WBHO

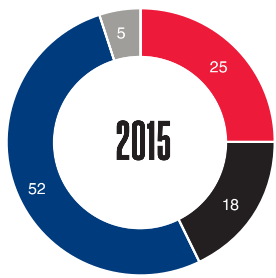
INTEGRATED REPORT 2015

HIGHLIGHTS

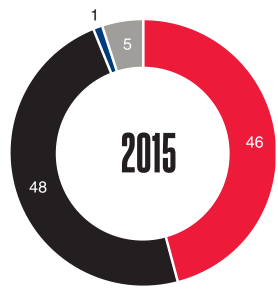
MIKE WYLIE
CHAIRMAN

"Amid poor economic conditions, I am pleased to report that our revenue has grown to R29,5 billion and that all divisions, with one exception, have performed well. The construction environment remains a tale of two stories: strong in building markets, while weak in civil and infrastructure."

Contribution by Segment



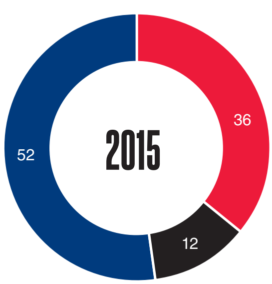
Revenue (%)



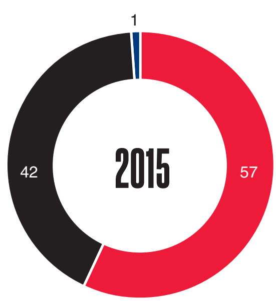
Operating profit (%)

- Building and civil engineering (including Property developments)
- Roads and earthworks
- Australia
- Construction materials

Contribution by Geography



Revenue (%)



Operating profit (%)

- South Africa
- Rest of Africa
- Australia

Revenue ↑
15% to R29,5 billion
2014: R25,7 billion

Operating margin ↓
to 2,7%
2014: 4,0%

HEPS ↓
Continuing operations
13,5% to 1 106 cents
2014: 1 278 cents

Cash ↑
51% to R3,9 billion
2014: R2,7 billion

ROCE ↓
to 18,0%
2014: 22,7%

LTIFR ↓
to 0,78
2014: 0,94

"It has been another year of sound achievement against a backdrop of persistent tough economic conditions and subdued activity in the mining sector. We have had to make some tough decisions, right-sizing certain businesses and shifting our focus to those key areas offering opportunities in the prevailing markets."

LOUWTJIE NEL
CHIEF EXECUTIVE OFFICER

THE WBHO WAY

Our culture and shared values are enshrined in our Code of Conduct. They are a set of guiding principles known collectively as "The WBHO Way":

REPUTATION

Our reputation is one of our greatest assets. We actively work to build a reputation of excellence in our people, systems and products. When our actions in any way contravene our shared values of teamwork, communication, integrity and excellence, it can adversely impact on our positive reputation.

QUALITY

Quality is of utmost importance to the group and both management and employees must pursue this at all times. Performance of duties should be at the expected level of skill, knowledge, experience and judgement.

COST-AWARENESS

Management and employees have a responsibility to consider efficiencies where possible, such as cost cutting, value engineering and any other methods that provide our stakeholders with quality structures within set budgets. This responsibility includes taking due care, avoiding waste, minimising the misuse or abuse of company assets, while limiting the risks to suppliers and subcontractors who engage in projects for the group.

TEAMWORK

We are a team. We succeed together. When we can help our colleagues, we do. When we need help, we ask. We do not ignore a colleague who needs our assistance, even if they have not asked for our help. We are also willing to participate in activities and projects that promote WBHO.

CULTURE

We have a positive, "can do" attitude and always "go the extra mile" for our clients. We are flexible, dependable, hard-working and a "pleasure to do business with".

CONTENTS

Australia: Chadstone Shopping Centre.

ABOUT THIS REPORT

The directors of Wilson Bayly Holmes-Ovcon Limited (hereafter referred to as "WBHO") hereby present the FY15 integrated report. The purpose of this report is to provide our stakeholders, which include our clients, employees, shareholders, investors, analysts and other interested parties, with the information (both financial and non-financial) that will enable them to formulate a broad, contextual overview of the operating context, strategic objectives and performance of the company for the year ended 30 June 2015.

ENHANCEMENTS TO THIS REPORT

This year we have expanded our "Procure to Execute" business model to include more detailed information in respect of our inputs to the model and the resulting services we deliver. In describing our operating context, we provide stakeholders with insight into the general construction environment within the markets in which we operate and then identify our most material issues and how these underpin our strategic thinking. In this report, we have restructured the way we present our strategy and performance extensively. Our goal has been to connect the information we present more clearly and, in particular, to link our performance to our strategic objectives. In presenting the overall strategy of the group, we have identified six strategic pillars that we believe are pivotal to our success. We demonstrate how these are informed by our material issues and advise stakeholders of the specific strategic responses and initiatives implemented during the course of the year. Having presented and explained our strategy, we report on our performance in relation to these plans.

In keeping with previous reports, we have strived to balance accessibility and convenience with full disclosure and transparency. In the interests of accessibility, we have presented the critical information as concisely as possible in the body of this report. In the interests of full disclosure and transparency, we have also published online supplementary information in respect of governance and our social, environmental and quality performance for the year. Our full Annual Financial Statements are available online at www.wbho.co.za/investors. Detailed information about our Board of Directors and Board committees and our philosophy and approach toward sustainability are available under the "Governance" and "Sustainability" sections of our website at www.wbho.co.za.

SCOPE AND BOUNDARY

This annual report covers our fiscal year of 1 July 2014 to 30 June 2015. The scope of this report encompasses all operating subsidiaries of the group and covers relevant aspects of its African and Australian operations. There have not been any significant changes during this reporting period in terms of the size, location, structure or ownership of the organisation.

BASIS OF PREPARATION

This report has been produced in line with the recommendations of the King Report on Governance for South Africa 2009 (King III), the Listings Requirements of the Johannesburg Stock Exchange (JSE) and the guiding principles and content elements suggested by the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI). For more detail regarding our GRI application, please refer to the GRI content index published on the WBHO website. There were no significant restatements from prior periods and external assurance has not been sought on the non-financial disclosures made in this report. The Audit and risk committee is responsible for overseeing the content of this report and recommended the report to the Board for its approval.

FORWARD-LOOKING STATEMENTS

This report may contain certain forward-looking statements that relate to the financial position and results of the operations of the group. If made, these statements are based on the views of the directors solely. Actual results may differ substantially from the expectations of directors and readers are cautioned not to place undue reliance on these statements.

ASSURANCE

Assurance is an invaluable business tool because it enables us to identify potential risks, understand our exposures and ensure that the right checks and balances are in place to mitigate these risks. The following table lists the content and processes on which we obtain external assurance, together with the providers of this assurance.

Content and processes	Assurance provider	Outcome
Content		
Annual Financial Statements	BDO South Africa Inc.	Unqualified audit opinion
BBBEE rating	EmpowerLogic (Pty) Ltd	Level 2
Processes		
Environmental management	DQS GmbH	ISO 14001
Health and safety management	PWC	OHSAS 18001
Quality management	SABS	ISO 9001

For further information, please direct your questions, comments or suggestions to the group Company Secretary, Shereen Vally-Kara on 011 321 7200 or Shereen_Vally-Kara@wbho.co.za.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the completeness and integrity of this report and its supplementary information. Assisted by its Audit and risk committee, the Board has applied its collective mind to the preparation and presentation of this report and concluded that it is presented in accordance with the International Integrated Reporting Framework V1.0.

This integrated report was approved by the Board and signed on its behalf by:

Mike Wylie
Chairman

Louwtjie Nel
Chief Executive Officer

1 October 2015

STATEMENT OF COMPLIANCE BY COMPANY SECRETARY

I confirm that the company has lodged all returns, in respect of the year ended 30 June 2015, that are required to be lodged by a public company in terms of the Companies Act of South Africa with the Registrar of Companies and that all such returns are true, correct and up-to-date.

Shereen Vally-Kara
Company Secretary

1 October 2015

BUSINESS MODEL

INPUTS

HUMAN CAPITAL

Our people are critical to our success and sustainability. Through a combination of our culture of shared values, known as "The WBHO Way", and initiatives to attract, mentor and grow the best personnel we have developed the skilled workforce and experienced management teams necessary to secure and deliver projects and grow as a company. The high importance of this input thus drives three of our strategic objectives: "Capacity and talent management"; "Localisation and transformation"; and "Safety and environmental management".

SOCIAL AND RELATIONSHIP CAPITAL

Our relationships with our stakeholders are dynamic assets that underpin our ability to create value. This importance is reflected in our "Relationships and reputation" strategic objective. Our close relations with clients ensure we are able to generate repeat business on reasonable contractual terms. We have also developed strong relationships with lending institutions to ensure we have access to sufficient financial capital as and when required, on fair commercial terms.

INTELLECTUAL CAPITAL

Our "Procurement and execution" strategic objective is recognition of the importance of bidding for, and securing, the right projects, for the right clients, at the right margins and contractual terms, and then delivering these to the highest quality. Our capacity to submit quality bids and execute these with excellence is built on surrounding skilled people with the right tools and processes to achieve these aims. These tools and processes are our "know how" and the intellectual property that keeps us consistently excellent.

NATURAL CAPITAL

Like any organisation, we rely on a mixture of raw materials, fuel and energy to power our activities and, ultimately, to create value. As a member of the construction industry, we also acknowledge our moral and legal responsibility to safeguard the environment and operate in a sustainable manner. We monitor and report on our consumption of natural resources and impact on the environment through an ISO 14001 accredited environmental management system.

