by the Chief Financial Officer, Charles Henwood CA(SA) and approved by the board of directors on 30 August 2019 and are signed on its behalf.



**Mike Wylie**  
Chairman



**Louwtjie Nel**  
Chief Executive Officer

2 September 2019

## STATEMENT OF COMPLIANCE BY THE AUDIT COMMITTEE

for the year ended 30 June 2019

### MEMBERS

AJ Bester (Chairman)

KM Forbay

R Gardiner

NS Maziya

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

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

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

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



**Cobus Bester**

*Audit Committee Chairman*

2 September 2019

## STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

for the year ended 30 June 2019

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 2019 and that all such returns are true, correct and up to date.



**Shereen Vally-Kara**

*Company Secretary*

2 September 2019



## DIRECTORS' REPORT

for the year ended 30 June 2019

### NATURE OF BUSINESS

The company is listed on the securities exchange operated by the JSE Limited and is the holding company of a number of subsidiary companies principally engaged in civil engineering and building construction activities in Africa, Australia and the United Kingdom.

### GROUP RESULTS

Revenue increased by 15,9% to R40,6 billion (2018: R35,0 billion) while operating profit before non-trading items decreased by 46,3% to R561 million (2018: R1,05 billion) after accounting for a AU\$57 million (R578 million) loss on the Western Roads Upgrade (WRU) project in Australia. Total earnings attributable to the equity shareholders of the group amounted to R499 million (2018: R816 million) and headline earnings attributable to equity shareholders of the group amounted to R495 million (2018: R752 million). A full reconciliation between earnings and headline earnings is disclosed in note 19. The financial statements set out on pages 10 to 53 provide full details of the financial position, results of operations and cash flows for the year ended 30 June 2019.

### SUBSIDIARIES

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

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

In terms of the shareholder agreements, Probuild Contructions (Aust.) Pty Ltd (Probuild) re-acquired a further 2,0% interest from non-controlling shareholders during the period at a cost of AU\$4,1 million, while WBHO Australia acquired a further 0,81% from non-controlling shareholders at a cost of AU\$1,5 million. The combined effect of these transactions resulted in the group's interest in Probuild increasing from 85,0% to 87,8%.

In July 2018, WBHO UK Limited concluded an agreement in which it acquired a 60% controlling interest in Russells Limited for a consideration of £32,8 million (R572 million). Full details of the transaction are included in note 30.

In February 2019, the non-controlling shareholders of Russells Limited exercised put options in terms of the share purchase agreement. The transaction was concluded on 28 February 2019 for a consideration of £4,8 million (R88 million) and increased the group's shareholding in Russells Limited from 60% to 70%. Full details of this transaction are included in note 29.

### LOSSES IN SUBSIDIARIES

Included in the group's profit before tax of R748 million are pre-tax losses from the following subsidiaries:

Subsidiary	Country of incorporation	Amount of loss
WBHO Infrastructure Pty Ltd	Australia	R555 million
VSL Construction Solutions	South Africa	R15,7 million
WBHO Construction UK Limited	United Kingdom	R8,7 million
WBHO Guinea (SA) Limited	Guinea	R15 million

### EQUITY-ACCOUNTED INVESTMENT

In July 2018, WBHO UK Limited acquired a 31,7% equity-accounted interest in Russell Homes Limited for a consideration of £3,3million (R56,4 million).

### SHARE CAPITAL

The company has 59 890 514 ordinary shares in issue.

Subject to the regulations of the JSE, 5% of the unissued ordinary shares are under the control of the directors until the annual general meeting (AGM) to be held on 20 November 2019 at which time shareholders will be requested to grant the directors control over 5% of the unissued ordinary shares until the next AGM.

### DIVIDENDS

The group declares dividends dependent upon profits earned and the availability of cash. On 30 August 2019 the directors declared a final gross dividend of 190 cents (2018: 325 cents) per ordinary share from income reserves. No interim dividend was declared (2018: 150 cents per ordinary share), resulting in a total payment to shareholders of 190 cents per share (2018: 475 cents).

### SHARE SCHEMES

Details of transactions undertaken by the share trusts and empowerment vehicles are disclosed in note 26. There have been no changes to the trustees of the share schemes for the year under review. In certain of the share schemes, participants 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 financial statements.

### BORROWING POWERS

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

## **DIRECTORATE**

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

In August 2019, Mr MS Wylie announced his intention to retire as chairman of the board at the upcoming AGM on 20 November 2019. Mr EL Nel, who is currently the CEO of the company will replace Mr Wylie as executive chairman. Mr WP Neff will replace Mr Nel as CEO on the same date. Messrs Wylie, Nel and Neff will be working closely with one another over the coming months to ensure a smooth transition. As the appointments relate to members of the executive committee they do not require shareholder approval.

In terms of the memorandum of incorporation, Ms SN Maziya retires at the forthcoming annual general meeting however, Ms Maziya is eligible for re-election. Also in terms of the memorandum of incorporation, Ms KM Forbay and Mr AJ Bester retire by rotation and offer themselves for re-election.

## **DIRECTORS' SHAREHOLDING**

The direct and indirect interests of the directors are disclosed in note 23 of the financial statements.

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

## **RELATED PARTY TRANSACTIONS**

Related party transactions are disclosed under note 23.

## **PROPERTY, PLANT AND EQUIPMENT**

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

## **EVENTS AFTER THE REPORTING DATE**

The board is not aware of any other matter or circumstance arising since the reporting date, not otherwise dealt with in the consolidated financial statements, which significantly affects the financial position of the group as at 30 June 2019 or the results of its operations or cash flows for the year then ended.

## **GOING CONCERN**

The directors have reviewed the budget and forecast cash flows of the group for the period to 30 September 2020. On the basis of this review, and in light of the current financial position, the directors are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future. The going concern basis has been adopted in preparing the consolidated financial statements.

## **SPECIAL RESOLUTIONS**

The following special resolutions were passed at the 2018 AGM:

### **SPECIAL RESOLUTION NUMBER 1**

Approval of non-executive directors' fees for the 2019 financial year.

### **SPECIAL RESOLUTION NUMBER 2**

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

### **SPECIAL RESOLUTION NUMBER 3**

General authority to repurchase company shares.

## **AUDITORS**

BDO South Africa Incorporated will continue in office in accordance with section 90(6) of the Companies Act. At the AGM, shareholders will be requested to re-appoint BDO South Africa Incorporated as the group auditors for the 2020 financial year and it is noted that Mr J Schoeman will be the individual registered auditor who will undertake the audit.

# INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2019

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL  
STATEMENTS

### OPINION

We have audited the consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries ("the group") set out on pages 12 to 62, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of financial performance and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wilson Bayly Holmes-Ovcon Limited and its subsidiaries as at 30 June 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with sections 290 and 291 of the Independent Regulatory Board for

Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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



**Key audit matter****How our audit addressed the key audit matter****Recognition of contract revenue, contract assets and contract liabilities**

The construction industry is characterised by contract risk with significant judgements involved in the assessment of both current and future contractual financial performance.

IFRS 15 'Revenue from Contracts with Customers' is effective for the Group for the financial year ending 30 June 2019. Revenue from construction contracts are recognised over time, measured at the fair value of the consideration received or receivable and includes variations and claims. The output method, being surveys of work performed, is used to determine the progress towards the satisfaction of the performance obligation under long-term contracts with customers. Contract assets and liabilities may arise as a result of the assessment of performance obligations.

Contract modifications and contractual claims to existing performance obligations are taken into account when measuring the revenue over time.

The status of contracts is updated on a regular basis. In doing so, management are required to exercise significant judgement in their assessment of the valuation of contract variations and claims. Dependent on the level of judgement in each, the range on each contract can be individually material. In addition, changes in these judgements, and the related estimates as contracts progress, can result in material adjustments to revenue and margin, which can be both positive and negative. Management exercise judgement when recognising the revenue over time which involves assessing the progress made towards completing the specific performance obligation.

The significant judgement involved when recognising contract revenue has resulted in this area being regarded as a Key Audit Matter.

Refer to the significant judgements and critical accounting estimates F), accounting policies note on pages 21 and 22 and notes 7 and 14 to the annual financial statements for selected disclosures applicable to this matter

Our procedures included amongst others:

- We evaluated and tested the relevant IT systems, and assessed the operating effectiveness of relevant internal controls over the accuracy and timing of revenue recognised in the financial statements.
- We reviewed the group's implementation process relating to IFRS 15 'Revenue from Contracts with Customers' to ensure correct revenue recognition.
- For a sample of contracts, we performed the following procedures:
  - Construction contracts were assessed against the revenue recognition criteria of IFRS 15 'Revenue from Contracts with Customers' focusing on contract classification, allocation of income and cost to performance obligations and timing of transfer of control. Where a contract contained multiple elements, management's judgements were considered as to whether they comprised performance obligations that should be accounted for separately, and, in such cases, the judgements made in the allocation of the consideration to each performance obligation were challenged.
  - Obtained an understanding of the performance and status of the contracts through enquiries with management and contract directors having oversight over the various contracts.
  - Tested the contract status through the examination of externally generated evidence, such as approved variations and customer correspondence.
  - Analysed the estimates for total forecast revenue, costs and profit to complete through inspection of contract documentation, including taking into account the historical accuracy of such estimates to perform a reasonability of the estimate made by management of the progress made towards completion of the performance obligation.
  - Calculated management's estimate of the progress made towards completion of the performance obligation based on the input method and compared it to the survey of work performed to assess the reasonability of contract assets and contract liabilities recognised.
  - Agreed the certified revenue amounts recognised to revenue certificates.
  - Assessed the provisions for loss making contracts to determine whether these appropriately reflect the expected contractual positions.
  - Tested the recoverability of contract assets and the related receivables.
  - Assessed the completeness and validity of allowances recorded by management based upon the liabilities that may arise from disputes with customers or rectification works required through interviewing contract directors and reviewing the correspondence with customers and legal advisors.
- We considered the adequacy of the disclosure made in the financial statements with reference to the disclosure requirements of IFRS 15 'Revenue from Contracts with Customers'.

**INDEPENDENT AUDITOR'S REPORT** (continued)  
for the year ended 30 June 2019

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of goodwill</b></p> <p>IAS 36 'Impairment of Assets' requires from management to carry out an annual impairment test of goodwill. The assessment process is complex and requires significant management judgement based on assumptions including the estimated cash flows and future profitability for the related businesses against which appropriate long-term growth rates and discount rates must be applied.</p> <p>The significant judgement involved when testing for the impairment of Goodwill has resulted in this area being a Key Audit Matter.</p> <p>Refer to the significant judgements and critical accounting estimates B), accounting policies note on page 18 and note 3 to the annual financial statements for selected disclosures applicable to this matter</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• We obtained copies of the valuation models used to determine the recoverable amount of each cash-generating unit, evaluated the appropriateness of the models used and tested the arithmetical accuracy of the models.</li> <li>• We challenged the assumptions underpinning the models, including the discount rates used, long-term growth rates and cash flow forecasts. This was achieved through: <ul style="list-style-type: none"> <li>– discussions with management;</li> <li>– consultation with our internal valuation specialists to critically assess the model used and the reasonability of the discount rates and long-term growth rates applied;</li> <li>– assessment of the reasonableness of forecast future cash flows by comparison to historical performance and future outlook; and</li> <li>– performing a sensitivity analysis taking into account the historical forecasting accuracy of the group.</li> </ul> </li> <li>• We also assessed whether assumptions have been determined and applied consistently year on year and across the group.</li> <li>• We considered the adequacy of the disclosure made in the financial statements with reference to the disclosure requirements of IAS 36 'Impairment of Assets'.</li> </ul>
<p><b>Completeness and adequacy of closed contract provisions and other provisions</b></p> <p>The group holds provisions in respect of claims and construction related provisions that have arisen, or that may arise based on prior experience, subsequent to the completion of certain contracts, as well as in relation to other matters of litigation including current legal disputes.</p> <p>The determination and valuation of provisions is judgmental by its nature and require a high degree of estimation and judgement by contract directors and management.</p> <p>The significant judgement involved when estimating the amount and timing of the provision has resulted in this area being a Key Audit Matter.</p> <p>Refer to the significant judgements and critical accounting estimates F), accounting policies note on page 21 and note 13 to the annual financial statements for selected disclosures applicable to this matter</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• Enquired of contract directors and management, and inspected board minutes for actual and potential claims arising in the year, and challenged whether provisions are required for these claims.</li> <li>• For all significant known issues and claims provided for, we inspected the calculation of the provision held and compared this to third party evidence, where available.</li> <li>• In respect of open matters of litigation, we had discussions with the Group's internal and external legal advisors and reviewed correspondence in respect of these matters.</li> <li>• We assessed each provision against the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and assessed whether the Group's disclosures present the potential liabilities of the Group in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.</li> </ul>

**Key audit matter****How our audit addressed the key audit matter****Recognition and measurement of Onerous contracts**

The group recognised a provision in respect of anticipated future losses on the Western Roads Upgrade (WRU) project in Australia.

An extensive due diligence was performed by the project delivery team assisted by senior Australian and South African management. The outcome of this exercise led to a loss provision of ZAR500 million being recognised together with a write-back of ZAR 69 million in profit recognised in the 2018 financial year.

The significant judgement involved when estimating the expected future losses on the WRU project has resulted in this area being a Key Audit Matter.

Refer to the significant judgements and critical accounting estimates E), accounting policies note on page 21 and note 13 to the annual financial statements for selected disclosures applicable to this matter

Our procedures included amongst others:

- Group audit instructions addressing the significant audit areas in general as well as specific information required to be reported on to the group audit team relating to onerous contracts was issued to the component auditor. We held various planning, execution and completion meetings and discussions with the component auditor and senior management throughout the engagement.
- We assessed the competence, knowledge and experience of the component audit team and performed a review of the procedures listed below to assess the adequacy of the work performed in respect of the onerous contract.
- The following procedures, amongst others, were performed by the component auditors:
  - Reviewing Management’s Position Paper on the loss making project and challenging the assumptions applied by Management to agree the accuracy and completeness of the provision recorded.

The review considered:

- The robustness of Management’s forecasts and budgeted cost to complete;
- Current status of legal activity in relation to the contract;
- Recalculation of the adjusted forecast loss to agree the clerical accuracy of Management’s assessment;
- Review of revenue and cost adjustments included in the forecast loss position.
- At group level, we performed the following procedure, amongst others:
- We reviewed management’s assessment of the loss provision and calculations for adequacy.
- We considered the adequacy of the disclosure made in the financial statements with reference to the disclosure requirements of IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’.

**Expected Credit Losses (ECL)**

IFRS 9 ‘Financial Instruments’ is effective for the group for the financial year ending 30 June 2019. The Standard requires the recognition of expected credit losses (‘ECL’) rather than incurred credit losses and is therefore, judgmentally, a different approach.

The process to calculate the ECL requires complex calculations and takes into account significant judgements and assumptions surrounding items such as techniques used to determine the Probability of Default (‘PD’) and Loss Given Default (‘LGD’), market conditions, debtor solvency rates, historical returns, expected returns and factoring in future economic assumptions.

The group’s assessment of the PD and LGD is based on historical data. The measurement of ECL is a function of the PD, LGD and the exposure at default. The historic ECL is adjusted for forward looking information. Management has used an expert to measure ECL.

The significant judgement involved when estimating the expected credit loss has resulted in this area being a Key Audit Matter.

Refer to the significant judgements and critical accounting estimates H), accounting policies note on pages 19 and 20 and note 24 to the annual financial statements for selected disclosures applicable to this matter

Our procedures included amongst others:

- We evaluated management’s expert by performing the following procedures:
  - evaluated their competence, capability and objectivity;
  - obtained an understanding of the work of the expert; and
  - evaluated the appropriateness of the expert’s work.
- We obtained an understanding of the Group’s process for estimating the ECL.
- We tested the completeness of financial assets evaluated to determine whether all assets included in the calculations by comparing it to the assets included on the statement of financial position and assessed whether they met the definition of a financial asset.
- For forward-looking assumptions used by the group, we held discussions with management and their expert and corroborated the assumptions applied using both internal and publicly available information.
- We have agreed input information into expert’s ECL model to data from the company’s financial systems to ensure accuracy.
- We have consulted with our internal IFRS 9 specialists to critically assess the assumptions and judgments used by management’s expert.
- We considered the adequacy of the disclosure made in the financial statements with reference to the disclosure requirements of IFRS 7 ‘Financial Instruments: Disclosures’.