MANUFACTURED CAPITAL

From our perspective, this input is predominantly our infrastructure and, in particular, our fleet of high quality plant. Our investment in superior plant and its maintenance ensures our people are able to deliver projects on time and to the highest standard. Accordingly, this input feeds into two of our strategic objectives: "Flexibility and diversification" and "Procurement and execution".

FINANCIAL CAPITAL

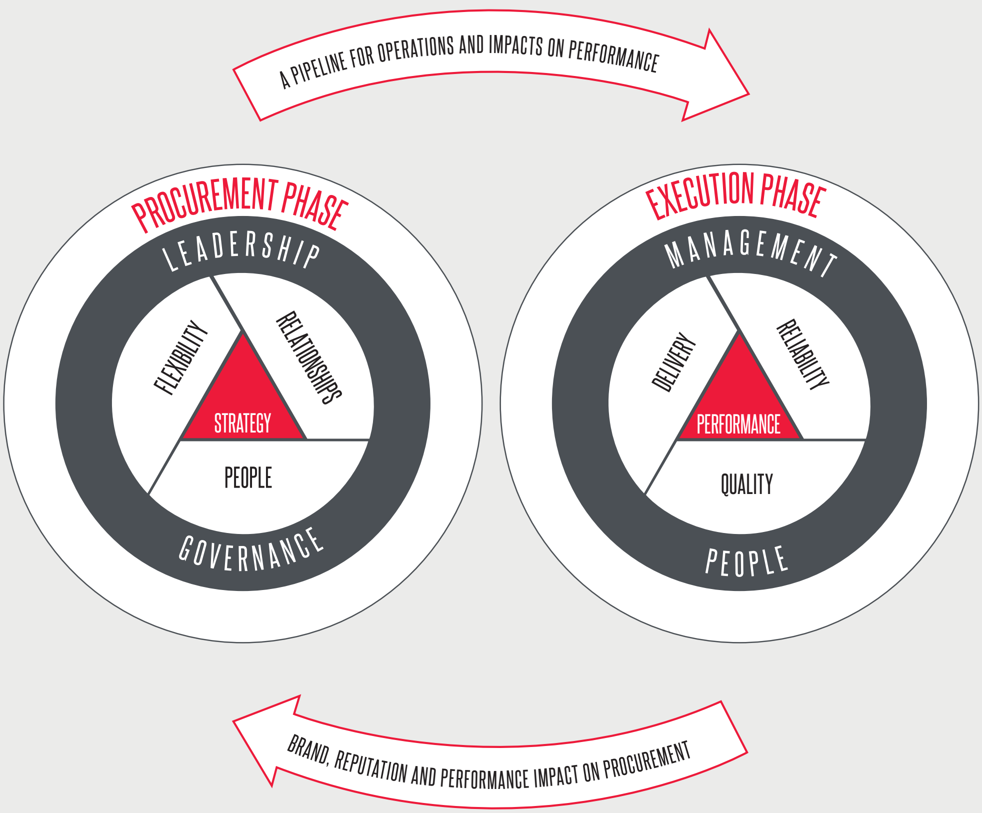
Given the contractual and cyclical nature of the construction industry, access to financial capital is a critical dependency and underpins our ability to procure work and grow. Chief among the specific financial inputs we require are working capital and sufficient guarantee facilities. We manage our working capital cycles, debt exposure and dividend policy carefully to ensure a conservative balance sheet.

BUSINESS PROCESSES

The construction business model consists of the simultaneous, continuous and inter-linked processes of project procurement and execution.

Strategic planning, risk management and governance form an integral part of the procurement process. During this process, the group leverages its inherent skills and expertise, brand and reputation, and financial strength to secure those projects that will achieve the implementation of its short to medium term strategic objectives.

It is during the execution or operational phase that the brand and reputation of the group is created. The key fundamentals of reliability, delivery and quality, together with an ability to build and nurture relationships, underpin the motto of the group of "being a pleasure to do business with".



SUPPORT PROCESSES

HUMAN RESOURCES
FINANCE AND TREASURY
RISK MANAGEMENT
INFORMATION TECHNOLOGY
SAFETY, HEALTH, ENVIRONMENT AND QUALITY
COMPLIANCE

BUSINESS MODEL

OUTPUTS AND ACTIVITIES

SERVICES/PRODUCTS

BUILDING AND CIVIL ENGINEERING

Industry-leading Building and civil engineering teams with the capabilities to execute large scale public and private projects across a wide variety of sectors throughout Africa and Australia.

ROADS AND EARTHWORKS

Adaptable and flexible Roads and earthworks teams attuned to the complexities of operating in Africa with a modern fleet of plant and supported by experienced logistics personnel. We provide comprehensive services for large scale public and private projects across various infrastructural applications.

PROJECTS

Through our Projects team, we have developed the necessary in-house specialist skills and strategic relationships with local and international partners to provide turnkey projects aimed at creating value and minimising risk for our clients.

CONSTRUCTION MATERIALS

We offer quality ready-mix concrete and long-steel products to the Southern African construction markets.

SECTORS

Building and civil engineering:
- Retail
- Residential
- Commercial
- Healthcare
- Hotels and entertainment
- Civil works and mining infrastructure
- Industrial
- Energy infrastructure

Roads and earthworks:
- Road work
- Mining infrastructure
- Rail
- Energy infrastructure
- Water
- Oil and gas

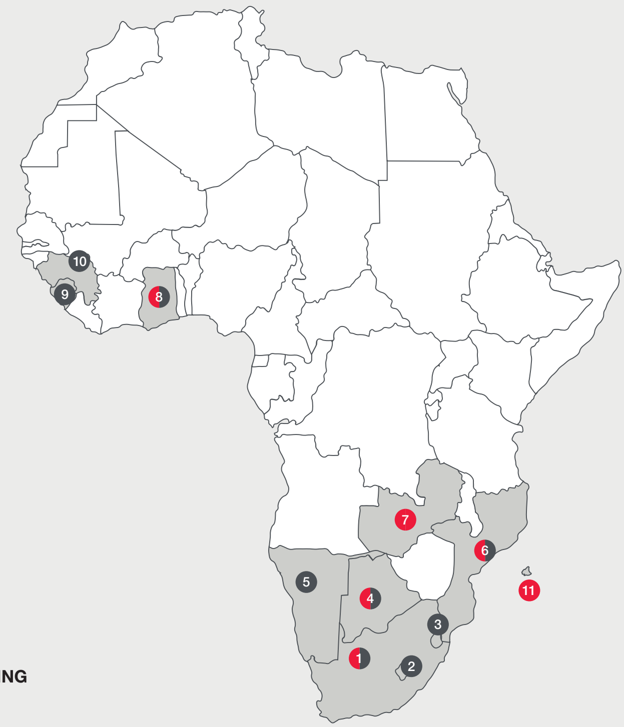
Projects:
- Concession arrangements
- Turnkey projects
- Design and construct projects (D&C)
- Engineer, procure, construct projects (EPC)
- Public private partnerships (PPP)

Construction materials:
- Reinforced steel products
- Ready-mix concrete

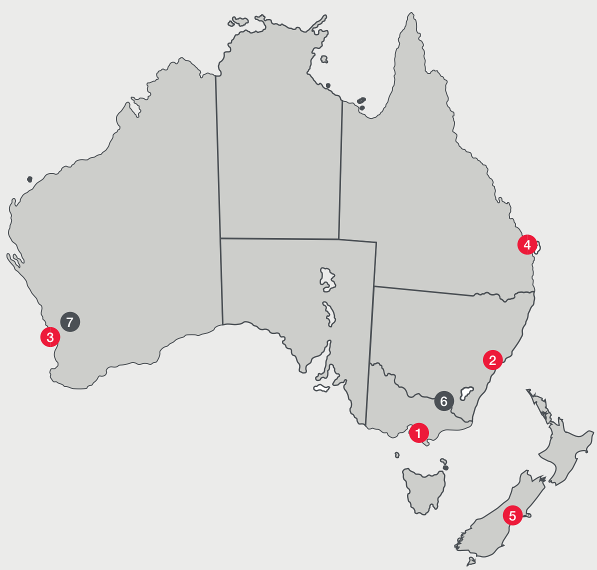
GEOGRAPHIES

AFRICA

① South Africa
② Lesotho
③ Swaziland
④ Botswana
⑤ Namibia
⑥ Mozambique
⑦ Zambia
⑧ Ghana
⑨ Sierra Leone
⑩ Guinea
⑪ Mauritius



BUILDING AND CIVIL ENGINEERING
ROADS AND EARTHWORKS



AUSTRALIA

① Melbourne (Victoria)
② Sydney (New South Wales)
③ Perth (Western Australia)
④ Brisbane (Queensland)
⑤ New Zealand
⑥ Southern region
⑦ Western region