## INDEPENDENT AUDITOR'S REPORT (continued)

for the year ended 30 June 2019

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Wilson Bayly Holmes-Ovcon Limited Consolidated Financial Statements for the year ended 30 June 2019" and in the document titled "Wilson Bayly Holmes-Ovcon Limited Separate Financial Statements for the year ended 30 June 2019", which includes the Directors' Report, the Statement of Compliance by the Audit Committee and the Statement of Compliance by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

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

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Wilson Bayly Holmes-Ovcon Limited for 33 years.



**BDO South Africa Incorporated**  
 Registered Auditors  
 J Schoeman  
 Director  
 Registered Auditor

2 September 2019

Wanderers Office Park  
 52 Corlett Drive  
 Illovo  
 2196

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2019

	Note	Audited 2019 R'000	Audited 2018 R'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	2	1 936 709	1 883 072
Goodwill	3	921 103	531 117
Equity-accounted investments	4	1 069 328	745 059
Long-term receivables	5	346 253	373 136
Deferred taxation	10	903 657	667 779
<b>Total</b>		<b>5 177 050</b>	<b>4 200 163</b>
Current assets			
Inventories	6	327 520	284 543
Contract assets	7	1 423 218	1 816 792
Trade and other receivables	8	6 717 509	6 213 877
Taxation receivable		167 546	116 020
Cash and cash equivalents	28	5 951 985	5 992 461
<b>Total</b>		<b>14 587 778</b>	<b>14 423 693</b>
<b>Total assets</b>		<b>19 764 828</b>	<b>18 623 856</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Share capital		28 565	28 565
Reserves		5 843 621	5 783 074
Shareholders' equity		5 872 186	5 811 639
Non-controlling interests	11	261 645	207 517
<b>Total</b>		<b>6 133 831</b>	<b>6 019 156</b>
Non-current liabilities			
Long-term liabilities	9	193 164	169 718
Deferred taxation	10	174 131	27 527
<b>Total</b>		<b>367 295</b>	<b>197 245</b>
Current liabilities			
Contract liabilities	7	2 206 511	2 337 660
Trade and other payables	12	8 627 016	8 293 976
Provisions	13	2 414 682	1 764 968
Taxation payable		15 493	10 851
<b>Total</b>		<b>13 263 702</b>	<b>12 407 455</b>
<b>Total equity and liabilities</b>		<b>19 764 828</b>	<b>18 623 856</b>



## CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Note	Audited 2019 R'000	Audited 2018 R'000
Revenue	14	40 614 297	35 028 475
Operating expenses		(38 651 603)	(32 962 005)
Administrative expenses		(1 404 034)	(1 021 073)
Expected credit loss		2 575	–
<b>Operating profit before non-trading items</b>	15	<b>561 235</b>	1 045 397
Gain on loss of control of subsidiary		–	5 092
Loss on deemed disposal of equity-accounted investment		–	(57 544)
Gain on bargain purchase of subsidiary		–	101 675
Share-based payment expense		(48 394)	(63 759)
<b>Operating profit</b>		<b>512 841</b>	1 030 861
Share of profits and losses from equity-accounted investments		51 958	(4 830)
Finance income	16	207 012	192 094
Finance costs	16	(23 565)	(23 627)
<b>Profit before tax</b>		<b>748 246</b>	1 194 498
Income tax expense	17	(199 253)	(351 053)
<b>Profit for the year</b>		<b>548 993</b>	843 445
<b>Other comprehensive income</b>			
Items that may be reclassified through profit or loss:			
Translation of foreign entities		(61 679)	23 493
Translation of net investment in a foreign operation		(10 616)	3 304
Tax effect of above items		2 972	(925)
Share of other comprehensive income from equity-accounted investments	4	16 602	(10 153)
<b>Total other comprehensive income for the year</b>		<b>496 272</b>	859 164
<b>Profit from operations attributable to:</b>			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		498 528	815 872
Non-controlling interests		50 465	27 573
		<b>548 993</b>	843 445
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		445 807	831 591
Non-controlling interests		50 465	27 573
		<b>496 272</b>	859 164
<b>Earnings per share (cents)</b>	19		
Basic earnings per share		938,7	1 534,3
Diluted earnings per share		938,5	1 533,8

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Number of ordinary shares issued	Number of shares held by share trusts	Net shares issued to the public
Balance at 30 June 2017	63 190 064	10 024 058	53 166 006
Vested shares	–	(34 115)	34 115
Shares bought back	(3 299 550)	(3 299 550)	–
Profit for the year	–	–	–
Other comprehensive income for the year	–	–	–
Share of movement in equity-accounted investments' equity	–	–	–
Dividend paid	–	–	–
Share-based payment expense	–	–	–
Share-based payment settlement	–	–	–
Loans repaid to non-controlling interests (NCI)	–	–	–
NCI raised on acquisition of subsidiary	–	–	–
Acquisition of NCI without a change in control	–	–	–
<b>Balance at 30 June 2018</b>	<b>59 890 514</b>	<b>6 690 393</b>	<b>53 200 121</b>
Vested shares	–	<b>(4 399)</b>	<b>4 399</b>
Treasury shares acquired	–	<b>33 500</b>	<b>(33 500)</b>
Adoption of IFRS 15 adjustment	–	–	–
Adoption of IFRS 9 adjustment	–	–	–
Profit for the year	–	–	–
Other comprehensive income for the year	–	–	–
Share of movement in equity-accounted investments' equity	–	–	–
Dividend paid	–	–	–
Share-based payment expense	–	–	–
Share-based payment settlement	–	–	–
NCI raised on acquisition of subsidiary	–	–	–
Acquisition of NCI without a change in control	–	–	–
<b>Balance at 30 June 2019</b>	<b>59 890 514</b>	<b>6 719 494</b>	<b>53 171 020</b>
Authorised share capital			
– ordinary shares of no par value	100 000 000		
– redeemable preference shares of no par value	20 000 000		

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

Share capital R'000	Foreign currency translation reserve R'000	Non- distributable reserves R'000	Distributable reserves R'000	Shareholders' equity R'000	Non-controlling interests R'000	Total equity R'000
28 597	199 952	(2 875)	5 074 831	5 300 505	139 895	5 440 400
-	-	-	-	-	-	-
(32)	-	-	-	(32)	-	(32)
-	-	-	815 872	815 872	27 573	843 445
-	23 493	2 379	-	25 872	3 781	29 653
-	(10 153)	-	-	(10 153)	-	(10 153)
-	-	-	(275 153)	(275 153)	(10 186)	(285 339)
-	-	63 759	-	63 759	-	63 759
-	-	(48 951)	-	(48 951)	-	(48 951)
-	-	-	-	-	1 388	1 388
-	-	-	-	-	55 368	55 368
-	-	-	(60 080)	(60 080)	(10 302)	(70 382)
28 565	213 292	14 312	5 555 470	5 811 639	207 517	6 019 156
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(36 049)	(36 049)	(7 751)	(43 800)
-	-	-	(57 539)	(57 539)	(3 428)	(60 967)
-	-	-	498 528	498 528	50 465	548 993
-	(61 679)	(7 644)	-	(69 323)	(6 245)	(75 568)
-	16 602	-	-	16 602	-	16 602
-	-	-	(184 100)	(184 100)	(26 850)	(210 950)
-	-	48 394	-	48 394	-	48 394
-	-	(81 481)	-	(81 481)	-	(81 481)
-	-	-	-	-	120 388	120 388
-	-	-	(74 485)	(74 485)	(72 451)	(146 936)
28 565	168 215	(26 420)	5 701 825	5 872 186	261 645	6 133 831

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Note	Audited 2019 R'000	Audited 2018 R'000
Operating profit before working capital requirements		1 433 340	1 126 373
Working capital changes		33 448	263 158
<b>Cash generated from operations</b>	28.1	<b>1 466 788</b>	1 389 531
Net finance income		201 722	186 129
Taxation paid	28.2	(327 253)	(362 634)
Dividends paid		(193 351)	(285 339)
Cash retained from operations		1 147 906	927 687
<b>Cash flow from investing activities</b>			
Advance of long-term receivables		(19 215)	(38 774)
Repayment of long-term receivables		49 342	131 923
Acquisition of subsidiary	30	(571 670)	–
Additional investment in equity-accounted investments		(98 301)	(241 921)
Acquisition of equity-accounted investments		(56 577)	–
Loans repaid by equity-accounted investments		10 690	–
Settlement of contingent consideration		(17 778)	–
Proceeds on disposal of property, plant and equipment		59 607	78 175
Purchase of property, plant and equipment		(223 234)	(238 274)
		(867 136)	(308 871)
<b>Cash flow from financing activities</b>			
Repayment of borrowings		(36 668)	–
Acquisition of non-controlling interests without a change in control		(146 936)	(93 148)
Purchase of shares for equity-settled incentives		(89 933)	(63 611)
Instalments in respect of finance lease liabilities	28.3	(170 963)	(63 165)
		(444 500)	(219 924)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(163 730)</b>	398 892
Foreign currency translation effect on cash held		(16 254)	(31 002)
Cash and cash equivalents at the beginning of the year		5 992 461	5 545 583
Cash and cash equivalents acquired	30	139 508	83 756
Cash and cash equivalents derecognised		–	(4 768)
<b>Cash and cash equivalents at the end of the year</b>	28.4	<b>5 951 985</b>	5 992 461

## PRINCIPAL ACCOUNTING POLICIES

for the year ended 30 June 2019

### STATEMENT OF COMPLIANCE

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

### BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis. The accounting policies adopted have been consistently applied throughout the group to all the periods presented except for the adoption of the new standards as set out in note 32. The consolidated financial statements have been prepared on the going concern basis.

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

### SIGNIFICANT JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES

In preparing the 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 and equity-accounted investments depending on the contractual rights and obligations of each investor. The judgements used have been disclosed in note 4.

#### B) IMPAIRMENT OF GOODWILL

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

#### C) PROPERTY, PLANT AND EQUIPMENT

Judgement is applied in determining the residual value and useful lives of items of property, plant and equipment using relevant information available for similar assets. This has been disclosed in note 2.

#### D) PROVISIONS

Estimates are made of the expected cash outflow taking into account that the exact amount and timing of the outflow is uncertain. This has been disclosed in note 13.

#### E) ONEROUS CONTRACT PROVISION

In the current year the group has made provision for the unavoidable costs of meeting its obligations on a contract in

Australia, to the extent that such costs exceed the economic benefits expected to be received.

The outcome of currently pending and future legal, judicial, regulatory and commercial-in-confidence negotiations cannot be predicted with certainty. An adverse outcome of any of the above variables could result in additional net costs not covered, either wholly or partially, under the existing provision. Similarly, if outcomes are more positive, the existing provision may not be required in full.

#### F) CONSTRUCTION PROFIT OR LOSS RECOGNITION

When determining the transaction price of a contract, management is required to make estimates of the value of unapproved variations and claims as well as the probability that they will not be reversed. Estimates are also made of the total expected costs when determining the impact of onerous contracts.

#### G) FAIR VALUE

The group is required to measure fair value for both financial and non-financial assets and liabilities and when recognising identifiable assets and liabilities under business combinations. Judgement and estimates are required when determining the inputs to be used in the various valuation methods used. This has been disclosed in note 24.

#### H) EXPECTED CREDIT LOSS

The group utilises the Moody's Analytics Credit Loss and Impairment Analysis Suite to determine probabilities of default, loss given ratios and forward-looking expected credit losses. The output from the model contains an estimate of future economic conditions based on varying forecasts, scenarios, weightings and assumptions. This has been disclosed in note 24.

### BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the holding company, its subsidiaries, joint arrangements and associates.

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

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

Structured 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.

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

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

## PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 30 June 2019

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

### SUBSIDIARIES

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

### NON-CONTROLLING INTERESTS

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

### CHANGES IN SHAREHOLDING

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

### LOSS OF CONTROL

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

### JOINT OPERATIONS

Joint operations are arrangements where the parties have joint control of the arrangement's assets and obligations in respect of the arrangement's liabilities. The financial and operating decisions in respect of joint operations require the unanimous consent of all the parties. The group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation and
- its expenses, including its share of any expenses incurred jointly.

### EQUITY-ACCOUNTED INVESTMENTS

The group's interest in equity-accounted investees comprise interests in associates and joint ventures.

An associate company is an entity over which the group has the ability to exercise significant influence. A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint venture are initially recognised at cost,

which includes transaction costs. Subsequently, the equity method of accounting is applied whereby the group's share of the post-acquisition earnings and reserves are incorporated into the financial statements.

The equity method is applied until the effective date of disposal, or any other date where significant influence or joint control has ceased. The group's share of post-acquisition losses is recognised up to the value of its investment and any subordinated loans.

### BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations when control is transferred to the Group. The consideration transferred for the acquisition of a business is measured at fair value, which is calculated as the sum of the net fair values of the assets transferred by the Group. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Transaction costs arising from the acquisition are expensed in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, is recognised in profit or loss.

If the initial accounting for the business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### GOODWILL

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirers' previously held interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses. Goodwill recognised on the acquisition of associates or joint ventures is included in the equity-accounted investment.

On disposal of a subsidiary the attributable goodwill is included in the determination of the profit or loss on disposal.

### SEGMENT 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. Refer to note 27 where the segment report has been disclosed.



## MEASUREMENT OF FAIR VALUES

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

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

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

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

## FINANCIAL INSTRUMENTS

With effect from 1 July 2018, the group has adopted IFRS 9: Financial Instruments using the cumulative method where the impact of IFRS 9 on the opening balances of relevant financial assets was adjusted against opening distributable reserves. As such, the comparative figures in respect of these financial assets are disclosed using the previous accounting treatment for financial assets prescribed IAS 39: Financial Instruments: Recognition and Measurement. Both accounting policies have been included for the convenience of the users of these financial statements.

### ACCOUNTING POLICY APPLICABLE FROM 1 JULY 2018:

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial assets are classified as financial assets recognised at amortised cost and are initially recognised at fair value, including directly attributable transaction costs.

Financial liabilities are initially recognised at the fair value of consideration received net of transaction costs as appropriate and subsequently measured at amortised cost.

### CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Financial assets that meet the following conditions are classified and subsequently measured at amortised cost:

- the financial asset (contract assets, contract and trade and other receivables) is held where the objective is to hold the financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset (long-term receivables and equity loans related to equity-accounted entities) give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period. Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset

contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers contingent events that would change the amount or timing of cash flows and terms that may adjust the amount to be repaid.

### IMPAIRMENT OF FINANCIAL ASSETS

The group recognises a loss allowance for financial assets that are measured at amortised cost on expected credit losses (ECL).

Loss allowances are deducted from the gross carrying amount of the financial assets.

### MEASUREMENT OF EXPECTED CREDIT LOSSES

A historic ECL percentage is calculated based on the function of the probability of default (PD) and loss given default (LGD) (which represents the quantum and value of losses arising from default), applied to the exposure to default. The group considers a default to have occurred when a financial asset is more than 90 days past due.

The assessment of the probability of default and loss given default is determined from an analysis of historical data (where available). The historic ECL is adjusted taking into account quantitative and qualitative forward-looking information. The exposure to default represents the gross carrying amount of a financial asset or portfolio of financial assets at the reporting date.

ECLs are measured at the present value of all cash shortfalls arising from a credit default event, discounted at the original effective interest rate.

### CONTRACT ASSETS AND TRADE AND OTHER RECEIVABLES

The group recognises lifetime ECLs for contract and other receivables that reflects changes to the credit risk profile of either an individual financial asset or a portfolio of financial assets (as appropriate) at each reporting date. A lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset.

The group identifies specific material exposures to entities for which separate credit risk information is available at the reporting date. These entities are evaluated individually and where applicable, different ECL's are assigned.

For the balance of the contract assets and trade and other receivables portfolio, an ECL is measured on a collective basis using the simplified approach.

Financial assets exhibiting similar credit risks and behaviour are grouped together as follows:

- General construction (excluding separately identifiable exposures);
- Subcontractor and supply; and
- Sundry receivables.

The PD and LGD ratios for contract and other receivables are calculated based on the actual credit loss experience over the three to five years of non-credit impaired trade receivables.

The group considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:

- Significant financial difficulty of the customer;
- Liquidation, business rescue proceedings or other forms of financial reorganisation are implemented; or
- Any other event where the likelihood of full settlement is remote.

## PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 30 June 2019

In instances where the group determines a receivable to be credit-impaired, the receivable is excluded from the portfolio for the purposes of calculating an ECL and a specific credit loss is raised based on an assessment of the individual circumstances relating to the default event.

Receivables are written off when all efforts to collect the outstanding balance have been exhausted.

### LONG-TERM RECEIVABLES AND LOANS TO EQUITY-ACCOUNTED INVESTMENTS:

The group recognises ECLs on long-term receivables and loans to equity-accounted investments that reflects changes to the individual credit risk profile of each financial asset at the reporting date.

The PD and LGD ratios as well as the conversion to account for forward-looking information for these financial assets are determined using statistical models from established ratings agencies, taking into account any underlying financial information available, external credit ratings and the industry and country in which the counterparty operates.

### DERECOGNITION

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

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

### ACCOUNTING POLICY APPLICABLE PRIOR TO 1 JULY 2018:

Financial instruments were recognised when the entity became party to the contractual provisions of the instruments. Financial instruments were recognised initially on transaction date at fair value plus transactions costs.

Financial assets which were expected to be recovered within 12 months of the reporting date were classified as current.

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

The group's categories were as follows:

- Loans and receivables
- Financial liabilities held at amortised cost

### LOANS AND RECEIVABLES

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. Subsequent to initial recognition, they were measured at amortised cost. Amortised cost was calculated using the effective interest method.

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

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

The group assessed at the end of each reporting period whether there was objective evidence that loans and receivables were impaired. Objective evidence of impairment may have been as a result of one or more events occurring that had an impact on the estimated future cash flows of the asset.

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

Trade and other receivables were measured at amortised cost less allowance for credit losses. Any credit loss was recognised in profit or loss.

For the purpose of the statement of cash flow, cash and cash equivalents comprised bank balances and cash with original maturities of three months or less. Cash and cash equivalents were reflected at year-end bank statement balance.

### FINANCIAL LIABILITIES HELD AT AMORTISED COST

These instruments included trade payables, accruals, and amounts owed for assets held under finance lease agreements and were carried at amortised cost using the effective interest method.

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

### DERECOGNITION

Financial assets or a portion thereof were derecognised when the group's rights to the cash flows expired, when the group transferred all the risks and rewards related to the financial asset or when the group lost control of the financial asset.

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

## 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.

### DEPRECIATION

Plant and equipment is depreciated to its estimated residual value over its expected useful life. Land is not depreciated. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date. The depreciation methods and average depreciation periods are set out in note 2.

### DISPOSALS

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

## INVENTORIES

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

The cost of materials on site, raw materials, consumable stores and trading stock is determined using the weighted-average basis.

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

## IMPAIRMENT OF NON-FINANCIAL ASSETS

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

Impairment tests in respect of goodwill are performed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment tests in respect of assets other than goodwill are performed when there is an indicator of impairment.

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

Impairment losses and reversal of impairment losses are included in profit or loss. An impairment loss recognised for goodwill is not reversed.

## LEASES

### FINANCE LEASES

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

### OPERATING LEASES – LESSEE

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

## PROVISIONS

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

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

## ONEROUS CONTRACTS

An onerous contract is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The present obligation under an onerous contract is recognised and measured as a provision.

## REVENUE RECOGNITION

With effect from 1 July 2018, the group adopted IFRS 15: Revenue from Contracts with Customers using the cumulative method where the impact of adopting the standard was adjusted against opening distributable reserves. As such, the comparative amounts are disclosed using the previous accounting treatment for revenue, namely IAS 11: Construction Contracts and IAS 18: Revenue and the related interpretation standards. Both accounting policies have been included for the convenience of the users of these financial statements.

### ACCOUNTING POLICY APPLICABLE FROM 1 JULY 2018:

The group recognises revenue from the following major sources:

- Construction contracts for the construction of buildings, roads and other infrastructure; and
- Supply of construction materials including asphalt, bitumen and long-steel products.
- Sale of properties

Revenue comprises the consideration received or receivable on contracts entered into with customers in the ordinary course of the group's activities and is shown net of taxes and amounts collected on behalf of third parties. The amount of revenue recognised is the value of the transaction price allocated to each completed or partially completed performance obligation depicting the consideration the entity is entitled to, in exchange for transferring the goods and services promised within the contract to the customer.

The group does not foresee any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year. Therefore no significant element of financing is deemed to be present and no adjustment for the time value of money is made to the group's transaction prices.

The operating cycle of construction assets and liabilities is considered more than 12 months, as the net assets are continually circulating as working capital distinguishing it from those net assets used in the group's long-term operations. Accordingly, construction assets and associated liabilities are classified as current as they are expected to be settled within the same operating cycle.

### CONSTRUCTION CONTRACTS

The group provides construction services embodying single performance obligations under long-term contracts with customers. Revenue is recognised over time where the customer controls the work in progress as the asset is constructed, or where the asset being constructed has no alternative use and the group has an enforceable right to payment for work done to date.

## PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 30 June 2019

Contract modifications and contractual claims, representing variable revenue, are common within the construction industry. The transaction price is adjusted for approved variations and claims in full. For unapproved variations and claims the transaction price is adjusted only to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, when the uncertainty associated to the variability is resolved.

Construction contracts regularly contain penalty provisions for late completion. The transaction price is adjusted for penalties on a contract-by-contract basis only where it is highly probable that the penalties will be implemented.

The output method, incorporating surveys of work performed, is applied to measure performance based on the value of goods and services delivered relative to those undelivered. This method best represents the fair value of the construction works performed and the transfer of control of the goods and services to the customer.

Revenue recognised in accordance with a measure of performance is not necessarily aligned with the payment terms of the contract. In addition, retention monies are often withheld from payment until the performance obligations have been substantially completed. Where performance under the contract exceeds the payment received to date, a contract asset is recognised. Contract assets are recognised as a trade receivable once the contractual right to consideration is unconditional, subject only to the passage of time. Uncertified work, retentions, unapproved variation orders and the group's assessment of the outcome of contractual claims are recognised as contract assets. Where payment is received in respect of construction work yet to be performed, the revenue attributed thereto is not recognised but accounted for as a contract liability.

### SALE OF CONSTRUCTION MATERIALS

The group recognises revenue at a point in time, being when the customer takes possession of the goods, usually on delivery or collection thereof.

### SALE OF PROPERTIES

Revenue from property sales is recognised at a point in time once legal ownership of the property has transferred to the customer.

### ACCOUNTING POLICY APPLICABLE PRIOR TO 1 JULY 2018:

Revenue was recognised when it could be reliably measured and it was probable that the economic benefits associated with the transaction would flow to the group. All revenue was recognised based on the fair value of the consideration received or receivable, and was stated net of value added taxes and trade discounts, if applicable.

### CONSTRUCTION REVENUE

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

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

### SALE OF MATERIALS

Revenue arising from the sale of materials was recognised when the group transferred the item, through delivery, to the customer or collection by the customer, and the significant risks and rewards of ownership had been transferred to the customer.

### OTHER INCOME

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

- Finance income was recognised using the effective interest rate method; and
- Dividend income was recognised when the shareholder's right to receive payment had been established.

## FOREIGN CURRENCY

### 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 recognised in the functional currency using the exchange rates prevailing at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical costs in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions as well as the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## INCOME TAX

Income tax for the period comprised current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items directly recognised in equity or in other comprehensive income.

### CURRENT TAXATION

The current tax charge represents the calculated taxation payable on the taxable income for the year using substantively enacted tax rates and includes any adjustments to tax payable in respect of prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

## DEFERRED TAXATION

Deferred taxation is recognised in respect of temporary differences between the carrying amounts for financial reporting purposes and the tax base used for tax purposes.

Deferred taxation is not recognised on temporary differences relating to:

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent they will probably not reverse in the foreseeable future.

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

Deferred tax assets and liabilities are offset only if certain criteria are met.

## DIVIDEND WITHHOLDING TAX

Dividend tax is withheld at a rate of 20% on all South African shareholders registered unless a shareholder qualifies for an exemption or at a lower rate in terms of double taxation agreements.

## EMPLOYEE BENEFITS

### DEFINED CONTRIBUTION BENEFITS

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

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

### SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are expenses as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present or legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 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.

## SHARE-BASED PAYMENT ARRANGEMENTS

### EQUITY-SETTLED

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

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

### ORDINARY SHARES

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

### TREASURY SHARES

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the non-distributable reserve.

When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented in share premium.

## EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Earnings per share is calculated by dividing attributable earnings by the weighted average number of ordinary shares in issue. Appropriate adjustments in terms of Circular 4/2018 issued by The South African Institute of Chartered Accountants are made in calculating headline earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to include conversion of all dilutive potential ordinary shares.



## PRINCIPAL ACCOUNTING POLICIES (continued)

for the year ended 30 June 2019

### STANDARDS AND INTERPRETATIONS

The group has applied the following standards for the first time for the current reporting period:

Standard	Effective date – annual periods commencing on or after:	Description
IFRS 15 Revenue from Contracts with Customers	1 January 2018	<p>IFRS 15 applies to revenue from contracts with customers and replaces all of the previous revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognise revenue and the related cash flows.</p> <p>The group undertook a comprehensive analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus on understanding whether the timing and amount of revenue recognised could differ under IFRS 15. Changes in accounting policies resulting from IFRS 15 have been applied as at 1 July 2018, with no restatement of comparative information for prior year other than certain presentation changes.</p> <p>The group performed an assessment of IFRS 15 on its revenue streams being construction revenue and sale of goods. Except for the accounting of tender costs under IAS 11, there is no significant difference on how the group accounts for revenue under IAS 18 and IAS 11 compared to IFRS 15. The impact on adoption of IFRS 15 is disclosed in note 32.</p>
IFRS 9 Financial Instruments (2009 and 2010)	1 January 2018	<p>IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement” and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.</p> <p>IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and required the group to reassess classification of financial assets from four to three primary categories namely amortised cost, fair value through profit or loss and fair value through other comprehensive income. This reflects the business model in which assets are managed and their cash flow characteristics.</p> <p>Financial liabilities continue to be measured at either fair value through profit or loss or amortised cost. In addition, IFRS 9 introduced an expected credit loss (“ECL”) impairment model, which means that anticipated as opposed to incurred credit losses are recognised resulting in earlier recognition of impairments.</p> <p>Changes in accounting policies resulting from IFRS 9 have been applied as at 1 July 2018, with no restatement of comparative information for prior year. Consequently, any difference between the carrying amount of financial instruments under IAS 39 and the carrying amount under IFRS 9 has been recognised in the opening retained earnings as at date of initial application under note 32.</p>



## NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements there are a number of new standards, amendments and interpretations which will only be effective after 30 June 2019 and have not been early adopted by the group. The following standards and amendments are significant to the group:

Standard	Effective date – annual periods commencing on or after:	Description
IFRS 16 – Leases	1 January 2019	<p>The standard incorporates all existing standards and interpretations relating to leases under one new standard. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and classifies cash repayments of the lease liability into a principal portion and an interest portion.</p> <p>The group is in the process of concluding the evaluation impact of the change on all operations whose office premises are leased. The impact is expected to be material on the statement of financial position. Refer to note 23.</p>
Definition of Material Amendments to IAS 1 and IAS 8	1 January 2020	<p>The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of “material” across the standards and to clarify certain aspects of the definition. The new definition states that, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.</p> <p>The amendments clarify that materiality will depend on the nature or magnitude of information or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.</p> <p>The amendments to the definition of material is not expected to have a significant impact on the entity’s financial statements, the introduction of the term ‘obscuring information’ in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.</p> <p>The amendments are applied prospectively. Early application is permitted and must be disclosed.</p>
Long-term interest in associates and joint ventures Amendments to IAS 28	1 January 2019	<p>The amendments clarify that an entity applies IFRS 9 to long-term interest in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interest). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interest.</p> <p>The Board also clarified that, in applying IFRS 9, an entity does not take into account any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investment in Associates and Joint Ventures.</p> <p>The entity must apply the amendments retrospectively, with certain exceptions. Early application of the amendments is permitted.</p>
The conceptual Framework for Financial Reporting	1 January 2020	<p>The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.</p> <p>The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.</p> <p>The change in the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or events.</p>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

	Land and buildings R'000	Aircraft R'000	Plant, vehicles and equipment R'000	Office and computer equipment R'000	Total R'000
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>					
Cost					
At 30 June 2018	449 614	54 298	2 922 610	125 443	3 551 965
Additions	9 256	–	344 360	20 644	374 260
Acquisition through business combination (note 30)	18 366	–	10 814	5 457	34 637
Disposals	(129)	–	(223 927)	(3 805)	(227 861)
Impairments	–	–	(1 178)	–	(1 178)
Exchange rate effects	(4 545)	–	(79 050)	41 205	(42 390)
At 30 June 2019	472 562	54 298	2 973 629	188 944	3 689 433
Accumulated depreciation					
At 30 June 2018	104 351	4 854	1 461 991	97 697	1 668 893
Depreciation	21 064	218	244 385	17 622	283 289
Acquisitions through business combinations (note 30)	2 248	–	1 503	1 281	5 032
Disposals	(19)	–	(170 619)	(3 223)	(173 861)
Exchange rate effects	(3 248)	–	(39 144)	11 763	(30 629)
At 30 June 2019	124 396	5 072	1 498 116	125 140	1 752 724
Net carrying amount at 30 June 2019	348 166	49 226	1 475 513	63 804	1 936 709
Cost					
At 30 June 2017	407 273	54 298	2 729 616	128 087	3 319 274
Additions	6 645	–	297 633	11 689	315 967
Acquisition through business combination	34 539	–	186 252	–	220 791
Derecognition on loss of control of a subsidiary	–	–	(1 289)	(518)	(1 807)
Disposals	(2 794)	–	(302 626)	(14 789)	(320 209)
Exchange rate effects	3 951	–	13 024	974	17 949
At 30 June 2018	449 614	54 298	2 922 610	125 443	3 551 965
Accumulated depreciation					
At 30 June 2017	86 577	4 607	1 494 804	97 937	1 683 925
Depreciation	17 018	247	209 101	13 844	240 210
Derecognition on loss of control of a subsidiary	–	–	(1 208)	(315)	(1 523)
Disposals	–	–	(248 856)	(14 079)	(262 935)
Exchange rate effects	756	–	8 150	310	9 216
At 30 June 2018	104 351	4 854	1 461 991	97 697	1 668 893
Net carrying amount at 30 June 2018	345 263	49 444	1 460 619	27 746	1 883 072

	2019	2018
The net carrying amount of land and buildings comprise:		
Land	129 547	131 321
Buildings	218 619	213 942
	<b>348 166</b>	345 263

The depreciation rates applied are set out below:

Aircraft	Variable rates based on flying hours
Land	Not depreciated
Buildings	2% straight-line or over the lease term
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 carrying amount of R209 million (2018: R198 million) are subject to finance lease agreements (note 9).

	2019 R'000	2018 R'000
<b>3. GOODWILL</b>		
Cost	1 153 231	762 143
Accumulated impairment and exchange rate effects	<b>(232 128)</b>	(231 026)
Carrying amount	<b>921 103</b>	531 117
The carrying amount of goodwill is reconciled as follows:		
Carrying amount at beginning of year	<b>531 117</b>	523 613
Goodwill recognised on acquisition of subsidiary	<b>391 087</b>	
Exchange rate effects	<b>(1 101)</b>	7 504
Carrying amount at the end of year	<b>921 103</b>	531 117
Business segment:	Cash generating units: (CGU)	
Roads and earthworks	WBHO Pipelines division	70 545
Australia	Probuild Constructions (Aust) Pty Ltd	448 683
United Kingdom	Russells Limited	460 572
		-
	<b>921 103</b>	<b>531 117</b>

#### IMPAIRMENT OF GOODWILL

The recoverable amount of each identified cash-generating unit is determined using the value-in-use methodology incorporating discounted cash flows. The fair value measurement was categorised as a level 3 fair value based on the inputs in the valuation technique used.

The growth rates used in the valuation of the recoverable amounts represent management's assessment of future trends relevant to each CGU using published industry data where available. Discount rates are pre-tax measures taking into account the historical average weighted-average cost of capital for the industry. Cash flow projections include estimates for a five-year period together with a terminal growth calculation thereafter. The terminal growth rates used are consistent with those likely to be used by a market participant.

The table below illustrates the growth and discount rates used in determining the recoverable amounts:

	2019	
	Probuild Constructions (Aust) Pty Ltd	Russells Limited
Growth rate	Between 0% and 2.8%	4% for FY20 and 10% thereafter
Terminal growth rate	(2%)	3%
Discount rate (pre-tax)	10%	7,5%

In the prior year the recoverable amount of Probuild was determined based on fair value less cost of disposal. The estimation of the fair value was determined using an earnings multiple method. The valuation method has been changed to be consistent with group valuation methodology. The multiple of 4.95 that was used was benchmarked against the construction sector in which the cash-generating unit operates.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

	2019 R'000	2018 R'000
<b>4. EQUITY-ACCOUNTED INVESTMENTS</b>		
Investment at cost	199 306	141 169
Additional equity contributions	557 113	452 755
Loans	139 787	18 080
<b>Total investment</b>	<b>896 206</b>	<b>612 004</b>
Attributable post-acquisition profits, losses and equity movements	173 122	133 055
	<b>1 069 328</b>	<b>745 059</b>
The carrying amount of equity-accounted investments is reconciled as follows:		
Carrying amount at the beginning of the year	745 059	650 246
Additions	58 137	5 092
Disposals	5	(168 279)
Share of profits	51 958	(4 830)
Share of other comprehensive income	16 602	(10 153)
Dividends received	(21 478)	(16 983)
Equity drawdowns	96 994	256 697
Recognised on business combination (note 30)	127 481	–
Loans advanced	6 849	18 080
Expected credit loss allowance	(5 265)	–
Exchange rate effects	(7 014)	15 189
Carrying amount at the end of the year	<b>1 069 328</b>	<b>745 059</b>

Equity-accounted investments include:

	Country of incorporation	Effective interest		Investments at cost		Equity contributions and loans advanced	
		2019 %	2018 %	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>Unlisted associates</b>							
Gigajoule International (Pty) Ltd <sup>#</sup>	South Africa	26,6	26,6	31 835	31 835	–	–
Gigajoule Power (Pty) Ltd <sup>#</sup>	South Africa	13,0	13,0	7 657	7 657	106 704	106 704
Ilembe Airport Construction Services (Pty) Ltd <sup>^</sup>	South Africa	29,3	29,3	3	3	–	–
Dipalopalo Concession (RF) (Pty) Ltd <sup>*</sup>	South Africa	27,7	27,7	–	–	58 325	61 258
Dipalopalo FM Solutions (RF) (Pty) Ltd <sup>*</sup>	South Africa	14,6	14,6	–	–	–	–
Edwin Construction (Pty) Ltd <sup>^</sup>	South Africa	49,0	49,0	96 582	96 582	–	–
iKusasa Rail (SA) (Pty) Ltd <sup>^</sup>	South Africa	49,0	49,0	5 092	5 092	17 571	10 722
BPG Caulfield Village Pty Ltd <sup>†</sup>	Australia	30,0	30,0	–	–	180 376	130 866
The Glen Redevelopment Project <sup>†</sup>	Australia	20,0	20,0	–	–	109 116	66 212
Russell Homes Limited <sup>^</sup>	England	31,7	–	58 137	–	127 481	–
<b>Joint ventures</b>							
Insitu Pipelines (Pty) Ltd <sup>^</sup>	South Africa	–	49,0	–	–	–	(5)
Catchu Trading (Pty) Ltd <sup>†</sup>	South Africa	50,0	50,0	–	–	102 592	95 078
Less: Expected credit loss allowance (note 24)				–	–	(5 265)	–
				<b>199 306</b>	141 169	<b>696 900</b>	470 835

The group has significant influence over Gigajoule Power (Pty) Ltd and Dipalopalo FM Solutions (RF) (Pty) Ltd through its investments in Gigajoule International (Pty) Ltd and Dipalopalo Concession (RF) (Pty) Ltd respectively.

Loans to equity-accounted investments are classified at amortised cost. The loans will not be repaid within the next 12 months in terms of the loan agreements and bear interest between 0% and 15% per annum. The equity contributions in respect of BPG Caulfield Village Pty Ltd and Catchu Trading (Pty) Ltd are expected to be repaid in the next 12 months.

The entities listed above are involved in:

<sup>^</sup> construction

<sup>#</sup> power generation

<sup>\*</sup> serviced accommodation

<sup>†</sup> property development

2019	Russell	Gigajoule	Edwin	BPG	The Glen	Catchu	Other	Total
	Homes Limited R'000	International Group R'000	Construction (Pty) Ltd R'000	Caulfield Village Pty Ltd R'000	Residential R'000	Trading (Pty) Ltd R'000		
Share of profits in equity-accounted investments	4 005	51 986	(383)	–	–	–	(3 650)	51 958
Dividends received	–	17 818	–	–	–	–	3 660	21 478
Investment at cost	58 137	39 492	96 582	–	–	–	5 095	199 306
Equity contributions and loans advanced	127 481	106 704	–	180 376	109 116	102 592	70 631	696 900
	185 618	146 196	96 582	180 376	109 116	102 592	75 726	896 206
Post-acquisition gains and movements in reserves less dividends received	3 080	176 635	(875)	263	173	–	(6 154)	173 122
Carrying amount	188 698	322 831	95 707	180 639	109 289	102 592	69 572	1 069 328

2018	Byrne	Gigajoule	Edwin	BPG	The Glen	Catchu	Other	Total
	Group Limited R'000	International Group R'000	Construction (Pty) Ltd R'000	Caulfield Village Pty Ltd R'000	Residential R'000	Trading (Pty) Ltd R'000		
Share of profits in equity-accounted investments	(46 824)	35 022	9 636	–	–	–	(2 664)	(4 830)
Dividends received	–	(6 040)	(10 943)	–	–	–	–	(16 983)
Investment at cost	–	39 492	96 582	–	–	–	5 095	141 169
Equity contributions and loans advanced	–	106 704	–	130 866	66 212	95 078	71 975	470 835
	–	146 196	96 582	130 866	66 212	95 078	77 070	612 004
Post-acquisition gains and movements in reserves less dividends received	–	125 864	(1 307)	4 291	3 049	–	1 158	133 055
Carrying amount	–	272 060	95 275	135 157	69 261	95 078	78 228	745 059

**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
for the year ended 30 June 2019

**4. EQUITY-ACCOUNTED INVESTMENTS (continued)**

The summary financial information for material equity-accounted investments is disclosed in the tables below:

	Russell Homes Limited	Catchu Trading (Pty) Ltd	The Glen Residential	BPG Caulfield Village Pty Ltd	Gigajoule International Group	Edwin Construction (Pty) Ltd
2019	R'000	R'000	R'000	R'000	R'000	R'000
Non-current assets	1 293	3 810	1 214 709	1 568 734	2 395 692	64 301
Current assets	284 009	631 223	–	38 860	1 759 326	280 396
<b>Total assets</b>	<b>285 302</b>	<b>635 033</b>	<b>1 214 709</b>	<b>1 607 594</b>	<b>4 155 018</b>	<b>344 697</b>
Shareholders' equity	39 859	343 755	577 560	616 515	1 132 444	189 084
Non-controlling interest	–	–	–	–	979 652	–
Non-current liabilities	192 149	–	637 149	–	1 544 102	20 713
Current liabilities	53 294	291 278	–	991 079	498 820	134 901
<b>Total equity and liabilities</b>	<b>285 302</b>	<b>635 033</b>	<b>1 214 709</b>	<b>1 607 594</b>	<b>4 155 018</b>	<b>344 697</b>
Revenue	393 619	–	–	–	2 535 815	335 709
Net profit/(loss) after tax	12 634	(1 269)	–	–	437 455	(4 195)
Other comprehensive income	–	–	–	–	(62 389)	–
<b>Total comprehensive income for the year</b>	<b>12 634</b>	<b>(1 269)</b>	<b>–</b>	<b>–</b>	<b>374 666</b>	<b>(4 195)</b>

	Byrne Group Limited	BPG Caulfield Village Pty Ltd	Gigajoule International Group	Edwin Construction (Pty) Ltd
2018	R'000	R'000	R'000	R'000
Non-current assets	–	473 752	2 257 145	68 980
Current assets	–	11 924	1 726 924	308 080
<b>Total assets</b>	<b>–</b>	<b>485 676</b>	<b>3 984 069</b>	<b>377 060</b>
Shareholders' equity	–	467 755	913 319	182 941
Non-controlling interest	–	–	700 307	–
Non-current liabilities	–	–	1 663 679	25 511
Current liabilities	–	17 921	706 764	168 608
<b>Total equity and liabilities</b>	<b>–</b>	<b>485 676</b>	<b>3 984 069</b>	<b>377 060</b>
Revenue	2 393 891	–	1 717 333	482 126
Net profit after tax	(117 060)	–	335 836	19 665
Other comprehensive income	–	–	44 713	–
<b>Total comprehensive income/(loss) for the year</b>	<b>(117 060)</b>	<b>–</b>	<b>380 549</b>	<b>19 665</b>

The aggregate summary financial information for individually immaterial equity-accounted investments is as follows:

	2019 R'000	2018 R'000
Net asset value	25 239	34 446
Profit for the year	2 147	(2 664)
Distributions received	3 660	–

The financial year end for Gigajoule International and Gigajoule Power is 31 December. The operations of both companies are located in Mozambique.

	2019 R'000	2018 R'000
<b>5. LONG-TERM RECEIVABLES</b>		
At amortised cost:		
Mezzanine financing arrangements <sup>1</sup>	155 365	150 000
Other long-term receivables	60 448	64 164
Loans to employees for shares <sup>2</sup>	152 473	146 997
Consideration receivable <sup>3</sup>	24 219	62 225
	<b>392 505</b>	<b>423 386</b>
Less: Expected credit loss allowance (note 24)	(1 665)	–
Less: Current portion (note 8)	(44 587)	(50 250)
	<b>346 253</b>	<b>373 136</b>

<sup>1</sup> Mezzanine financing arrangements are secured by one or more of the following: Third party guarantees, listed company shares and title to land and bear interest at prime linked rates plus 2%. Repayments are at terms agreed with each entity.

<sup>2</sup> Loans to employees for shares are secured by the shares issued, bear interest at variable rates and are repayable between five and ten years (note 26).

<sup>3</sup> The amount of R24 million relates to consideration receivable in respect of the share buy-back by Edwin Construction (Pty) Ltd in 2017. The consideration is payable in five equal annual instalments.

The fair value of long-term receivables is disclosed in note 24.

	2019 R'000	2018 R'000
<b>6. INVENTORIES</b>		
Raw materials	122 869	130 750
Consumable stores and finished goods	65 344	105 342
Properties for development	139 307	48 451
	<b>327 520</b>	<b>284 543</b>
<b>7. CONTRACTS IN PROGRESS</b>		
Costs incurred to date	94 626 110	97 421 112
Plus: Profit recognised to date	4 218 725	7 819 342
	<b>98 844 835</b>	<b>105 240 454</b>
Less: Work certified to date	(99 617 693)	(105 761 322)
Net amounts due to customers	(772 858)	(520 868)
Income received in advance	232 975	244 502
Excess billings over work done	1 973 535	2 093 158
Less: loss allowance (note 24)	(10 434)	–
Amounts due by customers	<b>1 423 218</b>	<b>1 816 792</b>
<b>Contract assets and liabilities</b>		
<b>Contract assets</b>		
Balance at the beginning of the year	1 816 792	758 001
Amounts included in the balance at the beginning of the year settled through trade receivables	(1 652 653)	(758 001)
Uncertified amounts recognised from the measure of progress	1 146 667	1 731 547
Amounts recognised from business combination (note 30)	122 847	85 245
Expected credit loss allowance (note 24)	(10 435)	–
Balance at the end of the year	<b>1 423 218</b>	<b>1 816 792</b>
<b>Contract liabilities</b>		
Balance at the beginning of the year	2 337 660	1 818 628
Amounts included in the balance at the beginning of the year recognised as construction revenue	(2 093 158)	(1 673 161)
Income received in advance recognised as construction revenue	(140 047)	(145 467)
Excess billings over work done arising from the measure of progress	1 973 535	2 051 664
Income received in advance raised	128 521	244 502
Amounts recognised from business combinations	–	41 494
Balance at the end of the year	<b>2 206 511</b>	<b>2 337 660</b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

	2019 R'000	2018 R'000
<b>8. TRADE AND OTHER RECEIVABLES</b>		
Contract receivables	5 282 532	4 848 121
Contract retentions	728 421	487 522
Sundry receivables	328 825	375 202
Receivables due from joint operators	198 061	149 778
	<b>6 537 840</b>	5 860 623
Less: Specific credit loss allowance	(20 829)	(205 176)
Less: Expected credit loss allowance (note 24)	(183 558)	–
	<b>6 333 453</b>	5 655 447
Current portion of long-term receivables (note 5)	44 587	50 250
Prepayments	64 655	262 988
Value-added tax	274 814	245 192
	<b>6 717 509</b>	6 213 877
<b>9. LONG-TERM LIABILITIES</b>		
<b>At amortised cost:</b>		
Secured		
Finance leases ( <i>market-related interest rates linked to prime</i> )	153 897	136 398
Bank loans ( <i>effective interest rates between 3% and 5%</i> )	–	40 709
Other long-term borrowings	2 092	19 869
Unsecured		
Settlement agreement liability	138 733	127 252
	<b>294 722</b>	324 228
Less: Current portion (note 12)	(101 558)	(154 510)
	<b>193 164</b>	169 718

### FINANCE LEASES

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

### SETTLEMENT AGREEMENT LIABILITY

In 2017, the group signed a settlement agreement with the Government of South Africa in terms of which annual amounts of R22 million are payable to the Tirisono Trust over a period of 12 years. A discount rate of 8,7% was used in determining the present value.

The contractual maturity of long-term liabilities is disclosed in note 24.

### CAPITALISED FINANCE LEASES

The present value of the future minimum payments on instalment sale agreements is as follows:

	2019	2018
Due within one year	80 308	86 170
Due later than one year but within five years	73 589	50 228
	<b>153 897</b>	136 398
<b>Minimum lease payments due</b>		
Due within one year	82 266	95 899
Due later than one year but within five years	78 881	48 969
Less: Future finance charges	(7 250)	(8 470)
	<b>153 897</b>	136 398

Capitalised finance leases are for periods up to 48 months and are secured by certain plant, vehicles and equipment (note 2), the interest rate implicit in the lease is 8.15%.

	2019 R'000	2018 R'000
<b>10. DEFERRED TAXATION</b>		
<b>Deferred taxation assets</b>		
The balance of the deferred taxation asset is reconciled as follows:		
At the beginning of year	667 779	631 799
Adoption of new IFRS standards (note 32)	39 812	–
Charge to profit or loss	204 019	4 679
Disposal of business	–	(5 669)
Acquisition of business	–	35 111
Transfer to/(from) deferred taxation liability	(597)	–
Exchange rate movement	(7 356)	1 859
At the end of the year	903 657	667 779
Comprising of:		
Construction allowances	123 089	(59 057)
Capital allowances	(151 530)	(157 909)
Provisions	713 161	600 999
Tax losses	221 407	276 213
Other	(2 470)	7 533
	903 657	667 779
<b>Deferred taxation liabilities</b>		
The balance of the deferred taxation liability is reconciled as follows:		
At the beginning of year	(27 527)	(57 211)
Acquisition of business	(1 116)	–
Charge to profit or loss	(151 035)	29 410
Transfer from deferred taxation asset	597	–
Exchange rate effects	4 950	274
At the end of the year	(174 131)	(27 527)
Comprising:		
Construction allowances	(146 843)	(8 064)
Capital allowances	(42 999)	(24 122)
Provisions	13 695	15 194
Other	2 016	(10 535)
	(174 131)	(27 527)

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

Deferred tax assets have not been recognised on tax losses in subsidiaries amounting to R156 million (2018: R112 million).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

		2019 R'000	2018 R'000
<b>11.</b>	<b>NON-CONTROLLING INTERESTS (NCI)</b>		
<b>Carrying amount of NCI</b>			
Subsidiary:	Principle place of business:		
Probuild Constructions (Aust) Pty Ltd	Australia	58 759	81 955
WBHO Infrastructure Pty Ltd	Australia	3 901	43 906
Byrne Group Limited	United Kingdom	62 211	55 368
Russells Limited	United Kingdom	122 671	–
Individually immaterial subsidiaries		14 103	26 288
		<b>261 645</b>	<b>207 517</b>

The information below summarises the information relating of the subsidiaries of the group in which there is a material NCI.