BUILDING
CIVIL ENGINEERING

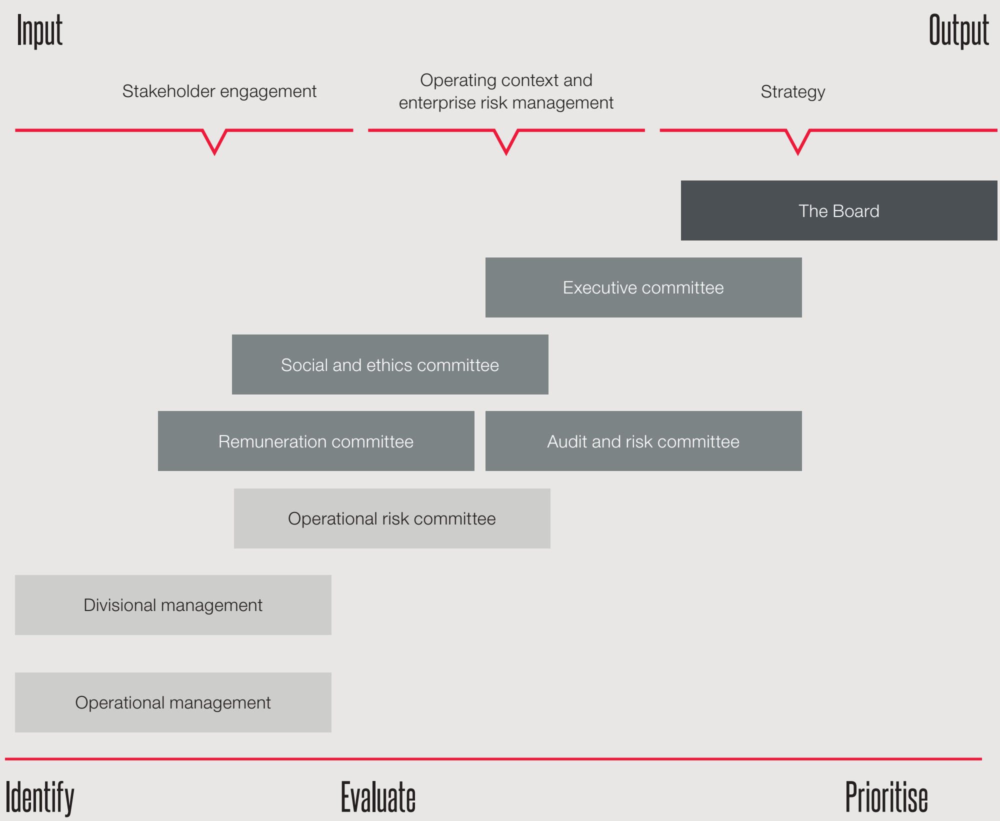
MATERIAL ISSUES

This section of our report describes each of our material issues and how these influence us as an organisation. It describes in detail the circumstances in which WBHO operates, the key resources and relationships upon which the organisation depends, the key risks and opportunities WBHO faces and how material issues can affect the ability of the group to create and sustain value over time. There have been no significant changes to the scope of our material issues from last year.

HOW WE DEFINE OUR MATERIAL ISSUES

We have determined "materiality" as anything that substantively affects the ability of the organisation to generate value over the short, medium and long term. We also consider "value" as the benefit the group generates for itself, primarily in the form of financial returns, from the benefit it creates for other parties, such as clients, stakeholders and society at large.

The following diagram outlines the basic process through which we determine our material issues. While there are three discernible steps or phases to the process, these are not distinct and separate, but overlap and are simultaneous. It is, essentially, a continuous, cyclical process and the output (the group strategy set by the Board) is regularly reviewed and adjusted based on the feedback received from the operational divisions responsible for its implementation.



Identify

The first phase in the process is the identifying of issues that are both substantive and material. This phase consists of gathering information from our clients and other stakeholders through formal and informal, regular and *ad hoc* interactions (further detail regarding our engagement with stakeholders is presented on page 18 of this report). These insights are then incorporated into our risk management processes, along with prevailing economic and market-related conditions, and all relevant operational, legislative and regulatory requirements of the various layers of divisional and departmental management across the group, to ascertain the materiality of each issue.

Evaluate

The second phase is the evaluation of the information that has been gathered. This phase consists of both informal and formal reporting channels and is guided by the current strategic priorities of the group. In essence, management and the risk and internal audit functions feed the insights that are being gleaned from around the business into the relevant committees for further deliberation and appraisal; in particular, the Operational risk committee, the Audit and risk committee, and the Executive committee.

Prioritise

The third phase is the prioritisation of the identified concerns to establish the issues that are most material to the group. Ultimately, this task is performed by the Board, based on the reports it receives from the various mandated committees. This is a regular process that happens at least once during every reporting period and results in an updated strategic risk matrix and, where necessary, new or revised strategic initiatives (our strategic issues and objectives for the reporting period are discussed on page 28 of this report).

OPERATING CONTEXT

In this section, we present a broad overview of the different regions, markets and sectors within which we operate. For a more detailed discussion of the key circumstances, events and trends affecting us during the year, please see the "Year in review" table on page 32 of this report.

INTRODUCTION

The construction industry depends on both the public and private sectors when sourcing its projects. Being large-scale in nature, these projects entail significant capital expenditure on the part of the project owners, the funding of which is largely dependent on the economic activity within their respective environments. It follows then, that activity within the construction sector is closely tied to the performance of various economies and is, hence, cyclical in nature; however, due to the long-term nature of projects, the performance of the construction sector lags behind changes in the cycles of these markets by between 18 and 24 months, with order books providing a reasonable line of sight into future activity levels.

The construction industry is also a complex, dynamic web of relationships, from clients and professionals to contractors and suppliers, and the strength of these relationships, at all levels, is key to successful projects.

GEOGRAPHIES

We operate in three distinct geographies: South Africa, the rest of Africa and Australia, servicing a broad range of building and civil engineering markets.

SOUTH AFRICA AND THE REST OF AFRICA

The emerging market, commodity-based economies of Africa, including South Africa, are particularly exposed to changes in commodity price cycles and tend to experience higher levels of market and currency volatility. Downward swings in commodity cycles impact not only capital expenditure from the mining sector, but also infrastructure spending by governments, due to lower tax revenues. The current low-growth environment in South Africa has certainly impacted public sector infrastructure spending to some degree. As well as having one of the largest wealth gaps between the rich and poor in the world, the South African labour market is also heavily unionised. The high levels of labour unrest experienced each year regularly affects the construction industry, and some of the sectors it services, specifically the mining sector due to the high levels of labour employed.

Infrastructure development is also a priority for governments throughout the rest of Africa, however unlocking the funding required for these projects remains a challenge for the region.

AUSTRALIA

The Australian economy continues to demonstrate stability having delivered a 25th consecutive year of growth. Due to the high standard of living and world-class education system, Australia experiences high levels of immigration particularly from China and Asia. Growing populations within the metropolitan cities have created demand for accommodation, retail developments, schools and universities as well as upgrades to infrastructure which support activity levels for the construction sector. Australia also has a significant resource sector, exporting large volumes of commodities to China, Asia and the United States of America. Fluctuations in global commodity prices have major impacts on the mining sector, to which the group is exposed through its Australian subsidiary WBHO Civil, now rebranded as WBHO Infrastructure.

As the third largest industry in Australia, the construction industry is a significant driver of economic activity. The Australian construction environment is heavily regulated and has a high degree of unionisation, which has a significant impact upon the industry itself. Contractors operate within loosely defined tiers which indicate the size and value of projects which may be bid upon, with "Tier one" being the highest. Probuild, an Australian subsidiary of the group, is one of the pre-eminent Tier one building contractors in Australia.

As an overview, the general construction environment in Australia remains stable notwithstanding the fluctuation in volumes of work between the various sectors. Increases in construction prices are aligned with the increase in the consumer price index experienced nationally, supported by a combination of the rationalisation of head contractors operating around the country, the strength of the residential market and the migration of workers and subcontractors from civil engineering to residential and commercial projects.

MARKETS AND SECTORS

We provide our skills and services across all three geographies through our various operating divisions: Building and civil engineering; Roads and earthworks; Australia; Projects; and Construction materials.

The group was required to navigate diverse market conditions during the course of the year. Our Building divisions were able to secure numerous large-scale projects across all geographies and maintain increasingly high levels of work-on-hand, while low commodity prices continued to impede capital expenditure from the global mining sector which impacted the performance of those divisions with exposure to this market.

BUILDING AND CIVIL ENGINEERING

WBHO sources the large majority of its building projects from the private sector, but is, to a limited extent, exposed to the public sector through public healthcare and public private partnerships. Building projects, which inherently contain a large proportion of subcontractor work, incorporate both construction and project management services.

The building markets experienced during the year were driven largely by strong activity from the retail and commercial office sectors of the market which together comprised 61% of building revenue achieved. Various projects from within the residential, healthcare, leisure and entertainment sectors further supported activity levels. Local activity remained centred in specific development hubs, namely Sandton, Rosebank, Menlyn and Waterfall in Gauteng, the Victoria and Alfred Waterfront in the Western Cape, Umhlanga Ridge in KwaZulu-Natal (KZN) and the Coega Development Zone in the Eastern Cape. Building activity in the rest of Africa remains confined to Ghana, however two opportunities in Mozambique have been secured and we await the final award of the contracts.

In contrast most civil engineering markets, specifically the mining and industrial sectors of the market, have remained subdued. In particular, the mining sector was exceptionally quiet as persistently low commodity prices continue to impact the viability of capital projects. In recent years the energy sector has however offered numerous opportunities in the form of new coal-fired power stations, renewable energy programmes and gas related power projects which have contributed toward a significant portion of the revenue of the Civil engineering division, both locally and in the rest of Africa. The division continues to hold a strategic presence in Zambia, executing smaller-scale mining and industrial projects.