2019	Probuild Constructions (Aust) Pty Ltd	WBHO Infrastructure Pty Ltd	Byrne Group Limited	Russells Limited
% ownership interest held by NCI	12,5%	9,3%	20%	30%
	R'000	R'000	R'000	R'000
<b>Summarised statement of financial position</b>				
Non-current assets	1 043 772	809 814	191 836	154 479
Current assets	4 123 550	1 211 279	1 328 499	871 675
Total assets	5 167 322	2 021 093	1 520 335	1 026 154
Non-current liabilities	(241 634)	(709 005)	–	(1 146)
Current liabilities	(4 026 969)	(1 083 769)	(1 182 447)	(616 104)
Total liabilities	(4 268 603)	(1 792 774)	(1 182 447)	(617 250)
<b>Summarised statement of financial performance and other comprehensive income</b>				
Revenue	16 941 174	4 772 280	3 725 409	1 934 746
Profit/(loss) for the year	80 377	(398 645)	84 682	127 877
Total comprehensive income	80 377	(398 645)	84 682	127 877
Profit/(loss) for the year allocated to NCI	10 023	(37 066)	16 936	38 363
Dividends paid to NCI	9 252	–	–	7 673
<b>Summarised statement of cash flows</b>				
Cash flows from operating activities	163 204	64 405	403 272	239 751
Cash flows from financing activities	(172 027)	(43 522)	(4 676)	6 165
Cash flows from investing activities	(173 640)	213 491	(58 077)	(12 391)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(182 463)</b>	<b>234 374</b>	<b>340 519</b>	<b>233 525</b>

2018	Probuild Constructions (Aust) Pty Ltd	WBHO Infrastructure Pty Ltd	Byrne Group Limited
% ownership interest held by NCI	15,0%	9,9%	20%
	R'000	R'000	R'000
Summarised statement of financial position			
Non-current assets	1 013 364	648 887	250 847
Current assets	5 136 939	1 712 784	818 964
Total assets	6 150 303	2 361 671	1 069 811
Non-current liabilities	(172 471)	(353 770)	(13 488)
Current liabilities	(4 949 942)	(1 593 847)	(779 485)
Total liabilities	(5 122 413)	(1 947 617)	(792 973)
Summarised statement of financial performance and other comprehensive income			
Revenue	18 309 311	3 632 127	–
Profit for the year	170 896	71 317	–
Total comprehensive income	170 896	71 317	–
Profit for the year allocated to NCI	25 122	7 060	–
Dividends paid to NCI	10 187	–	–
Summarised statement of cash flows			
Cash flows from operating activities	653 201	33 479	–
Cash flows from financing activities	(169 161)	(14 983)	–
Cash flows from investing activities	(128 435)	25 915	–
Net increase in cash and cash equivalents	355 605	44 411	–

	2019 R'000	2018 R'000
<b>12. TRADE AND OTHER PAYABLES</b>		
Trade payables	<b>978 733</b>	819 388
Subcontractor creditors	<b>4 259 234</b>	2 110 122
Subcontractor retentions	<b>865 529</b>	797 861
Contract accruals	<b>1 510 358</b>	3 639 640
Payroll accruals	<b>535 909</b>	496 744
Short-term portion of long-term liabilities (note 9)	<b>101 558</b>	154 510
Value-added tax	<b>375 695</b>	275 711
	<b>8 627 016</b>	8 293 976

**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
for the year ended 30 June 2019

**13. PROVISIONS**

	Contracting provision	Bonus provision	Other provisions	Total
Balance at 30 June 2017	1 481 455	395 580	36 227	1 913 262
Recognised	1 149 038	389 481	2 904	1 541 423
Utilised	(1 198 835)	(432 019)	(1 221)	(1 632 075)
Unutilised amounts reversed	(67 609)	(4 129)	–	(71 738)
Acquisition through business combination	54	9 060	1 788	10 902
Exchange rate effects	10 203	67	(7 076)	3 194
Balance at 30 June 2018	1 374 306	358 040	32 622	1 764 968
Recognised	<b>1 475 609</b>	<b>484 436</b>	<b>152</b>	<b>1 960 196</b>
Utilised	<b>(784 767)</b>	<b>(439 292)</b>	<b>(1 362)</b>	<b>(1 225 422)</b>
Unutilised amounts reversed	<b>(70 327)</b>	<b>(12 507)</b>	<b>(648)</b>	<b>(83 480)</b>
Acquisition through business combination	–	15 875	–	15 875
Exchange rate effects	<b>(15 693)</b>	<b>(1 762)</b>	–	<b>(17 455)</b>
<b>Balance at 30 June 2019</b>	<b>1 979 128</b>	<b>404 790</b>	<b>30 764</b>	<b>2 414 682</b>

**CONTRACTING PROVISIONS**

Contracting provisions represent estimated amounts arising from obligations to third parties at the reporting date. The provisions will be utilised as and when the claims are finalised and settled within a period of 12 months. Included in contracting provisions is an onerous contract provision of R495 million relating to the Western Roads Upgrade project in Australia.

**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.

	2019 R'000	2018 R'000
<b>14. REVENUE</b>		
<b>Recognised over time:</b>		
Construction revenue	<b>39 707 192</b>	34 392 755
<b>Recognised at a point in time:</b>		
Sale of construction materials	<b>878 958</b>	633 943
Sale of properties	<b>28 147</b>	1 777
	<b>40 614 297</b>	35 028 475

**DISAGGREGATION OF REVENUE**

Information in respect of the geographies and sectors from which revenue is recognised is disclosed in the table below:

	South Africa R'000	Rest of Africa R'000	Australia R'000	United Kingdom R'000	Total R'000
<b>2019</b>					
Construction revenue:					
Building and civil engineering	6 549 896	787 960	16 941 174	5 660 155	29 939 185
Roads, earthworks and infrastructure	3 422 317	1 573 410	4 772 280	–	9 768 007
Sale of construction materials	878 958	–	–	–	878 958
Sale of properties	4 728	–	–	23 419	28 147
	<b>10 855 899</b>	<b>2 361 370</b>	<b>21 713 454</b>	<b>5 683 574</b>	<b>40 614 297</b>
<b>2018</b>					
Construction revenue:					
Building and civil engineering	6 645 252	657 223	18 309 311	–	25 611 786
Roads, earthworks and infrastructure	3 368 627	1 780 215	3 632 127	–	8 780 969
Sale of construction materials	633 943	–	–	–	633 943
Sale of properties	1 777	–	–	–	1 777
	10 649 599	2 437 438	21 941 439	–	35 028 475

## REMAINING TRANSACTION PRICE ALLOCATED TO UNSATISFIED PERFORMANCE OBLIGATIONS

The following table discloses construction revenue expected to be recognised in the future-related to performance obligations that are unsatisfied or partially unsatisfied at 30 June. The group does not disclose information in respect of performance obligations that have a duration of one year or less.

	2020 R'000	2021 R'000	2022 R'000	Total R'000
<b>2019</b>				
<b>Africa</b>				
Building and civil engineering	5 269 373	1 041 350	136 122	6 446 845
Roads and earthworks	4 333 687	1 190 907	205 038	5 729 632
<b>Australia</b>				
Building	13 039 762	7 667 130	1 010 038	21 716 930
Infrastructure	5 174 822	424 493	–	5 599 315
<b>United Kingdom</b>				
Building and civil engineering	5 818 301	1 688 778	302 696	7 809 775
	<b>33 635 945</b>	<b>12 012 658</b>	<b>1 653 894</b>	<b>47 302 497</b>

	2019 R'000	2020 R'000	2021 R'000	Total R'000
<b>2018</b>				
<b>Africa</b>				
Building and civil engineering	5 911 091	73 909	–	5 985 000
Roads and earthworks	3 735 461	428 539	–	4 164 000
<b>Australia</b>				
Building	15 345 613	7 009 998	1 641 092	23 996 703
Infrastructure	4 449 231	3 378 202	741 330	8 568 763
<b>United Kingdom</b>				
Building and civil engineering	3 673 683	1 966 449	806 327	6 446 459
	<b>33 115 079</b>	<b>12 857 097</b>	<b>3 188 749</b>	<b>49 160 925</b>

## 15. OPERATING PROFIT

Operating profit is stated after taking into account the following:

	2019 R'000	2018 R'000
Auditors' remuneration	12 073	11 515
Depreciation	283 289	240 210
Operating lease rentals	91 876	48 152
Profit on disposal of property, plant and equipment	5 607	18 996
Expected credit loss allowance		
Written off	205	9 975
Expected credit loss allowance reversed during the year	(2 852)	–
Specific loss allowance reversed during the year	(59 341)	(95 820)
Provided against during the year	7 193	78 537
	<b>(54 795)</b>	<b>(7 308)</b>
Net foreign exchange gains/(losses)		
Realised	16 001	(28 890)
Unrealised	12 782	156 882
	<b>28 783</b>	<b>127 992</b>
Employee benefits		
Salaries and wages	5 150 401	4 077 240
Defined benefit contributions	151 437	147 049
Other contributions	464 144	434 784
	<b>5 765 982</b>	<b>4 659 073</b>

**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
for the year ended 30 June 2019

	2019 R'000	2018 R'000
<b>16. NET FINANCE INCOME</b>		
Finance income		
Bank accounts	147 400	142 054
Loans to unlisted investments and mezzanine financing arrangements	45 265	40 586
Other	14 347	9 454
	<b>207 012</b>	192 094
Finance costs		
Bank overdrafts	3 423	661
Finance lease liabilities (note 9)	8 217	7 145
Other	11 925	15 821
	<b>23 565</b>	23 627
Net finance income	<b>183 447</b>	168 467
<b>17. INCOME TAX EXPENSE</b>		
<b>South African normal tax</b>		
Current tax		
Current year	165 896	205 306
Prior year over provision	(46 469)	(10 221)
Deferred taxation (note 10)		
Current year	(20 903)	(18 209)
Prior year under provision	47 278	613
	<b>145 802</b>	177 489
<b>Foreign tax (including withholding tax)</b>		
Current tax		
Current year	119 497	187 028
Prior year under provision	13 313	3 029
Deferred taxation (note 10)		
Current year	(75 932)	(11 258)
Prior year over provision	(3 427)	(5 235)
	<b>53 451</b>	173 564
Income tax expense	<b>199 253</b>	351 053
Reconciliation of tax rate:	%	%
South African normal tax rate	28,0	28,0
Adjusted for:		
Capital and non-taxable items	(9,6)	(4,9)
Non-deductible expenses	9,0	4,0
Foreign tax rate differential	(4,6)	2,3
Assessed losses utilised	(0,3)	(0,4)
Prior year under/(over) provision	1,4	(1,2)
Foreign withholding taxes	2,7	1,5
Deferred tax assets not recognised in respect of losses	-	0,1
Effective tax rate	<b>26,6</b>	29,4
Estimated tax losses available for utilisation against future taxable income	<b>808 391</b>	976 250
Potential tax relief at current tax rates (note 10)	<b>221 407</b>	276 213

R72,5 million (2018: R72,5 million) of unutilised tax losses has a regulatory expiry period of ten years.



	2019 R'000	2018 R'000
<b>18. DIVIDEND PAID</b>		
Final dividend in respect of the period ended 30 June 2018: 325 cents (30 June 2017: 325 cents)	184 100	189 070
Interim dividend in respect of the period ended 31 December 2018: nil (31 December 2017: 150 cents)	–	86 083
	<b>184 100</b>	<b>275 153</b>
<b>19. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE</b>		
Earnings attributable to equity shareholders	498 528	815 872
<i>Weighted average number of shares ('000)</i>		
Shares in issue at the beginning of the year	53 200	53 166
Allocated shares vested	3	4
Options vested	–	5
Treasury shares acquired	(433)	–
Performance shares vested	339	–
Weighted average ordinary shares in issue at the end of the year	53 109	53 175
Dilutive effect of Akani shares allocated	9	17
Diluted weighted average number of shares	53 118	53 192
<i>Earnings per share (cents)</i>		
Basic	938,7	1 534,3
Diluted	938,5	1 533,8
<i>Headline earnings (R'000)</i>		
Attributable earnings	498 528	815 872
Adjusted for:		
Gain on loss of control of subsidiary	–	(5 092)
Loss on deemed disposal of equity-accounted investment	–	57 544
Gain on bargain purchase of subsidiary	–	(101 675)
Profit from the disposal of property, plant and equipment	(5 607)	(18 996)
Non-controlling interests in the above transactions	826	645
Tax effect of the above transactions	1 460	5 339
Equity-accounted investments:		
Profit from the disposal of property, plant and equipment	(75)	(3 223)
Impairment of investments	–	1 097
Tax effect of the above transactions	21	683
	<b>495 153</b>	<b>752 194</b>
<i>Headline earnings per share (cents)</i>		
Basic	932,3	1 414,6
Diluted	932,2	1 414,1

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

	2019 R'000	2018 R'000
<b>20. GUARANTEES AND CONTINGENT LIABILITIES</b>		
GUARANTEES		
Issued for the due performance of contracts on behalf of:		
Subsidiaries	6 368 821	8 866 329
Associates and joint arrangements	2 496 568	1 800 762
Third parties	3 175	3 889
	<b>8 868 564</b>	<b>10 670 980</b>

It is the opinion of the directors that the possibility of any loss is improbable and it is not anticipated that any material liabilities will arise.

### CONTINGENT LIABILITIES

Civil damages to the value of R143 million have been claimed from the City of Cape Town relating to the Cape Town Stadium arising from the investigation by the Competition Commission. The matter is in the early stages of litigation where the outcome cannot be reliably measured.

One matter has been referred to the Competition Tribunal and may result in future civil claims.

Exposures may arise from the normal course of business including potential contractual penalties associated with ongoing construction projects. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, that may arise cannot be measured reliably at this time. The directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any anticipated losses.

	2019 R'000	2018 R'000
<b>21. CAPITAL COMMITMENTS</b>		
Capital commitments include expenditure relating to property, plant and equipment for which specific board approval has been obtained.		
Authorised and contracted for	24 197	58 034
Authorised but not yet contracted for	319 455	200 485
	<b>343 652</b>	<b>258 519</b>

Expenditure on estimated commitments will occur within one year. Capital commitments will be funded from internal cash resources and existing facilities.

<b>22. COMMITMENTS UNDER OPERATING LEASES</b>		
The minimum lease rentals to be paid under non-cancellable leases at the reporting date are as follows:		
Buildings, plant and equipment:		
Due within one year	82 419	75 131
Due later than one year but less than five years	253 341	231 435
Greater than five years	117 384	149 315
	<b>453 144</b>	<b>455 881</b>

Material operating lease commitments relate to premises in the United Kingdom and Australia. The lease term for the Byrne Group Limited and Russells Limited, in the United Kingdom, expires on 31 July 2027 and 24 April 2031 respectively. The lease term for the Melbourne premises of Probuild Constructions (Aust) Pty Ltd expires on 31 March 2022. The lease term for the Perth premises of WBHO Infrastructure Pty Ltd expires on 31 December 2020.

## 23. RELATED PARTY TRANSACTIONS

### 23.1 IDENTIFICATION OF RELATED PARTIES

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

### 23.2 RELATED PARTY TRANSACTIONS AND BALANCES

During the year, group companies entered into various inter-group sales and purchase transactions in the ordinary course of business. These transactions are under terms no more favourable than those with third parties. Transactions and balances between group companies have, where appropriate, been eliminated on consolidation and are not disclosed. Details of transactions and balances with other related parties are set out below:

	2019 R'000	2018 R'000
<b>Amounts owing by related parties</b>		
Amounts owing by equity-accounted investments are disclosed in note 4	696 900	470 835
Amounts owing by related parties are disclosed in note 5	24 219	22 225
Amounts owing by joint operators are disclosed in note 8	198 061	149 778
<b>Amounts owing to related parties</b>		
Amounts owing to joint operators are disclosed in note 12	27 970	12 040
<i>The amounts owing to/by joint operators are unsecured, interest-free and have no fixed terms of repayment.</i>		
<b>Transactions with related parties</b>		
Contracts with equity-accounted investments	1 443 328	108 185
Dividends received from equity-accounted investments are disclosed in note 4	21 478	16 983

### 23.3 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
<b>2019</b>						
<b>Executive</b>						
MS Wylie	-	1 158	3 042	524	346	5 070
EL Nel	-	2 115	4 505	629	407	7 656
CV Henwood	-	2 001	4 286	596	442	7 325
	-	5 274	11 833	1 749	1 195	20 051
<b>Non-executive</b>						
SN Maziya	819	-	-	-	-	819
AJ Bester	630	-	-	-	-	630
RW Gardiner	906	-	-	-	-	906
KM Forbay	484	-	-	-	-	484
H Ntene	556	-	-	-	-	556
	3 395	-	-	-	-	3 395
<b>Total</b>	3 395	5 274	11 833	1 749	1 195	23 446

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

	Directors' fees R'000	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
2018						
<b>Executive</b>						
MS Wylie	–	1 175	5 522	501	281	7 479
EL Nel	–	1 984	7 382	589	408	10 363
CV Henwood	–	1 874	7 028	559	440	9 901
	–	5 033	19 932	1 649	1 129	27 743
<b>Non-executive</b>						
SN Maziya	552	–	–	–	–	552
AJ Bester	415	–	–	–	–	415
NA Matyumza	441	–	–	–	–	441
JM Ngobeni	69	–	–	–	–	69
RW Gardiner	814	–	–	–	–	814
KM Forbay	379	–	–	–	–	379
H Ntene	364	–	–	–	–	364
	3 034	–	–	–	–	3 034
<b>Total</b>	3 034	5 033	19 932	1 649	1 129	30 777

### 23.4 DIRECTORS' SHAREHOLDING

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

Number of ordinary shares ('000)	2019			2018		
	Direct	Indirect	Total	Direct	Indirect	Total
MS Wylie <sup>#</sup>	–	522	522	–	276	276
EL Nel	340	1	341	291	1	292
CV Henwood	106	–	106	66	–	66
SN Maziya <sup>^</sup>	–	240	240	–	237	237
	446	763	1 209	357	514	871

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

<sup>^</sup> Indirect shares disclosed in the above table represent allocated shares in respect of the empowerment initiative of the group and do not represent the number of shares likely to vest upon fulfilment of the vesting conditions. The number of WBHO shares that will ultimately vest is dependent on the market value of the shares on the vesting date, based on a pre-determined threshold. Using the share price at 30 June 2019, the director would receive no shares in terms of the formula.

Long-term incentive scheme ('000)	2019			2018		
	Share appreciation rights	Performance shares	Total	Share appreciation rights	Performance shares	Total
EL Nel	76	54	130	58	66	124
CV Henwood	71	50	121	53	60	113
	147	104	251	111	126	237

## 23.5 PRESCRIBED OFFICERS

	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
<b>2019</b>					
PJ Foley	6 343	3 750	2 515	1 231	13 839
S Vally-Kara	1 196	800	320	217	2 533
RM Smith*	1 830	5 500	543	401	8 274
EA Mashishi	1 584	2 000	499	282	4 365
SN Gumede	1 712	1 800	361	237	4 110
	<b>12 665</b>	<b>13 850</b>	<b>4 238</b>	<b>2 368</b>	<b>33 121</b>

\* RM Smith retired on 30 June 2019.

	Salaries R'000	Incentive bonuses R'000	Retirement and medical R'000	Other benefits R'000	Total emoluments R'000
<b>2018</b>					
PJ Foley	5 626	7 000	1 604	137	14 367
TR Armstrong*	1 057	–	355	294	1 706
SN Gumede	1 527	2 200	319	227	4 273
S Vally-Kara	1 123	900	276	189	2 488
RM Smith	1 713	6 700	508	401	9 322
EA Mashishi	1 480	3 500	466	255	5 701
	<b>12 526</b>	<b>20 300</b>	<b>3 528</b>	<b>1 503</b>	<b>37 857</b>

\* TR Armstrong retired.

## 23.6 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)	2019			2018		
	Direct	Indirect	Total	Direct	Indirect	Total
PJ Foley	102	–	102	76	–	76
S Vally-Kara	20	–	20	8	–	8
RM Smith	90	–	90	47	–	47
EA Mashishi	37	–	37	–	118	118
	<b>249</b>	<b>–</b>	<b>249</b>	<b>131</b>	<b>118</b>	<b>249</b>

Long-term incentive scheme ('000)	2019			2018		
	Share appreciation rights	Performance shares	Total	Share appreciation rights	Performance shares	Total
PJ Foley	71	50	121	53	60	113
S Vally-Kara	22	18	40	14	16	30
RM Smith	53	34	87	53	60	113
EA Mashishi	37	26	63	33	37	70
SN Gumede	6	6	12	–	–	–
	<b>189</b>	<b>134</b>	<b>323</b>	<b>153</b>	<b>173</b>	<b>326</b>

The long-term incentives are part of the WBHO Share Plan, details of which are disclosed in note 26.

EA Mashishi has a 33% (2018: 33%) interest in Edwin Construction (Pty) Ltd.

There were no other transactions with directors or prescribed officers or entities in which directors or prescribed officers have a material interest. There have been no changes to directors' shareholdings between the reporting date and the date of this report.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

### 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### 24.1 OVERVIEW

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

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

- credit risk
- market risk
- liquidity risk

Information is presented on the group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors have overall responsibility for the establishment and oversight of the risk management framework. 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 adherence to limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the group's activities. Through its training and management standards and procedures, the group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

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

A summary of financial instruments by category is disclosed in the table below:

R'000	Total carrying amount	Financial liabilities held at amortised cost	Financial assets at amortised cost
<b>2019</b>			
Advanced to equity-accounted investments	139 787	–	139 787
Long-term receivables	346 253	–	346 253
Contract assets	1 423 218	–	1 423 218
Trade and other receivables	6 333 453	–	6 333 453
Long-term liabilities	(193 164)	(193 164)	–
Contract liabilities	(2 206 510)	(2 206 510)	–
Trade and other payables	(8 251 321)	(8 251 321)	–
Cash and cash equivalents	5 951 985	–	5 951 985
	<b>4 326 993</b>	<b>(8 820 182)</b>	<b>13 147 175</b>
<b>2018</b>			
Loans advanced to equity-accounted investments	18 080	–	18 080
Long-term receivables	373 136	–	373 136
Contract assets	1 816 792	–	1 816 792
Trade and other receivables	5 705 697	–	5 705 697
Long-term liabilities	(169 718)	(169 718)	–
Contract liabilities	(2 337 660)	(2 337 660)	–
Trade and other payables	(8 782 980)	(8 782 980)	–
Cash and cash equivalents	5 992 461	–	5 992 461
	<b>3 625 025</b>	<b>(10 281 141)</b>	<b>13 906 166</b>

## 24.2 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.

### CONTRACT RECEIVABLES AND CONTRACT ASSETS

The group's exposure to credit risk is influenced by the individual characteristics of each customer and the default risk of the industry and country in which customers operate.

The group either negotiates or tenders for the construction 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 a proportion of the contract sum. Any relaxation of this policy must be approved by the Credit committee. Where no guarantee has been obtained the group holds a lien over the work-in-progress.

### ALLOWANCES FOR EXPECTED CREDIT LOSSES (ECL)

The group establishes a loss allowance that represents its estimate of expected credit losses in respect of financial assets held at amortised cost. The allowance comprises individually significant exposures as well as exposure to a general portfolio of customers where the nature of customers, overdue accounts and collateral held are taken into account.

### ECL ASSESSMENT

Lifetime ECLs are recognised for all trade receivables. The group identifies specific material exposures to entities for which separate credit risk information is available at the reporting date. These entities are evaluated individually and where applicable, different ECLs are assigned. For the balance of the contract and other receivables portfolio, an ECL is measured on a collective basis using the simplified method. Contract receivables exhibiting similar credit risks and behaviour are grouped together as follows:

#### South Africa and the rest of Africa

The group utilises the Moody's ImpairmentCalc model to determine ECLs for trade receivables required by IFRS 9. These calculations include, the discounting of expected cash flows on financial assets, converting through-the-cycle measurements of risk to point-in-time measures and overlaying forward-looking macroeconomic forecasts. Forecast scenarios include Baseline (S0), Stronger Near-Term Rebound (S1), and Moderate Recession (S3), weighted 40%, 30% and 30%. Key inputs include the amount, term and rate of the receivable and key determinants of its risk including a rating or Probability of Default (PD) and a Loss-given Default (LGD). Exposures in the rest of Africa are subsequently further adjusted with a sovereign risk factor.

For material specific exposures, ratings, financial statements and other information in the public domain was used.

The credit risk relating to the other receivables is largely similar to the risk of trade receivables. Thus the same forward-looking ECL has been applied.

#### Australia and the United Kingdom (UK)

Due to the fewer number of exposures and extremely low loss rates in these geographies, the historical PDs and LGDs were determined not to be sufficiently reflective of general market conditions. The benchmark PDs and LGDs of major banks in the respective countries, moderated by 50%, are used to calculate the ECLs for Australia and the UK. No forward looking adjustment was made in respect of the Australian exposures and the result would have been immaterial. A forward-looking risk adjustment of 0.2% was applied to the UK exposures to account for the uncertainty surrounding BREXIT.

### LONG-TERM RECEIVABLES AND LOANS TO EQUITY-ACCOUNTED INVESTMENTS

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 by the Credit committee of entities to whom advances are made and secondly by obtaining sufficient security 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. Loans to employees are predominantly for shares sold in terms of the share schemes and the shares are held as security for the loans advanced.

### CASH AND CASH EQUIVALENTS

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

The group recognises ECLs on cash and cash equivalents in countries in the rest of Africa based on an assessment of the sovereign risk of that country and the likelihood that the repatriation of funds may be restricted in anyway.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

### 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

#### 24.1 CREDIT RISK (continued)

##### CONTRACT RECEIVABLES AND CONTRACT ASSETS

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets 30 June 2019.

R'000	Contract receivables and retentions	Contract assets	Total contract receivables	ECL on trade receivables	ECL on contract assets	Total ECL	Net contract receivables
<b>AFRICA</b>	<b>2 568 285</b>	<b>559 642</b>	<b>3 127 927</b>	<b>29 273</b>	<b>9 766</b>	<b>36 070</b>	<b>6 330 962</b>
<b>South Africa</b>	<b>2 033 504</b>	<b>379 879</b>	<b>2 413 382</b>	<b>15 132</b>	<b>1 604</b>	<b>13 767</b>	<b>2 396 646</b>
General construction	933 193	366 919	1 300 111	3 583	1 409	4 992	1 295 119
Specific construction	899 367	1 765	901 132	5 042	6	5 048	896 083
Subcontractor and supply	200 944	11 195	212 139	6 507	189	6 695	205 444
<b>Rest of Africa</b>	<b>534 781</b>	<b>179 763</b>	<b>714 545</b>	<b>14 141</b>	<b>8 162</b>	<b>22 303</b>	<b>1 473 695</b>
Namibia	10 655	154	10 809	64	1	65	10 744
Mozambique	80 261	93 666	173 927	6 232	7 273	13 506	160 421
Ghana	70 392	4 592	74 984	1 806	118	1 924	73 060
Zambia	132 552	3 705	136 257	4 786	134	4 919	131 337
Sierra Leone	4 641	–	4 641	88	–	88	4 553
Guinea	32 096	30 412	62 508	462	438	900	61 608
Zimbabwe	–	1 099	1 099	–	4	4	1 095
Burkina Faso	4 809	1 084	5 894	91	21	112	5 782
Swaziland	8 154	3 177	11 331	31	12	44	11 287
Lesotho	53 572	4 303	57 875	206	17	222	57 653
Botswana	137 649	37 571	175 220	375	144	519	174 701
General construction	23 088	37 571	60 659	89	144	233	60 426
Specific construction	114 561	–	114 561	286	–	286	114 275
<b>AUSTRALIA</b>	<b>1 999 506</b>	<b>795 842</b>	<b>2 795 347</b>	<b>4 302</b>	<b>1 616</b>	<b>5 917</b>	<b>2 789 431</b>
General construction	1 910 536	795 842	2 706 377	3 878	1 616	5 494	2 700 883
Specific construction	88 970	–	88 970	423	–	423	88 547
<b>UNITED KINGDOM</b>	<b>1 236 925</b>	<b>74 175</b>	<b>1 311 100</b>	<b>2 610</b>	<b>157</b>	<b>2 766</b>	<b>1 308 333</b>
<b>Total</b>	<b>5 804 716</b>	<b>1 429 659</b>	<b>7 234 374</b>	<b>36 185</b>	<b>11 539</b>	<b>44 754</b>	<b>4 097 764</b>

The following table illustrates the metrics utilised to determine the ECL for the general portfolio of customers by country:

	PD%	LGD%	Historic ECL%	Conversion to forward-looking ECL %	Forward-looking ECL %	Sovereign risk adjustment %*	Final ECL %
South Africa	5,77	4,97	0,29	0,10	0,38	0,00	0,38
Rest of Africa	5,77	4,97	0,29	0,10	0,38	3,65	4,03
Australia	1,15	8,85	0,10	0,10	0,20	0,00	0,20
United Kingdom	1,57	5,60	0,09	0,12	0,21	0,00	0,21
Sovereign adjustment by country:							
Namibia					0,38	0,21	0,60
Mozambique					0,38	7,38	7,77
Ghana					0,38	2,18	2,57
Zambia					0,38	3,27	3,61
Sierra Leone					0,38	1,51	1,90
Guinea					0,38	1,06	1,44
Zimbabwe					0,38	0,00	0,39
Burkina Faso					0,38	1,51	1,90
Swaziland					0,38	0,00	0,38
Lesotho					0,38	0,00	0,38
Botswana					0,38	0,00	0,38

\* Average risk adjusted across all territories.

## SUNDRY RECEIVABLES

The following table provides information about the exposure to credit risk and ECLs for sundry receivables at 30 June 2019.

R'000	Sundry receivables balance	PD/rating %	LGD%	Forward-looking ECL%	ECL (ZAR)	Net
<b>AFRICA</b>						
<b>South Africa</b>	<b>142 785</b>				<b>3 324</b>	<b>139 461</b>
Construction	128 762	3.40	4.97	1.67	2 150	126 612
Subcontractor and supply book	14 023	23.03	22.42	8.37	1 174	12 850
<b>REST OF AFRICA</b>	<b>154 038</b>				<b>3 712</b>	<b>150 326</b>
Botswana	93	3.40	4.97	0.20		93
Namibia	79	35.00		0.39		79
Mozambique	2 265	35.00		7.61	172	2 093
Ghana	1 429	35.00		2.45	35	1 394
Zambia	2 927	35.00		3.56	104	2 823
Guinea	4 072	35.00		1.69	69	4 003
Burkina Faso	388	35.00		1.69	7	381
Australia	<b>19 904</b>	<b>1.57</b>	<b>5.60</b>	<b>1.20</b>	<b>238</b>	<b>19 666</b>
United Kingdom	<b>188 366</b>	<b>1.15</b>	<b>8.85</b>	<b>0.43</b>	<b>810</b>	<b>187 556</b>
	<b>505 093</b>					<b>497 009</b>

## LONG-TERM RECEIVABLES

The following table provides information about the exposure to credit risk and ECLs for long-term receivables at 30 June 2019.

R'000	Measurement approach	Gross carrying amount	Historic ECL %	Forward-looking adjustment	Forward-looking ECL %	ECL	Net carrying amount
<b>South Africa</b>							
Mezzanine financing arrangements	<b>Judgemental Moody's risk calculation</b>	<b>150 000</b>	<b>0.50</b>	<b>0.06</b>	<b>0.56</b>	<b>840</b>	<b>149 160</b>
Other long-term receivables	<b>Moody's risk calculation</b>	<b>56 452</b>	<b>1.72</b>	<b>(0.26)</b>	<b>1.46</b>	<b>825</b>	<b>55 627</b>
Consideration receivable	<b>Moody's risk calculation</b>	<b>24 219</b>	<b>1.19</b>	<b>0.20</b>	<b>1.39</b>	<b>337</b>	<b>23 883</b>
<b>Total</b>		<b>230 671</b>					<b>228 670</b>

The Moody's RiskCalc model was used to determine historic PDs and LGDs. Inputs include the historical audited financial statements of the entities which are evaluated against an extensive database of company financial information as well as default information.