ROADS AND EARTHWORKS

The effects of the weakened conditions within the mining sector have also impacted the Roads and earthworks division, particularly in the rest of Africa where the majority of projects are sourced from this sector. The division's exposure to these markets dropped from 47% to 39% as a result. The local roadwork and energy sectors have been the strongest source of projects recently, comprising 51% of the division's overall revenue. While the pipeline market continues to offer reasonable opportunities each year, it is becoming increasingly competitive and is highly technical. The division has relatively low exposure to the rural housing market although it remains a key component of the overall project portfolio and continues to offer various opportunities.

AUSTRALIA

Strong Asian investment continued to support activity in the residential sectors of the Australian building markets, particularly in Melbourne and Sydney. Due to its reliance on mining activity in Western Australia the Perth building market has recently declined. In FY14, Probuild gained entry to the Queensland market securing two large-scale projects in the region. This market has continued to offer opportunities and a third project was secured in the current year. The healthcare and pharmaceutical market, to which Probuild has exposure through its subsidiary Monaco Hickey, has been extremely competitive in recent years displaying subdued activity levels as public spending in this area has been curtailed.

The end of the "mining boom" due to persistently lower commodity prices has severely impacted activity levels in the mining sector in recent years, particularly in Western Australia with very few large-scale opportunities available. Smaller-scale maintenance type projects have however provided some opportunities and WBHO Civil managed to secure some projects of this nature during the year. In Queensland, road construction activity had benefited from the flood relief programmes over the last number of years. Having ended in the previous financial year, the number of available civil engineering opportunities in the region has sharply declined.

CONSTRUCTION MATERIALS

The construction materials businesses of the group serve the Southern African construction markets.

The reinforcing market has remained static over the last six months. Reinforcing Mesh Solution's (RMS) share of the market is estimated to have grown to 24% mainly on the back of large urban construction projects. However, based on volumes tendered for in the current quarter, a reduction in volume is expected early next year.

3Q Concrete's (3Q) traditional market; the mining industry in Mpumalanga, North West, Limpopo and the Northern Cape, has over the past twelve months experienced severe pressure due to the decline in commodity prices, which together with an ailing economy, has resulted in a 15% volume decline from this sector. This has been counter balanced, to some extent, by the increase in large urban construction projects secured during the period.

PROJECTS

Activity in the public private partnership space was quiet, however due to the ongoing energy crisis a number of opportunities in the renewable energy sector are currently being explored.

MANAGING RISK

The following is a concise overview of the risk management structures and processes of the group. Further, detailed information regarding the way the group manages risk can be found in the "Governance" section of the WBHO website at www.wbho.co.za

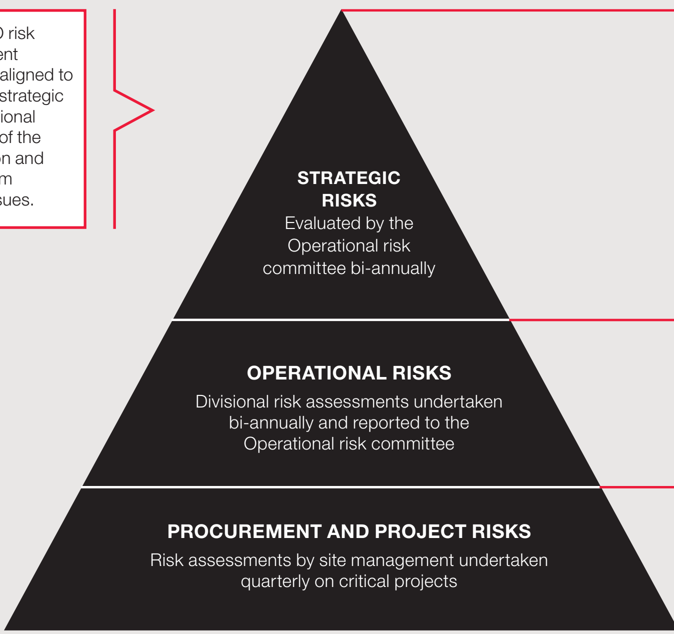
OUR APPROACH

WBHO understands that risk management is an essential element of good corporate governance and an integral part of sound management practice. Risk is inherent in all the business activities of the group and the objective of our risk management processes is not to eliminate risk, but to provide the structural means to identify, prioritise and manage this risk. By embedding risk management in business processes in an explicit, practical way, a formal means for managing the risks associated with our operating environment is created.

The Board is, ultimately, responsible for risk governance and determines the level of risk tolerance within the organisation. The Board reviews the risk profile of the organisation bi-annually. As part of this process, the Board relies on the Audit and risk committee and the internal audit and risk management functions to review and report on strategic and operational risks.

RISK MANAGEMENT PROCESS

The WBHO risk management process is aligned to the overall strategic and operational objectives of the organisation and its long-term material issues.



RISK MANAGEMENT METHODOLOGY

Procurement and project risk

Targeted projects are evaluated prior to bid submission and authority levels exist to define how tenders are escalated for approval through the management structures of the group. Bids are evaluated against time and cost, while further consideration is given to available resources, client assessments, payment risk, margins, country risk and contractual terms outside of the norm.

Major projects are evaluated at least quarterly, as well as at key stages of the project lifecycle. These evaluations take the form of risk and opportunity schedules focusing on the key risks of time, cost, resources, contractual claims and stakeholder relationships. The results of these evaluations are presented at monthly management meetings. These schedules are then entered into the risk database of the group in order to identify trends and common themes across our project universe.

Operational risk

Operational risks are assessed at a divisional or business unit level. Taking cognisance of individual operating environments, assessments are made of the risks relating to current market dynamics, skills shortages, capacity, talent management and stakeholder relationships (clients, professionals, labour and suppliers). These risks are discussed at a senior management level and suitable strategies are developed to mitigate their impact. Once entered into the risk database, these risks are escalated to the Operational risk committee and, ultimately, the Audit and risk committee.

Strategic risk

Noting the risks and trends contained within the operational risk assessments, the Audit and risk committee evaluates the overall risk profile of the group in the context of delivering its strategic objectives. Assessments are made of the broader macro-environment, as well as corporate and compliance risk (both regulatory and legal). These risks are, ultimately, reported to the Board and the overall strategy of the group is reviewed accordingly.

The key risks faced this year and their impact on the group are presented in the "Material issues" and "Year in review" sections on pages 22 and 32 of the report.

- Operational risk committee presents the strategic risk profile to the Audit and risk committee for final review and approval.
- Audit and risk committee reports the risk profile to the main board.

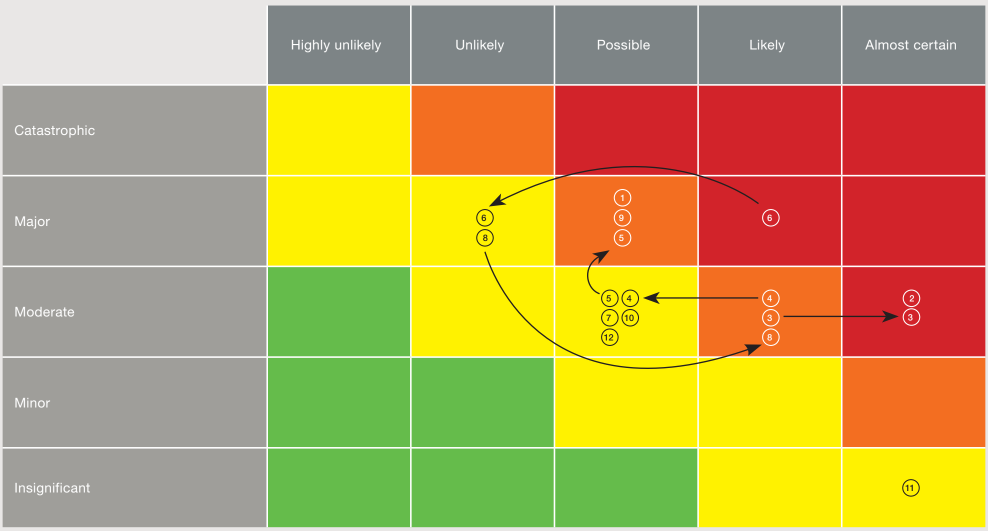
- Reported bi-annually to the Operational risk committee.

- Review risks on all projects quarterly and at key stages of the project lifecycle.
- All "high" risks identified are reported quarterly at meetings of the main divisional board.

ENTERPRISE RISK MANAGEMENT

The following table lists the top business risks emerging from enterprise risk management for the period. Each risk is categorised according to the potential severity of its impact and the current likelihood of it occurring. These strategic risks inform the material issues presented at the end of this section and each one is discussed in greater detail (together with our response to it) in the Strategy section, which follows on page 28 of this report.

STRATEGIC RISK MATRIX



Risk 1:
Country risk
(uncontrollable)

Certain macro-economic conditions, including currency volatility, are beyond our control. Past country and bank downgrades have had an impact on the strength of the rand, which impacts the ability of the group to support certain Australian financial facilities from a Rand-based balance sheet.

As a result of a stable Rand-Dollar exchange rate and no further downgrades during the year, we have left the overall rating unchanged at **possible** and **major**.

Risk 2:
Shortage of critically skilled staff *(controllable)*

Construction requires various specialist skills in order to deliver projects successfully. Accordingly, ensuring that we retain the depth of skills required is a key strategic consideration.

Due to industry-wide downsizing, in response to prevailing conditions, sufficient skills are available in the market and this risk has been downgraded to the **operational** risk level.

Risk 3:
Industrial action
(uncontrollable)

The South African labour market is characterised by regular industrial action across multiple industries and unions are strong and active in Australia as well. Strike action impacts on productivity and delivery.

Although industrial action did not materialise during the year, this risk was adjusted from **likely** to **almost certain** when the committee last convened because successful negotiations had yet to be concluded.

Risk 4:
Political instability *(uncontrollable)*

The group operates in various countries on the African continent, in an environment where regime changes can be regular and violent, this risk impacts not only on the safety of the group's employees, but also on the ability of the group to operate.

There was very little political instability experienced across the geographies in which the group operates in the current year, as such this risk was adjusted from **likely** to **possible**. The impact remains **moderate**.

Risk 5:
Contracting with unreliable parties *(controllable)*

The group regularly contracts with new suppliers and clients. Due to the value and size of contracts, failure by the contracting parties can have severe implications: financial, operational and reputational.

Due to the prevailing conditions in the mining sector, the risk of non-payment has increased; hence, the impact of this risk was upgraded from **moderate** to **major** and it remains **possible**.

Risk 6:
Performance of non-controlled companies (*controllable)*

The group has investments in certain companies over which it may not have direct control. The performance of these companies is able to impact the performance of the group significantly.

The process to dispose of non-core businesses and sound performances from the remaining associated companies, has mitigated the likelihood of this risk in the current year. Consequently, this risk was downgraded from **likely** to **unlikely**, with the potential impact remaining **major**.

Risk 7:
Major safety, health, environmental or quality incident *(controllable)*

Construction is inherently a high-impact and dangerous industry. Any major incident, while a tragedy in its own right, also has implications for the reputation and ability of the group to procure work in certain sectors.

The group implements globally accredited quality, safety and environmental best practices across all of its operations, together with various ongoing prevention initiatives. Due to the many inherent variables, the committee still believes an incident to be **possible**, and has left the impact as **moderate**.

Risk 8:
Impact of changing market dynamics on growth *(uncontrollable)*

The group conducts operations in a number of differing sectors, geographies and economies, each affected by dynamics beyond the control of the group. A material deterioration in one or more of the markets would have a severe impact on the size and nature of the group.

Due to the impact of the prevailing conditions in civil markets, particularly the subdued mining sector, on the current performance of the group, this risk has been adjusted from **unlikely** to **likely**; however, as the group is diversified across various geographies and sectors, the impact has been downgraded from **major** to **moderate**.

Risk 9:
Non-compliance to laws and regulations *(controllable)*

The group is subject to numerous laws and regulations in various different territories. Non-compliance has significant reputational risk attached to it, the potential for fines and penalties, and the possibility of losing the necessary licences or accreditations needed to procure work.

Further consequences of the Competition Commission investigation into the construction industry still exist, including possible sanctions by government. The risk has been rated as **possible** and **major** as a result.

Risk 10:
Untimely loss of key personnel *(controllable)*

The untimely loss of key black management remains a strategic risk but will be dealt with as part of the group's overall "Transformation risk" in the future. The group, through its ongoing succession planning, has successfully navigated a number of changes in key leadership positions over recent years. Having done so, this risk has been downgraded to an **operational** risk level.

Risk 11:
Community unrest *(uncontrollable)*

On projects near local communities, the group employs as much labour from the community as is realistic; however, often this does not meet the expectations of community leaders. Conflict also arises in respect of transport-related infrastructure where new routes impact existing service providers.

The group experienced numerous community-related disruptions and taxi violence on various projects during the year. The impact of these disturbances is currently mitigated contractually and is considered **insignificant** as a result. The **almost certain** likelihood of their occurrence, however, requires that it be monitored on an ongoing basis.

Risk 12:
Transformation *(partially controllable)*

Transformation is a key challenge in South Africa. The construction industry benefits from significant public spending and, as a result, transformation within the sector remains high on the political agenda of the government.

In the current year, the amendments to the Construction Sector Scorecard requirements and the focus of the Department of Labour on our Employment Equity Plan have elevated this risk from an operational to a strategic level. At the moment, the likelihood of this risk has been rated as **possible** and the potential impact on the group is considered **moderate**.

STAKEHOLDER ENGAGEMENT

OUR APPROACH

This section of our report describes our relationships with the individuals, communities and organisations that are most affected by, or most likely to influence, our business. Interactions with our stakeholders continue to be focused on building mutually beneficial relationships. We employ a variety of informal and formal methods to gather and exchange information with our stakeholders. The insights we gain through these exchanges are fed directly into our decision-making processes through our management teams and inform the strategies of the group.

STAKEHOLDER RELATIONSHIPS

Stakeholders	Relationship	Engagement processes	Main concerns
CLIENTS	Satisfied clients are critical to the ongoing success of the group. We seek to create and develop strong relationships with our clients through honest, clear and regular communication.	• Client perception surveys • On-site visits • Regular meetings • Media (editorial and advertorial) • Company events • Website updates • Integrated reports	• Quality of work • Capacity to deliver (skills and resources) • Reliability and expertise • Safety • Depth of senior management
INVESTORS	We aim to provide our shareholders and investors with returns of in excess 20%, which exceed the real growth in the economy and the construction sector, in particular.	• SENS announcements • Printed and electronic media releases • Results presentations • Integrated reports • Company AGMs • Face-to-face management sessions • Analyst-hosted events	• Revenue growth • Operating margin • Return on investment/ dividends • Order book • Company sustainability and resilience • Executive remuneration • Leadership • Corporate governance
EMPLOYEES	The success of our organisation is attributable to our people. We are committed to providing our employees with a safe, industrious and encouraging environment within which they can thrive and grow.	• Internal and on-site meetings • Union meetings • Newsletters • Notice boards and staff emails (memos) • Training initiatives • Awareness campaigns • Exit interviews • Employee forums	• Remuneration and benefits • Career paths and growth opportunities • Training and skills development • Employment equity • Safety
FINANCIAL INSTITUTIONS	Financial institutions support our growth objectives through the provision of banking and guarantee facilities.	• Regular one-on-one meetings • Presentations • Electronic communications	• Debt-to-equity ratios • Liquidity • Financial and risk management processes
SUPPLIERS AND SUBCONTRACTORS	Our ability to deliver quality services and products to our clients relies heavily on the quality of the services and products we receive from suppliers and subcontractors; as a result, we look to develop close working relationships with these stakeholders.	• Regular supplier audits • On-site visits and meetings • Electronic communications • Service level agreements	• Continuity of work • Payment terms • Safety requirements

GOVERNMENT	We regularly work with public sectors in different countries on large-scale infrastructural developments projects.
	
	Government appointed regulators are largely responsible for developing and enforcing policies and regulations for the construction industry.
		• Tenders
		• Industry forums
		• One-on-one meetings
		• Presentations
		• Skills development plans
		• BBBEE Scorecard submissions
		• Construction Industry Charter Council
			• Regulatory compliance
			  ◦ Safety
			  ◦ Environmental
			  ◦ Competition
			  ◦ Tax collections
			  ◦ Transformation
			  ◦ Employment equity
			• Job creation
			• Skills development
			• Enterprise development

COMMUNITIES	We seek to have a positive impact on the communities within which we operate by employing and training local people where possible and constructing local amenities, such as clinics and schools, as part of our Socio-economic development (SED) commitments.	• Meetings and consultations • Community presentations • Site visits • Environmental impact assessments • Awareness campaigns • Sponsorships • Donations	• Employment opportunities • Environmental impact of our activities • Local SED initiatives

MAJOR STAKEHOLDER ISSUES DURING THE REPORTING PERIOD

The following issues are among those that proved most material to both WBHO and our stakeholders during the period under review. Where relevant, these specific concerns have also been linked to a material issue, which are discussed in detail in the following section of this report.

Clients: Capacity

Given the record order books in our building markets, both locally and in Australia, clients have naturally been concerned regarding capacity to deliver on new projects. 2 Material issue: *Capacity constraints*

Investors: Construction sector sentiment and share price performance

Investor sentiment toward the construction sector is largely negative. Difficult conditions in several key construction markets have hampered earnings, both internationally and locally, and share prices have declined significantly over the last twelve months. The negative impact on share portfolios together with the emergence of civil claims following the outcome of the Competition Commission investigation, has created uncertainty for investors. 1 Material issue: *Market dynamics;* 5 Material issue: *Reputation*

Employees: Job security

The right-sizing of our Civil engineering divisions, locally and in Australia, has resulted in a number of retrenchments. Naturally, this creates angst amongst our employees and job security has been a major concern for them. 2 Material issue: *Skills shortages and capacity*

Government: Transformation and tax compliance

As a beneficiary of significant public sector spending, as well as employing a substantial proportion of the South African workforce, the construction sector is a key focus area for government in terms of its transformation objectives. 6 Material issue: *Transformation*

The South African Revenue Service has also voiced concern over general tax compliance within the sector during recent years. 7 Material issue: *Compliance*

Financial institutions: Australian exposure and underperforming contracts

The group provides financial support to our Australian operations in the form of guarantee facilities supported by South African financial institutions. The poor overall performance in respect of both our Australian operations and those of our competitors has raised concerns from the South African financial institutions regarding their exposure.

General negative sentiment toward the local construction sector, combined with poor performance and various underperforming and loss-making contracts within the industry as a whole, has been of concern to financial institutions. 1 Material issue: *Market dynamics*

Australia: Swanston Square displaying the face of an Aboriginal elder in the facade.