When insufficient financial information is available, management have applied judgement in determining a appropriate ECL giving consideration to the collateral held and the existing relationship with the counter party.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

### 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

#### 24.1 CREDIT RISK (continued)

##### LOANS TO EQUITY-ACCOUNTED INVESTMENTS

The table below provides information about the exposure to credit risk and ECLs for equity-accounted investments at 30 June 2019:

R'000	Country	Measurement approach	Gross carrying amount	Historic ECL%	Forward-looking adjustment	Forward-looking ECL %	ECL	Net carrying amount
<b>2019</b>								
<b>Specialist construction</b>								
iKusasa Rail South Africa (Pty) Ltd	South Africa	Moody's risk calculation	13 149	1.42	0.38	1.79	235	12 913
<b>Property developments</b>								
Catchu Trading (Pty) Ltd	South Africa	Judgemental	102 592	0.31	(0.06)	0.25	256	102 336
BPG Caulfield Village Pty Ltd	Australia	Judgemental	180 639	0.50	(0.33)	0.17	303	180 335
The Glen Residential	Australia	Judgemental	109 289	0.50	(0.33)	0.17	184	109 105
Russell Homes Limited	United Kingdom	Judgemental	127 750	2.09	0.53	2.62	3 347	124 403
<b>Investments in concessions</b>								
Gigajoule Power (Pty) Ltd	Mozambique	External credit rating	110 724	–	–	0.01	11	110 712
Dipalopalo Concession (RF) Pty Ltd	South Africa	Judgemental	58 325	0.85	0.22	1.07	624	57 701
<b>Total</b>			<b>702 468</b>					<b>697 505</b>

The Moody's RiskCalc model was used to determine historic PDs and LGDs for the loans to iKusasa SA. Inputs include the historical audited financial statements of the entities which are evaluated against an extensive database of company financial information as well as default information.

The credit risk of a property development decreases significantly as the development nears completion. When assessing an ECL for property developments the percentage of confirmed sales and the stage and cost of construction are considered.

Confirmed sales of the Catchu Trading development are at an advanced stage and construction is largely complete, minimising the risk of a material cost overrun. The benchmark LGD for residential mortgages in South Africa was applied in determining the LGD.

The loans to the Australian property developers (Caulfield and The Glen Development) take the stage of development and the structure of the loan into account. Stage 1 of Precinct 2 is 100% sold and construction is complete. The loan will be repaid on conversion of the sale of apartments. The Garden Sky development (previously the Glen residential) has concluded the first phase of pre-sales, the debt financing is in place and construction has commenced. In addition, residential lending conditions in Australia have eased over the last six months.

The loan to Gigajoule Power (Pty) Ltd is secured by a guarantee issued by the World Bank.

In assessing an appropriate ECL for the loan to Russell Homes Limited consideration was given to the stage of development of the schemes under construction, alternative sources of external financing available and industry conditions within the residential housing sector in Manchester United Kingdom. It was determined that the ECL applies to the construction receivables in the United Kingdom was also an appropriate measurement for the loan to Russell Homes Limited.

##### RECONCILIATION OF THE TOTAL EXPECTED CREDIT LOSS RECOGNISED

The movement in the allowance for impairment in respect of financial assets during the year was as follows. Comparative amounts for 2018 represent the allowance account for impairment losses recognised under IAS 39.

R'000	2019						2018
	Contract receivables	Contract assets	Cash and cash equivalents	Long-term receivables	Loans to associates	Total	
Loss allowance at 1 July 2018	205 176	–	–	–	–	205 176	212 484
Adjustment on initial application of IFRS 9	60 513	17 520	4 813	1 133	1 350	85 330	–
Adjusted loss allowance	265 690	17 520	4 813	1 133	1 350	290 506	212 484
Amounts specifically provided for Expected credit loss recognised/ (reversed)	205	(7 086)	9 352	532	3 915	205	9 975
<b>Balance at 30 June 2019</b>	<b>248 933</b>	<b>10 434</b>	<b>14 165</b>	<b>1 665</b>	<b>5 265</b>	<b>280 461</b>	<b>205 176</b>

## 24.2 MARKET RISK (CURRENCY RISK)

### TRANSACTIONS IN A FOREIGN CURRENCY SETTLED IN THAT FOREIGN CURRENCY

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

### TRANSACTIONS IN A FOREIGN CURRENCY SETTLED IN SOUTH AFRICAN RANDS

Some operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currencies. The group manages this risk through the selective use of forward exchange contracts (FECs) and cross currency swaps when required. FECs 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. There were no open FECs at year end.

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

'000	2019				2018			
	US Dollar	Australian Dollar	Botswana Pula	UK Pound Sterling	US Dollar	Australian Dollar	Botswana Pula	UK Pound Sterling
Trade and other receivables	21 355	222 087	131 540	70 260	7 788	239 992	74 156	33 233
Cash and cash equivalents	60 479	268 817	97 676	45 561	58 406	271 838	223 395	44 429
Trade and other payables	(57 846)	(485 796)	(106 372)	(80 537)	(17 418)	(517 001)	(116 883)	(33 979)
	23 988	5 108	122 844	35 284	48 776	(5 171)	180 668	43 683
Closing rate	14,09	9,89	1,32	17,89	13,72	10,16	1,32	18,12
Average rate	14,18	10,15	1,33	18,37	12,83	9,95	1,28	17,26

Total cash and cash equivalents held by foreign subsidiaries is R4,5 billion (2018: R4,7 billion).

### SENSITIVITY ANALYSIS

A 10% weakening 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.

'000	2019				2018			
	US Dollar	Australian Dollar	Botswana Pula	UK Pound Sterling	US Dollar	Australian Dollar	Botswana Pula	UK Pound Sterling
Trade and other receivables	2 136	22 209	13 154	7 026	779	23 999	7 416	3 323
Cash and cash equivalents	6 048	26 882	9 768	4 556	5 841	27 184	22 340	4 443
Trade and other payables	(5 785)	(48 580)	(10 637)	(8 054)	(1 742)	(51 700)	(11 688)	(3 398)
	2 399	511	12 285	3 528	4 878	(517)	18 068	4 368

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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

### 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

#### 24.3 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	Interest-bearing			
	Carrying amount	Variable rate	Fixed rate	Interest free
<b>2019</b>				
Loans to equity-accounted investments	145 052	–	127 481	17 571
Long-term receivables	347 918	347 918	–	–
Trade and other receivables	6 333 453	44 587	–	6 288 866
Long-term liabilities	(193 164)	(193 164)	–	–
Trade and other payables	(8 251 321)	(101 558)	–	(8 149 763)
Cash and cash equivalents	5 951 985	5 951 985	–	–
	<b>4 333 923</b>	<b>6 049 678</b>	<b>127 481</b>	<b>(1 843 326)</b>
<b>2018</b>				
Loans to equity-accounted investments	18 080	–	7 363	10 717
Long-term receivables	373 136	320 447	32 761	19 928
Trade and other receivables	5 705 697	42 089	–	5 663 608
Long-term liabilities	(169 718)	(169 718)	–	–
Trade and other payables	(8 018 265)	(134 640)	–	(7 883 625)
Cash and cash equivalents	5 992 461	5 992 461	–	–
	3 901 391	6 050 639	40 124	(2 139 384)

#### SENSITIVITY ANALYSIS

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

	2019 R'000	2018 R'000
Long-term receivables	2 609	2 403
Trade and other receivables	334	316
Cash and cash equivalents	44 640	44 943
Long-term liabilities	(1 478)	(1 273)
Trade and other payables	(762)	(1 010)
	<b>45 344</b>	<b>45 379</b>

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

#### 24.4 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 remaining contractual maturities of the group's financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments:

R'000	< 1 year	2 – 5 years	> 5 years
<b>Liabilities measured at amortised cost</b>			
<b>2019</b>			
Finance leases	80 308	75 511	–
Settlement agreement liability	21 250	85 000	85 000
	<b>101 558</b>	<b>160 511</b>	<b>85 000</b>
<b>2018</b>			
Finance leases	86 171	50 227	–
Settlement agreement liability	21 250	85 000	106 250
Bank loans	27 220	13 489	–
Other financial liabilities	19 869	–	–
	154 510	148 716	106 250

The present value of these instruments is R293 million (2018: R297 million).

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

The group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets, as well as from current cash reserves (note 28.3) 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 9).

## 25. CAPITAL MANAGEMENT

To provide returns for shareholders and benefits for other stakeholders and to maintain an 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 amount of dividends paid by the group is determined with reference to the liquidity and solvency of the group giving consideration to budgets and forecasts.

The group adopts a conservative approach when managing 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, this approach is appropriate in providing flexibility during challenging environments and in protecting shareholder value.

	2019	2018
Debt/equity ratio (%)	2,7	2,9

This measure has been adjusted to represent the total capitalised interest-bearing liabilities as a percentage of average shareholders' interest.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

### 26. EMPLOYEE BENEFITS

#### 26.1 EQUITY COMPENSATION BENEFITS

##### THE WBHO SHARE PLAN

##### Share Appreciation Rights (SAR)

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

The performance target threshold comprises the average growth in headline earnings per share (HEPS) compared to the average CPI plus 3%. Calculated annually in three-year cycles.

##### Performance Shares (PS)

Performance shares are awarded annually to participants for no consideration. Vesting commences on the third anniversary of the award to the extent that the company has met the specified performance criteria. Being a full value share element without a strike price, the number of shares that vest depend on the performance of the group over the three year period.

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

Actual performance against the criteria at 30 June 2018 (Offer 2015) and 30 June 2019 (remaining offers):

	Offer 2015 performance shares	Offer 2016 performance shares	Offer 2017 performance shares	Offer 2018 performance shares
Return on capital employed	21,7%	18,2%	16,1%	12,4%
Relative total shareholder return	1st	5th	5th	5th

In December 2018, 582 000 shares vested in respect of Offer 2015 (194 000 performance shares awarded). The award achieved stretch performance criteria and therefore vested at 300%.

	Number of conditional awards '000	Issue date	Issue price (cents)	Exercise price (cents)	Vesting period	Share- based payment expense	Future expense to be recognised
Performance shares							
2015	194	7/12/2015	11 175	–	3 years	4 940	–
2016	120	7/12/2016	14 747	–	3 years	7 303	3 043
2017	130	7/12/2017	14 676	–	3 years	5 027	7 121
2018	141	12/12/2018	14 485	–	3 years	2 132	9 675
Share appreciation rights							
2014	137	16/03/2015	10 795	11 540	3 – 5 years	–	–
2016	120	7/12/2016	14 747	14 747	3 – 5 years	–	–
2017	136	7/12/2017	14 676	14 676	3 – 5 years	1 760	3 974
2018	147	13/12/2018	14 485	14 485	4 - 5 years	–	–
<b>Total</b>						<b>21 162</b>	<b>23 813</b>

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



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

	PS	SARS
Volatility (%) (Volatility has been calculated using the historical WBHO share prices over the vesting periods)	n/a	22,1 – 26,2
Risk-free rate (%)	n/a	7,0 – 7,4
Dividend yield (%)	2,3 – 2,7	2,3 – 2,5
Attrition rate (%)	5,0	5,0

## 26.2 THE WBHO MANAGEMENT TRUST

The trust is a structured entity through which shares are sold to employees with the aim of retaining existing talent within the group.

The trust issues these shares via either a loan or as options to qualifying employees. The share options are equity-settled and are valued using the Binomial model. The following estimates and assumptions were used in the calculation of the share-based payment expense:

	Share options 2014	Share options 2016
Grant date share price	115,0	145,0
Exercise price (R'000)	83,1	110,4
Volatility (%) (Volatility has been calculated using the historical WBHO share prices over the vesting periods)	23,4	25,0
Risk-free rate (%)	7,5	8,5
Dividend yield (%)	2,5	2,5
Attrition rate (%)	5,0	5,0

## 26.3 AKANI INVESTMENT HOLDINGS (PTY) LTD AND THE BROAD-BASED EMPLOYEE SHARE INCENTIVE TRUST (BBE TRUST)

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

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

The hurdle rate is defined as being the nominal annual growth rate compounded annually. For the partners the rate is 8,33% and for the employees it is as agreed to by the Board at the time of each allocation of shares.

Over the lock-in periods the shares attract dividends. In respect of directors, one third of the dividend is paid out in cash and two-thirds are utilised to purchase WBHO shares. In respect of employees, the full dividend is utilised to purchase WBHO shares.

In calculating the share-based payments expense applicable to the black partners and the BBE Trust it is necessary to estimate the number of shares that may vest at the end of the lock-in and allocation periods respectively. The following assumptions and judgements were used in arriving at the share-based payment expense:

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

### 26. EMPLOYEE BENEFITS

26.3 AKANI INVESTMENT HOLDINGS (PTY) LTD AND THE BROAD-BASED EMPLOYEE SHARE INCENTIVE TRUST (BBE TRUST)  
The table below provides details of the long-term incentives awarded to employees other than directors and prescribed officers.

	WBHO Management Trust	Black Partners	Employees
Total shares/options allocated ('000)	1 013	720	1 397
Allocations/issues in the current year ('000)	–	–	435
Dividend shares purchased ('000)	n/a	8	20
Vested in the current year ('000)	–	(18)	(75)
Shares purchased (000)	24	–	–
Shares to be bought back (000)	–	–	(682)
Dividends shares transferred ('000)	–	(100)	100
Shares available for future allocations ('000)	2 278	–	678
Share-based payment expense recognised (R'000)	14 462	–	12 771
Future share-based payment expense (R'000)	34 923	–	44 792
Liability recognised to date	n/a	n/a	n/a

26.4 PROBUILD CONSTRUCTIONS (AUST) PTY LTD AND WBHO INFRASTRUCTURE PTY LTD SHARE INCENTIVE SCHEMES  
Shares are acquired by management for full market value at the time of issue and as a result, no share-based payment expense is recognised. Employee loans are raised against any consideration outstanding.

### 27. SEGMENT 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 six reportable operating segments. The activities associated with each segment are noted below:

#### Building and civil engineering

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

#### Roads and earthworks

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

#### Australia

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

#### United Kingdom

Construction of retail, residential and commercial buildings for the private building sector and building refurbishments and fit-out projects.

#### Property developments

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

#### Construction materials

Sales and manufacture of long-steel products.

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

Non-current assets by geographic segment are shown net of deferred tax.

	Building and civil engineering R'000	Roads and earthworks R'000	Australia R'000	United Kingdom R'000	Property developments R'000	Construction materials R'000	Total R'000
<b>Operating segments</b>							
<b>2019</b>							
Revenue	7 337 856	5 294 683	21 713 454	5 683 574	4 727	976 067	41 010 361
Inter-segment revenue	-	-	-	-	-	(396 064)	(396 064)
Revenue – external customers	7 337 856	5 294 683	21 713 454	5 683 574	4 727	580 003	40 614 297
Operating profit before non-trading items	304 332	343 092	(335 247)	228 028	715	20 315	561 235
Items regularly reported to the Executive committee:							
Depreciation	21 552	137 442	73 478	44 884	-	5 933	283 289
Capital expenditure	37 062	236 547	81 685	13 223	-	5 743	374 260
<b>2018</b>							
Revenue	7 302 475	5 282 155	21 941 438	-	1 778	842 034	35 369 880
Inter-segment revenue	-	-	-	-	-	(341 405)	(341 405)
Revenue – external customers	7 302 475	5 282 155	21 941 438	-	1 778	500 629	35 028 475
Operating profit before non-trading items	332 184	370 858	277 906	57 209	1 970	5 270	1 045 397
Items regularly reported to the Executive committee:							
Loss on disposal of equity accounted investment	-	-	-	(57 544)	-	-	(57 544)
Gain on bargain purchase of subsidiary	-	-	-	101 675	-	-	101 675
Depreciation	45 675	135 264	51 528	-	-	7 743	240 210
Capital expenditure	76 301	187 483	48 826	-	-	3 357	315 967
						<b>2019</b>	2018
						<b>R'000</b>	<b>R'000</b>
<b>Geographical segments</b>							
<b>Revenue</b>							
South Africa						10 855 899	10 649 599
Rest of Africa						2 361 370	2 437 438
Australia						21 713 454	21 941 438
United Kingdom						5 683 574	-
						<b>40 614 297</b>	35 028 475
<b>Operating profit before non-trading items</b>							
South Africa						475 036	524 653
Rest of Africa						193 418	185 629
Australia						(335 247)	277 906
United Kingdom						228 028	57 209
						<b>561 235</b>	1 045 397
<b>Non-current assets</b>							
South Africa						1 861 997	1 797 922
Rest of Africa						412 485	368 597
Australia						1 199 930	1 145 074
United Kingdom						798 982	220 791
						<b>4 273 394</b>	3 532 384

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

	2019 R'000	2018 R'000
<b>28. CASH FLOW INFORMATION</b>		
<b>28.1 CASH GENERATED FROM OPERATIONS</b>		
Operating profit before non-trading items	561 235	1 045 397
Less: Settlement agreement expense	–	(21 250)
Adjusted for non-cash items:		
Depreciation	283 289	240 210
Increase in expected credit loss allowance	(2 852)	–
Increase in expected credit loss allowance on cash balances	(14 165)	–
Movement in provisions	611 440	(118 988)
Profit from disposal of property, plant and equipment	(5 607)	(18 996)
Operating income before working capital changes	1 433 340	1 126 373
Working capital changes:		
Increase in inventories	(42 977)	(727)
Decrease in contract assets	508 007	419 997
Decrease in contract liabilities	(131 150)	(1 058 792)
(Increase)/decrease in trade and other receivables	(319 701)	55 723
Increase in trade and other payables	19 269	846 957
<b>Cash generated from operations</b>	<b>1 466 788</b>	<b>1 389 531</b>
<b>28.2 TAXATION PAID</b>		
Asset outstanding at beginning of the year	105 169	123 235
Current tax expense	(253 563)	(385 142)
(Liability)/asset acquired in a business combination	(26 806)	4 442
Asset outstanding at end of year	(152 053)	(105 169)
<b>Net taxation paid</b>	<b>(327 253)</b>	<b>(362 634)</b>
<b>28.3 FINANCE LEASE LIABILITIES</b>		
Liability outstanding at beginning of the year	177 107	120 261
Additions	151 026	77 693
Acquired in a business combination	–	40 709
Foreign currency effect	(3 273)	1 609
Liability outstanding at end of year	(153 897)	(177 107)
<b>Instalments settled</b>	<b>170 963</b>	<b>63 165</b>
<b>28.4 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	5 966 150	5 992 461
Expected credit loss allowance	(14 165)	–
<b>Cash and cash equivalents</b>	<b>5 951 985</b>	<b>5 992 461</b>
Restricted cash balances of R87,7 million (2018: R93,4 million) relate to monies held in trust on behalf of subcontractor retentions in Australia.		