VALUE ADDED STATEMENT

	2015 (Rm)	2014 (Rm)
WEALTH CREATED		
CLIENTS		
Revenue*	32 723	29 155
SUPPLIERS		
Cost of materials and services*	(25 578)	(22 396)
Wealth created	7 145	6 759
WEALTH DISTRIBUTED		
EMPLOYEES		
Payroll costs	4 271	4 034
Share-based payment expense	36	33
INVESTORS		
Dividends paid to shareholders	215	235
FINANCIAL INSTITUTIONS		
Interest and finance charges	35	49
Lease costs	31	15
GOVERNMENT		
Taxes and duties*	1 904	1 845
COMMUNITIES		
Corporate social investments	3	5
Wealth distributed	6 495	6 216
WEALTH RETAINED		
WBHO		
Attributable earnings (less dividends paid)	354	188
Depreciation	296	355
Wealth retained	650	543

* *Includes value added taxation and sales taxation where applicable*

MATERIAL ISSUES

The culmination of the material matter determination process is the following list of our most material issues in no particular order. Each material issue is linked to its associated risks and our strategic objectives, which are discussed in further detail in the subsequent “Strategy” section on page 28 of this report.

1

MARKET DYNAMICS

Each of the various sectors and geographies from which the group sources its projects has its own inherent risk profile and corresponding margins, as well as being exposed to differing effects from both global and regional economic cycles at different times. Diversification is an important way of mitigating risk and reducing earnings volatility over the long term, but requires an equally diverse set of management capabilities.

Associated risks

- Constantly changing trading conditions
- Rapid growth or declines
- Political instability
- Rand volatility
- Over exposure to individual sectors/regions/clients
- Over trading in economic upturns
- Erratic earnings and margins
- Payment risk
- Working capital risk
- Erratic investor sentiment

Associated strategic objectives

- Flexibility and diversification
- Procurement and execution excellence

2

SKILLS SHORTAGES AND CAPACITY CONSTRAINTS

The construction industry is faced with a serious skills shortage at various levels and so developing and retaining skilled personnel is critical to our ability to deliver projects and grow as a company. Ensuring efficient project execution requires experienced management teams, as such, keeping our teams intact is vital to achieving our short- and medium-term objectives.

Associated risks

- Impact on quality, delivery and reputation
- Additional costs and delays on projects
- Capacity constraints/excess
- Impact on company culture
- Loss of key personnel

Associated strategic objectives

- Capacity and talent management

3

LABOUR UNREST

The construction industry employs a sizable labour force and the labour environment is often highly politicised and volatile, particularly in South Africa where disruptions are common place.

Associated risks

- Industrial action
- Additional costs and project delays
- Reduced productivity
- Negative investor perceptions

Associated strategic objectives

- Reputation and relationships
- Capacity and talent management

4

SAFETY AND ENVIRONMENTAL MANAGEMENT

Construction is an inherently dangerous, high-impact activity. We have a duty to maintain the very highest health and safety standards to ensure employee and subcontractor welfare, morale and productivity, as well as legal compliance. We also have a moral and legal obligation to minimise our impact on the environment in the areas within which we operate.

Associated risks

- Project delays
- Reputational damage
- Criminal prosecution
- Financial penalties
- Disqualification from tendering in certain sectors

Associated strategic objectives

- Safety and environmental management

MATERIAL ISSUES
CONTINUED

5

REPUTATION AND CULTURE

A positive reputation is critical to developing and maintaining the close relationships with clients that ensure repeat work and the credibility to tender on large projects successfully.

Associated risks

- Damage to the WBHO brand
- Loss of clientele
- Inability to procure repeat business
- Disqualification from tender lists

Associated strategic objectives

- Reputation and relationships
- Procurement and execution excellence

6

TRANSFORMATION

Transformation is a key challenge in South Africa. The construction industry benefits from significant public spending and, as a result, transformation within the sector remains high on the political agenda of the government.

Associated risks

- Amendments to the Construction Sector Scorecard requirements
- Lower BBBEE ratings
- Inability to tender on public infrastructure projects
- Failure to meet employment equity targets
- Sanctions from the Department of Labour
- Additional costs

Associated strategic objectives

- Localisation and transformation

7

COMPLIANCE

The construction industry is highly regulated. Regulatory and legal compliance is top of the governance agenda for the group. Compliance with the relevant legislation and regulations in each of the countries and sectors within which we operate is essential.

Associated risks

- Reputational damage
- Legal prosecution
- Financial penalties
- Deregistration from government/industry bodies

Associated strategic objectives

- Reputation and relationships
- Localisation and transformation

Kusile Power Station: Coal stock yard.

STRATEGIC OBJECTIVES

The vision of the group is presented here, followed by our six strategic objectives, which are linked to our underlying strategic initiatives, including explicit metrics and indicators where these are available. For more detailed information regarding our performance in relation to these metrics, please refer to the "Performance" section that follows and, in particular, our "Operational review" on page 40 of this report. The section concludes with our "Year in review" table, which links our strategic objectives and initiatives to the key circumstances, events and trends affecting us during the year.

VISION

To be the leading construction company wherever we operate, being "a pleasure to do business with" by delivering quality solutions every time. We are adaptable and flexible enough to "go where the work is", even when conditions are challenging, without compromising our standards. We navigate competitive market conditions by being flexible, dependable and hard-working and focus on nurturing strong client relationships by delivering on projects consistently.

1

FLEXIBILITY AND DIVERSIFICATION

Given that the construction environment is characterised by continually changing market conditions, we believe that flexibility and diversification are key attributes for success. Being flexible means our strategy is fluid and adaptable, thus enabling the proactive alignment of our procurement activities with those markets offering the best value. We strive to maintain a low, fixed cost base in higher risk territories, providing the flexibility to move easily between them in response to prevailing conditions. The implementation of a long-term diversification strategy across different geographies and industry sectors, and a presence across all levels of the construction value chain, facilitates our growth objectives, mitigates risk and reduces earnings volatility. Exposure levels to individual sectors and geographies are carefully managed over the short to medium term.

Strategic initiatives and key considerations

- Geographic diversification and new markets
- Segment diversification and new markets
- Strategic project selection
- Sale of non-core businesses
- Right-sizing to market demand
- Specialised project services and innovation

KPIs

- Revenue growth
- Revenue by sector
- Revenue by geography
- Order book by segment and geography

2

PROCUREMENT AND EXECUTION EXCELLENCE

Procurement and execution are simultaneous, continuous and interlinked processes within the group. The quality of submitted bids has a direct impact on the operational performance of the group. We strive to offer clients the right price at fair margins and an acceptable level of risk for all parties. During the procurement process, we seek to identify and secure those projects that will achieve our strategic objectives and create value for our stakeholders. During the execution or operational phase that follows, the brand and reputation of the group is created. A consistently high-quality experience for clients generates credibility and repeat work, and, in turn, enhances our ability to secure future projects.

Strategic initiatives and key considerations

- Client and project evaluation
- Tender evaluation
- Selective bidding
- Contract payment terms and hedging
- Performance management
- Risk management
- Quality audits
- Quality training

KPIs

- Operating margin
- ISO 9001: Quality Management System
  - Coverage and audit outcomes
  - Training
  - Cost of rework and waste

STRATEGIC OBJECTIVES
CONTINUED

3

REPUTATION AND RELATIONSHIPS

A visible profile in the marketplace and our reputation for reliability, consistency and value-for-money are critical to developing and maintaining close relationships with clients and being able to tender on large projects successfully. Our reputation stems not only from delivering a project to the highest standards, but by providing an all round “quality experience”. This is achieved by our commitment to “Execution excellence” and complemented by entrenching our culture and commitment to doing things “the WBHO Way” amongst our teams. The WBHO Way embodies a set of shared values, including reliability, delivery and a focus on building relationships, which together underpin our motto of being “a pleasure to do business with”.

Strategic initiatives and key considerations

- Stakeholder engagement
- Ethics programmes
- Regulatory compliance programme
- Corporate governance excellence
- Relationships with prospective clients prioritised
- Entrenching culture among new employees

KPIs

- Client perception survey ratings
- Percentage of negotiations
- Percentage of repeat work from clients

4

CAPACITY AND TALENT MANAGEMENT

A key element of construction is people management: as demand fluctuates with economic cycles so to do our resourcing requirements, meaning we are in a constant process of right-sizing our teams either upwards or downwards. Robust recruitment processes and sound working relationships with labour unions are critical in achieving this. Active and new projects seldom end and begin in a linear fashion, while the number of workers needed at different stages of projects varies significantly as well. Handling the resulting lags or overlaps we call “managing the gap”, making sure the right skills and manpower are constantly available.

Providing our employees with tangible career development is crucial in earning their loyalty and commitment to “the WBHO Way” as well as achieving our “Execution excellence” and “Transformation” strategic objectives. Through our bursary schemes, inductions, on and offsite training initiatives and management development programmes we aim to equip our personnel with the requisite knowledge and skills at each of the key stages in their growth and development while at the same time addressing the serious skills shortages faced by the construction industry as a whole.

Strategic initiatives and key considerations

- Training and skills development initiatives including:
  - Learnerships
  - Bursaries
  - Mentoring
- Management development programmes
- Targeted recruitment
- Careful resource allocation
- Specialist resources introduced to Projects team
- Leadership reviews

KPIs

- Employees by region
- New hires
- Retrenchments
- Employee turnover (%)
- Training spend
- Training hours (average)
- Number of employees trained
- ECSA registration programme
- Number of learnerships
- Bursary spend
- Number of students receiving bursaries

5

SAFETY AND ENVIRONMENTAL MANAGEMENT

Construction is an inherently dangerous, high-impact activity. As an international contractor with operations across Africa and Australia, it is imperative that we maintain the very highest health and safety standards, not only to ensure employee and subcontractor welfare, morale and productivity, but also because a proven safety record is essential in procuring work in some of our key markets, such as mining. We also have a moral and legal obligation to minimise our impact on the environment in the areas within which we operate. Non-compliance with environmental legislation could harm our reputation and result in legal and financial penalties.

Strategic initiatives and key considerations

- Accident and near-miss reporting
- Visible Field Leadership initiative
- Medical fitness programme
- Training and awareness programmes

KPIs

- OHSAS 18001: Safety management system
    - Fatalities
    - LTIFR
    - Alcohol and drug test results
    - Coverage and audit outcomes
- ISO 14001: Environmental management system
    - Environmental incidents
    - Carbon emissions
    - Coverage and audit outcomes

6

LOCALISATION AND TRANSFORMATION

These objectives have become key issues on government agendas across all the geographies in which we operate, in particular the transfer of skills and economic benefits to the previously disadvantaged and local inhabitants, as well as representation within our management structures. In an industry dependent on a significant proportion of public sector spending, we understand this to be fundamental to our long-term sustainability.

Strategic initiatives and key considerations

- Transformation programme
- Localisation practices
- Employment equity plan
- Construction Industry Charter Council representation
- Communications and negotiations with Department of labour (DOL)

KPIs

- BBBEE Scorecard rating
- Workforce by gender, location and contract type
- SED spend
- Employment equity plan

YEAR IN REVIEW

OPERATING CONTEXT	IMPACT ON OUR BUSINESS	STRATEGIC RESPONSE
SOUTH AFRICA		
CONTINUED STRENGTH IN THE LOCAL BUILDING SECTOR **Related material issue:** Market dynamics **Related strategic objective:** Flexibility and diversification Capacity and talent management	• Further revenue growth in FY15 • Sustainable margins • Improved contracting environment • Healthy order book size and horizon • Increased capacity requirements	• Selective bidding on the right contracts for the right clients at the right price • Training and skills development initiatives • Targeted recruitment • Careful resource allocation • Focus on execution • Improved productivity
LOW GLOBAL COMMODITY PRICES **Related material issue:** Market dynamics **Related strategic objective:** Flexibility and diversification	• Limited opportunities from mining sector • Increased competition • Tendered projects shelved or delayed • Impact on overall margins due to change in mix of work • Declining order books in certain divisions	• Capacity of Civil engineering division aligned with workload • Focus on markets offering opportunities • More smaller projects – revised business model and cost structures • Reduced capital expenditure
POOR TRADING CONDITIONS IN CONSTRUCTION MATERIALS MARKETS **Related material issue:** Market dynamics **Related strategic objective:** Flexibility and diversification	• Significant trading losses and impairments recognised in FY14 • Low margins in FY15	**FY14** • Strategic fit of construction materials businesses considered • Decision to unbundle non-core business from Capital Africa Steel **FY15** • Sale of quarry business • Bidding process initiated in respect of CSS • Sale agreement in negotiation
LOW GROWTH ENVIRONMENT **Related material issue:** Market dynamics	• Limited funding for public sector projects • Reduced spending from SOEs and provincial governments • Government infrastructure rollout further delayed	• Seek new markets • Focus on EPC projects • Focus on road sector which does have opportunities
ONGOING ENERGY CRISIS **Related material issue:** Market dynamics **Related strategic objective:** Capacity and talent management	• Various private power EPC opportunities	• Specialist resources introduced to Projects team

OPERATING CONTEXT	IMPACT ON OUR BUSINESS	STRATEGIC RESPONSE
SOUTH AFRICA (continued)		
COMPETITION COMMISSION UNCERTAINTY **Related material issue:** Compliance Reputation and culture **Related strategic objective:** Relationships and reputation	• Civil damages claim received from City of Cape Town • Referral of "Stadia meeting" to Competition Tribunal • Media reports of potential civil claims by SANRAL	• Positioning of legal defence • Strict adherence to compliance governance processes introduced in prior years
URGENCY REGARDING TRANSFORMATION **Related material issue:** Transformation **Related strategic objective:** Localisation and transformation	• Responsibility to develop and grow local skills and industry capacity • Pressure from government: ◦ revised DTI codes and alignment of Construction Sector Charter ◦ employment equity plans challenged by DOL	• Sustained focus on transformation objectives: ◦ nurturing, growth and retention of black talent ◦ investment in emerging contractors through ED programme • Working closely with public institutions: ◦ representation on, and input into, Construction Sector Charter Council ◦ ongoing communication and negotiations with DOL
REST OF AFRICA		
UNCERTAIN CURRENCY POLICIES **Related material issue:** Compliance **Related strategic objective:** Procurement and execution excellence	• Renunciation of USD in Ghana – subsequently reversed • Renunciation of USD in Zambia • Concerns over liquidity of local currencies	• Renegotiation of contract payment terms • Discussions with financial institutions • Currency hedging
LOW GLOBAL COMMODITY PRICES **Related material issue:** Market dynamics **Related strategic objective:** Flexibility and diversification	• Limited opportunities from mining sector • Impact on overall Roads and earthworks margins due to change in mix of work • No anchor project secured in West Africa	• Strategic presence retained in the region • Small works contracts undertaken to preserve existing relationships
GAS EPC CONTRACTORS APPOINTED IN MOZAMBIQUE **Related material issue:** Market dynamics **Related strategic objective:** Relationships and reputation	• Shorter horizon to projects materialising • Heightened enquiries from EPC contractors as to capabilities • Bidding on early works has commenced	• Relationships with prospective clients prioritised

YEAR IN REVIEW CONTINUED

OPERATING CONTEXT	IMPACT ON OUR BUSINESS	STRATEGIC RESPONSE
AUSTRALIA		
AUSTRALIAN BUILDING MARKETS REMAIN HEALTHY **Related material issue:** Market dynamics **Related strategic objective:** Procurement and execution excellence Capacity and talent management	• In excess of 40% growth in FY15 • Significant number of new personnel	• Focus on delivery • Targeted recruitment • Entrenching culture amongst new employees
ENTRY INTO NEW MARKETS **Related material issue:** Reputation and culture **Related strategic objective:** Capacity and talent management	• Brisbane (FY14) • New Zealand (FY15) • Appointed preferred contractor on a major project in Christchurch • Further prospects in Auckland	• Recruitment of project director for New Zealand
LACK OF OPPORTUNITIES IN TRADITIONAL CIVIL MARKETS **Related material issue:** Market dynamics **Related strategic objective:** Procurement and execution excellence Flexibility and diversification	• Increased competition • Low margin environment • Difficult contracting environment • Pressure to secure work • Four loss-making contracts between the civil businesses • Concerns over exposure by South African financial institutions providing support	• Rigorous tender controls implemented • Right-sizing of civil businesses • Ongoing claims negotiations to protect contractual rights
INCREASED PUBLIC SPENDING ON INFRASTRUCTURE **Related material issue:** Market dynamics **Related strategic objective:** Procurement and execution excellence Flexibility and diversification Capacity and talent management Relationships and reputation	• Opportunities in new civil markets • Need to secure necessary resources to bid and execute potential projects • Working capital and guarantee facilities required to support growth in new markets	• Repositioning and streamlining of civil businesses, now combined and rebranded as WBHO Infrastructure • Appointment of new Managing Director for WBHO Infrastructure to drive strategy • Open communication with Australian and South African lending institutions to ensure understanding of the business and support

Australia: The Shore Apartments.

PERFORMANCE

MESSAGE FROM THE CHAIRMAN

MIKE WYLIE

"A positive for the year is that we have maintained our Level 2 BBBEE status. We continue to identify, train and grow black talent and it is satisfying to see how our efforts in enterprise development are paying off as the number of 'black' contractors tendering continues to increase."

Amid poor economic conditions, I am pleased to report that our revenue has grown to R29,5 billion and that all divisions, with one exception, have performed well. Overall, revenue increased by 15%, which was underpinned by growth of 23% from Australia and 21% from the rest of Africa and moderate growth of 3% achieved by our local South African businesses. This is a commendable performance in the current climate and reflects how adaptable and resilient we are as a group.

Economic conditions

The construction environment remains a tale of two stories: strong in building markets, while weak in civil and infrastructure, both in South Africa and Australia. The building markets, in South Africa and Australia, continued to offer good opportunities and we have capitalised on these in recent years, delivering a number of iconic buildings. The demand for accommodation in Melbourne and Sydney has translated into many high-rise towers, as well as shopping centres. We are completing over 2 000 apartments each year in Melbourne alone, which is an impressive feat. Probuild has cemented its designation as a "Tier one" building contractor in Australia and its building divisions have seen a sharp growth of 42%.

The subdued resources sector has continued to have an impact on Civil engineering and mining-related infrastructure work in South Africa, the rest of Africa and Australia, and our order books in all of these divisions have declined. The African-based businesses did, however, achieve good results this year, but the civil businesses in Australia were disappointing. In South Africa, we remain concerned over the public sector funding of future infrastructure. An exception is road infrastructure, where there have been an acceptable number of tenders.