## 29. ACQUISITION OF NON-CONTROLLING INTERESTS

Entity	Date acquired/ disposed of	Transaction	Interest acquired/ disposed of %	Effective interest held after transaction %	Consideration paid/received R'000
<b>2019</b>					
Probuild Constructions (Aust) Pty Ltd	12 Sept 2018	Share buy-back	0,40	85,37	8 522
Probuild Constructions (Aust) Pty Ltd	10 Oct 2018	Share buy-back	1,60	86,97	34 191
Probuild Constructions (Aust) Pty Ltd	10 Oct 2018	Acquisition	0,81	87,78	15 885
Russells Limited	28 Feb 2019	Put option	10,00	70,00	88 338
Net cash flow					146 936
Aggregate amounts recognised in equity					74 485

### 30. BUSINESS COMBINATIONS

#### RUSSELLS LIMITED

In July 2018, WBHO UK Limited concluded an agreement in which it acquired a controlling 60% interest in Russells Limited (Russells) for a consideration of £32,8 million (R572 million).

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 (UK) was identified as offering the most potential at acceptable levels of risk. The acquisition of the Russells business 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 the business and the management team, which are based on teamwork, integrity and loyalty, are strongly aligned with those of WBHO.

Russells is a main contracting business located in Manchester in the 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.

Russells has demonstrated strong, yet controlled and sustainable growth over recent years, establishing itself as one of the pre-eminent contractors in the region. The Manchester and North West construction markets currently offer a healthy project pipeline.

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

	R'000
<b>Assets</b>	
Property, plant and equipment	26 121
Intangible assets	2 437
Contract assets	122 847
Trade and other receivables	297 409
Loan to Russell Homes Limited	148 280
Cash and cash equivalents	139 508
<b>Total</b>	<b>736 602</b>
<b>Liabilities</b>	
Non-current liabilities	26 112
Deferred taxation	1 116
Trade and other payables	204 832
Accruals	171 183
Other current liabilities	32 388
<b>Total</b>	<b>435 631</b>
Fair value of net identifiable assets	300 971
Proportionate share of non-controlling interests recognised	(120 388)
Fair value of net identifiable assets acquired	180 583
Cash consideration	571 670
Fair value of net identifiable assets acquired	(180 583)
<b>Goodwill recognised on acquisition (Note 3)</b>	<b>391 087</b>

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. Goodwill arising on the acquisition of this business is not deductible for tax purposes.

### 31. EVENTS AFTER THE REPORTING DATE

The board is not aware of any other matter or circumstance arising since the reporting date not otherwise dealt with in the consolidated financial statements, which significantly affects the financial position of the group as at 30 June 2019 or the results of its operations or cash flows for the year then ended.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 June 2019

### 32. CHANGES IN ACCOUNTING POLICIES

#### IFRS 15: REVENUE WITH CUSTOMERS FROM CONTRACT

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The group has adopted IFRS 15 using the cumulative effect method (without practical expedients) thus applying this standard at the date of initial application. Accordingly, the information presented for 2018 has not been restated and is presented as previously reported under IAS 18, IAS 11 and related interpretations.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms	Nature of change in accounting policy
<b>Construction contracts</b>	<p>Construction revenue includes the contract value together with any approved variations and claims to the extent that it is probable that they will result in revenue and can be measured reliably.</p> <p>When a claim or variation is recognised the cumulative contract price is revised. The measure of progress is reassessed at each reporting date using surveys of work performed.</p>	The implementation of IFRS 15 had no impact on the recognition of revenue for construction contracts. The impact of the implementation of IFRS 15 on operating expenses is described below.
<b>Sales of construction materials and properties</b>	In respect of the sale of construction materials and properties, customer currently recognises revenue when a customer obtains control of the goods, which will be through delivery or collection.	The implementation of IFRS 15 had no impact on the recognition of revenue for the sale of construction materials and properties

In implementing IFRS 15, the group has performed an assessment of all active contracts. The 5-step process for the recognition and measurement of revenue described under IFRS 15 was applied to each individual contract and its effect determined. The assessment of performance obligations, the accompanying allocation of the contract value (including the effects of any variations and claims) and the measurement of the progress of the contract resulted in the same outcome for the recognition and measurement of revenue using the percentage-of-completion method under IAS 11.

In Australia, tender costs incurred to acquire a contract had previously been capitalised under IAS 11. While IFRS 15 allows for costs that are incremental to obtaining a contract to be capitalised and subsequently amortised over the life of the contract, it was determined that as these costs would have been incurred irrespective of whether the contract was awarded, and no longer met the requirements to be capitalised. Costs of this nature, capitalised at 1 July 2018, have been adjusted for against opening retained income while costs incurred over the financial year have been expensed.

Income received in advance of R244,5 million was previously disclosed under trade and other payables, but has now been grouped with excess billings over work done, disclosed as contract liabilities on the statement of financial position in order to achieve better presentation. Comparative figures have also been adjusted.

The following tables summarises the impact of adopting IFRS 15 at 1 July 2018.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	At 30 June 2018	IFRS 15 effect	At 1 July 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred taxation	667 779	15 449	683 228
<b>Current assets</b>			
Trade and other receivables	6 213 877	(51 498)	6 162 379
<b>Equity</b>			
Distributable reserves	5 555 470	(36 049)	5 524 846
Non-controlling interests	207 517	(7 751)	202 092

## IFRS 9: FINANCIAL INSTRUMENTS

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

### CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

IFRS 9 retains the existing requirements for the classification and measurement of financial liabilities under IAS 39 however it eliminates the previous categories for financial assets: held to maturity, loans and receivables and available for sale. These are now classified as amortised cost.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 related solely to the new impairment requirements.

### TRANSITION

The group has applied the exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment). Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 July 2018. Accordingly, the information presented for the year ended 30 June 2018 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

R'000	At 30 June 2018	IFRS 9 effect	At 1 July 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Long-term receivables	373 136	(1 194)	371 942
Loans to equity accounted investments	470 835	(1 289)	469 546
Deferred tax asset	667 779	24 363	692 142
<b>Current assets</b>			
Trade and other receivables	6 213 877	(60 513)	6 153 364
Contract assets	1 816 792	(17 520)	1 799 272
Cash and cash equivalents	5 992 461	(4 813)	5 987 648
<b>Equity</b>			
Distributable reserves	5 555 470	(47 538)	5 497 932
Non-controlling interests	207 517	(3 428)	204 084

### IMPAIRMENT OF FINANCIAL ASSETS

Financial assets measured at amortised cost are subject to the impairment provisions of IFRS 9.

IFRS 9 replaces the incurred loss model applied under IAS 39 with a forward-looking expected credit loss (ECL) model. The ECL model requires an entity to account for expected credit losses at each reporting date that reflect changes in credit risk since initial recognition. The group applies the simplified approach when measuring expected credit losses incorporating a lifetime expected loss allowance for all trade receivables and contract assets. The general approach has been applied to other financial assets.

Due to the bespoke nature of construction contracts and specific circumstances relating to the impairment of trade receivables, the group did not recognise general impairments in respect of trade receivables under IAS 39. Specific provisions for impairment were recognised against individual receivables when evidence for impairment existed.

In applying the simplified approach, exposure within each category of trade and other receivables was segmented based on individual credit risk ratings, industry and geographic region. Factors reflecting the group's view of economic conditions over the expected lives of the receivables were considered when calculating the ECL. These factors included external sources for company, industry and sovereign risk in each of the regions in which the group is active. The specific provisions for impairment recognised under IAS 39 have been retained where necessary.

### COMBINED EFFECT OF THE NEW REPORTING STANDARDS AT 1 JULY 2018:

	R'000
Total equity at 30 June 2018	6 019 156
Increase in operating cost	(51 498)
Increase in administrative expenses	(85 329)
Decrease in tax expense	39 812
Decrease in non-controlling interests	11 179
Total equity at 1 July 2018 under IFRS 9 and IFRS 15	5 933 320

## ANNEXURE 1 INVESTMENTS IN SUBSIDIARIES

for the year ended 30 June 2019

	Country of Incorporation	Issued capital	Effective holding	
			2019 %	2018 %
<b>Held directly</b>				
WBHO Construction (Pty) Ltd	South Africa	R900 000	100	100
WBHO Industrial Holdings (Pty) Ltd	South Africa	R1	100	100
<b>Structured entities</b>				
WBHO Management Trust	South Africa		–	–
WBHO Share Trust	South Africa		–	–
WBHO Broad-based Employee Share Incentive Trust	South Africa		–	–
Akani Investment Holdings (Pty) Ltd	South Africa	R34 744	31	28
<b>Held indirectly</b>				
Roadspan Surfaces (Pty) Ltd	South Africa	R10 000	100	100
St Francis Links (Pty) Ltd	South Africa	R100	80	80
Capital Africa Steel (Pty) Ltd	South Africa	R235 861	100	100
Tekfalt Binders (Pty) Ltd	South Africa	R100	60	60
Balmoral Crushers (Pty) Ltd	South Africa	R120	100	100
WBHO Construction Sierra Leone Limited	Sierra Leone	US\$23,000	100	100
WBHO Guinea (SA) Limited	Guinea	Fr100,000,000	100	100
WBHO Mozambique Projectos Limitada	Mozambique	MZN10,000,000	100	100
WBHO Namibia (Pty) Ltd	Namibia	N\$1	100	100
WBHO Construction Zambia Limited	Zambia	ZMW10,000	100	100
Kalcon (Pty) Ltd	Botswana	P2	100	100
WBHO Ghana (Pty) Ltd	Ghana	\$500,000	100	100
WBHO Australia Pty Ltd	Australia	AUS\$46,348,945	100	100
WBHO Infrastructure Pty Ltd	Australia	AUS\$22 113 309	90,7	90,1
Monaco Hickey Pty Ltd	Australia	AUS\$6 000 000	73,5	69,7
Probuild Constructions (Aust) Pty Ltd	Australia	AUS\$48 760 955	87,8	85,0
WBHO UK Limited	England	GBP100	100	100
Byrne Group Limited	England	GBP2,137,400	80	80
Russells Limited	England	GBP750	70	–

Investments in insignificant subsidiaries are not disclosed.



## ANNEXURE 2 INTERESTS IN JOINT OPERATIONS

for the year ended 30 June 2019

Investments in significant non-statutory entities	Country of operation	2019 %	2018 %
Kusile Civils Joint Venture	South Africa	50,0	25,0
WBHO/Tiber 144 Oxford St Joint Venture	South Africa	50,0	50,0
WBHO/Gateway Joint Venture	South Africa	90,0	70,0
Umhlanga Arch Joint Venture	South Africa	90,0	90,0
WBHO/Thekwini Joint Venture	South Africa	70,0	–
Oceans Joint Venture	South Africa	70,0	–
Masibuyane Joint Venture	South Africa	75,0	–
WBHO/Moteo Joint Venture	South Africa	62,0	–
Sisonke Joint Venture	South Africa	70,0	–
Watt Street Interchange Joint Venture	South Africa	80,0	–
Mdubane Joint Venture	South Africa	60,0	–
WBHO Barloworld MM Joint Venture	South Africa	79,0	–
WBHO/Orapa FRD Joint Venture	Botswana	70,0	70,0
WBHO/LSP Joint Venture	Lesotho	60,0	–
WBHO/AGT Joint Venture	Swaziland	50,0	–

All joint operations listed above are engaged in construction activities.

## ANNEXURE 3 SHAREHOLDERS' ANALYSIS

for the year ended 30 June 2019

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	2 387	70,19	587 857	0,98
1 001 – 10 000 shares	596	17,53	2 145 809	3,58
10 001 – 100 000 shares	330	9,70	11 437 967	19,10
100 001 – 1 000 000 shares	78	2,29	22 542 874	37,64
1 000 001 shares and over	10	0,29	23 176 007	38,70
<b>Total</b>	<b>3 401</b>	<b>100,00</b>	<b>59 890 514</b>	<b>100,00</b>
<b>Distribution of shareholders</b>				
Banks/brokers	96	2,82	12 129 634	20,25
Close corporations	27	0,79	14 159	0,02
Empowerment	3	0,09	3 474 446	5,80
Endowment funds	19	0,56	147 819	0,25
Individuals	2 298	67,57	3 993 961	6,67
Insurance companies	59	1,73	2 627 281	4,39
Investment companies	4	0,12	789 641	1,32
Medical schemes	22	0,65	181 812	0,30
Mutual funds	209	6,15	15 145 237	25,29
Other corporations	9	0,26	19 756	0,03
Private companies	61	1,79	349 416	0,58
Public companies	3	0,09	950	0,01
Retirement funds	249	7,32	15 752 902	26,30
Share trusts	2	0,06	3 333 021	5,57
Treasury stock	–	–	–	–
Trusts	340	10,00	1 930 479	3,22
<b>Total</b>	<b>3 401</b>	<b>100,00</b>	<b>59 890 514</b>	<b>100,00</b>
<b>Public/non-public shareholders</b>				
<b>Non-public shareholders</b>				
Directors and associates	12	0,35	1 436 770	2,40
Strategic holders holding more than 10%	1	0,03	6 228 379	10,40
Empowerment vehicles	4	0,12	3 474 446	5,80
WBHO share and management trusts	2	0,06	3 333 021	5,57
Treasury stock	–	–	–	–
<b>Public shareholders</b>	<b>3 382</b>	<b>99,44</b>	<b>45 417 898</b>	<b>75,83</b>
<b>Total</b>	<b>3 401</b>	<b>100,00</b>	<b>59 890 514</b>	<b>100,00</b>
<b>Beneficial shareholders holding 3% or more</b>				
Government Employees Pension Fund			8 674 859	14,48
Allan Gray (Pty) Ltd			5 376 269	8,98
Old Mutual			3 910 388	6,53
Akani Investment Holdings (Pty) Ltd			3 474 446	5,80
WBHO Management Trust			3 333 021	5,57
Dimensional Fund Advisors			2 088 100	3,49
Vanguard			1 838 987	3,07
<b>Total</b>			<b>28 696 070</b>	<b>47,91</b>
<b>Geographical breakdown</b>				
South Africa	3 266	96,03	47 127 707	78,69
United States of America and Canada	26	0,76	8 481 403	14,16
United Kingdom	47	1,38	1 685 715	2,81
Rest of Europe	21	0,62	1 301 374	2,18
Rest of the world	41	1,21	1 294 315	2,16
<b>Total</b>	<b>3 401</b>	<b>100,00</b>	<b>59 890 514</b>	<b>100,00</b>

## 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**

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### **Company Secretary**

Shereen Vally-Kara

ACIS

### **Auditors**

BDO South Africa Inc.

### **Transfer Secretaries**

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### **Sponsor**

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