Construction in South Africa and the National Development Plan

Construction of infrastructure is vital to South Africa. One of the reasons the rating agencies have not downgraded South Africa further to junk status (Brazil has been and the talk in financial circles is that we are next) is that analysts believe the National Development Plan (NDP) will put the country on the road to growth, employment and prosperity. Infrastructure construction is the foundation of the NDP and it is puzzling that the government should continue to mistrust the construction industry, promoting the inaccurate and biased flow of information from the Competition Commission (CC). I would like to highlight some of the issues:

- We agreed to participate in the "Invitation to the Construction Industry" with the CC, where we gave all cover pricing information voluntarily, with the understanding that we would pay a fine and the matter would be put behind us so that the industry would be set on a new trajectory. With the Construction Industry Development Board (CIDB) now involved (unnecessarily so, because its Code of Conduct allows for this matter to be dealt with by the CC), it appears that the intent of the 'Invitation' has been forgotten.
- For most of the companies, cover pricing occurred (because of tendering and operational capacity) in an insignificant number of instances when compared to the numbers of tenders submitted over the period of the investigation – less than 1%. Tenders are transparent, detailed and checked by the quantity surveyor of the client and other professional advisers, which prohibits inflated pricing.

- This industry has always produced infrastructure at extremely good value, much cheaper than anywhere else in the world. Not just 20 or 30% cheaper, but, in many instances, less than half the price. What would infrastructure cost if we had the luxury of international parity pricing? Stats SA reports that we are the lowest margin industry in South Africa.
- The industry did not allocate the stadiums nor agree a mark-up. This is something only the Competition Commission maintains. Without some interaction between contractors, the stadiums would not have been completed on time, if at all. Our stadiums were far cheaper than any other built in the world. The combined cost of Greenpoint, Durban and Soccer City was the same as Wembley, with similar seating (and Durban has a bigger arch). The Brazil World Cup stadia were also far more expensive.
- The construction market share in South Africa has changed dramatically since 2000 when WBHO was a quarter of the size of Grinaker, Murray and Roberts and LTA. Today, we are the largest, even after two of them have merged. Such changes in market share can only occur in a very competitive environment, certainly not in a collusive one.
- There were other major projects at that time, such as the Medupi and Kusile Power stations, the King Shaka and OR Tambo airports and many others, and no cover pricing, nor any type of collusion took place.

What we did was wrong. We have apologised, but it was certainly not "entrenched" and "ubiquitous" (to quote the CC). We have offered government additional funds to accelerate our industry transformation and development and, as have other South African industries involved in collusion, paid our fine. As was the intention of the "Invitation", it is surely time to put this behind us and move forward, partnering with government to achieve service delivery and the goals of the NDP.

South Africa: A great construction industry

South Africa is fortunate to have an efficient and effective construction industry, which is the result of intelligent, coordinated and efficient systems between clients, contractors, subcontractors, suppliers and consultants, with everyone working together in the best interests of the project to achieve quality and value for money. This "tried and tested" process is the backbone of the successful rollout of infrastructure, which sets South Africa apart from the rest of Africa. As an industry, we employ tens of thousands of people and pay billions of Rands to SARS.

Unfortunately, sometimes there are those who stray from tried and tested systems with disastrous consequences. For reasons of inexperience, inadequate skills, politics or self-enrichment agendas, tender rules and systems are ignored, quality standards are compromised, resulting in long delays and money wasted due to overpayment. This is when the construction of a project can become a nightmare. Unfortunately, examples of this are occurring more often, even on high profile projects.

WBHO executes over R2,5 billion of construction worth every month. With very few exceptions, this work is all completed within budget (unless overruns are agreed with the client), on time and to a world class quality standard. I am in awe of what we achieve and, at the same time, puzzled that it is not appreciated. This applies not just to WBHO, but to all the construction companies in our sector. The British Government, for instance, chose Basil Read out of all of the international contractors at its disposal and entrusted them with the building of its airport on the remote island of St. Helena. It was finished on time, with final commissioning now taking place.

Transformation

The positive for the year is that we have maintained our Level 2 status on the revised BBBEE codes. Employment equity remains our biggest challenge in this regard and we continue to identify, train and grow black talent. Head hunting does not help matters but at least we are putting management skills back into the economy. It is satisfying to see how both our efforts in enterprise development, and those of other companies, are paying off. Tender results for projects around the country show that the number of 'black' contractors tendering has increased over the past few years. In our engagements with the Professional Capacitation and Development Mentoring Initiative (PCDMI) in Limpopo province, we have been pleasantly surprised by the level of experience and maturity of their engineers. Transformation denialism is therefore also puzzling.

Governance and risk management

From a governance perspective, it is pleasing to be able to report that our enhanced remuneration policies received the full support of our shareholders during the year and we believe that the thresholds, targets and KPIs we have introduced offer sufficient incentive to our senior management and are fair to our shareholders at the same time.

We have also made good progress in terms of enhancing our risk management during the period under review and risk management processes have been reviewed and simplified in order to act as a valuable management tool, as well as providing the Board with the necessary comfort that the group has assumed an acceptable level of risk in delivering its strategic objectives.

Seamless transition

During the past few years, 10 of our key directors, each with about 30 years of service, have retired. Yet WBHO has not missed a beat. This is evidence that the succession planning that is part of our culture is effective and achieves the goal of seamless transition.

Outlook

The continued strength of our order book, our professional, experienced management teams, and the quality of our people on the ground, gives me confidence that we will continue to steer WBHO through these tumultuous economic conditions.

Finally, I would like to thank our Board for their continued wisdom and support.

Mike Wylie
Chairman

MESSAGE FROM THE CEO

LOUWTJIE NEL

"We have focused our attention on our procurement processes over the last 18 months and made a substantial effort to improve the quality of our order book. As a result, I am pleased to note that we have drastically reduced the number of under-performing contracts during the year."

It has been another year of sound achievement against a backdrop of persistently tough economic conditions and subdued activity in the mining sector. The strong growth of all our Building divisions and the solid performance from our Roads and earthworks division locally were the main highlights of our year and it is particularly pleasing to see that we have managed to generate cash in this environment. The completion of the main civil works at Kusile power station was also a major achievement. The only lowlight of the year was the disappointing performance of our civil businesses in Australia, which severely impacted our overall profitability. In the current environment, we have had to make some tough decisions, right-sizing certain businesses and shifting our focus to those key areas offering opportunities in the prevailing markets. We have made steady progress in terms of the unbundling process of Capital Africa Steel, having disposed of the quarry business during the year, and the two remaining operations continue to trade profitably.

Flexibility and diversification

Due to limited opportunities within the mining sector and a competitive road market, one of our key strategic adjustments from the perspective of the Roads and earthworks division, was to migrate from executing fewer large-scale projects to delivering more smaller projects profitably. This required us to refine our business model, cost structures and approach when bidding and executing these types of projects. I am pleased to be able to report that we have achieved this migration satisfactorily and, in addition, that the division grew by 6% this year.

While the overall exposure of the group to other African markets has not increased significantly due to lower revenue from the Roads and earthworks division in the region, the diversification of the Building and civil engineering division into the rest of Africa has progressed well, having achieved strong growth in both Ghana and Mozambique.

In Australia, our Building division in Victoria had a very successful year and delivered another commendable performance, while the divisions in the remaining states performed broadly in line with expectations. In respect of our Civil engineering divisions, having foreseen that reliance on our traditional mining and road markets would not be sustainable in the current climate, we decided to refocus on public sector infrastructure projects in the metropolitan cities and appointed a new managing director to drive this strategy. The prevailing conditions in our current markets, together with some poor project selection and execution, resulted in four loss-making contracts in the current year, which have had a significant impact on our profitability. The repositioning of the civil businesses is complete, nonetheless, and we have started the bidding process on selected projects in our new target markets.

Reputation and relationships

Our Building divisions in South Africa and Australia have both grown this year, which, I believe, reflects our growing market share, not necessarily an increase in the work available. We have only been able to achieve this growth because we have maintained our reputation for quality and consistency, which has translated into repeat clients. Our strong performance in these areas, delivering around 200 projects during the year, reflects our ability to move the resources that are continuously becoming available between projects and divisions smoothly, ensuring that the correct team for the unique needs of each project is in place right from the start.

Procurement and performance excellence

We have focused our attention on our procurement processes over the last 18 months and made a substantial effort to improve the quality of our order book. Project selection at the outset is critical to ensuring we deliver successfully and consistently and we have strengthened our tender controls and risk governance processes, both in South Africa and Australia, ensuring that projects are rigorously evaluated prior to bidding. As a result, I am pleased to note that we have drastically reduced the number of under-performing contracts during the year.

Safety and environmental management

In terms of our safety performance, it is gratifying to report that the improvement in our safety practices persisted this year and our overall LTIFR of 0,78 — down from 0,94 in FY14 — suggests to me that the attitude and behaviour of employees continues to be ever more safety-conscious.

Managing costs

With margin pressure evident, cost containment has been a priority this year. Not only did we embark on a process of right-sizing our civil businesses, both locally and in Australia, but we have also extensively scrutinised our overhead structures across the group and implemented measures to curtail costs. Our overhead cost as a percentage of revenue is at record lows.

Difficult decisions

Due to its cyclical nature, one of the hardest tasks in the construction industry is the continuous alignment of the capacity of the business with the prevailing conditions. One of our strengths is how we manage to keep our core teams together and work hard to "never let a good guy go". Right-sizing is inherent to our industry, however, and, when forced to do it, we are fully cognisant of the impact it has on our people and focus on ensuring it is done in as sensitive, ethical and fair a manner as possible. Regrettably, shrinking markets amid the current economic conditions have forced us to reduce our overall capacity within specific divisions and businesses during the year.

Outlook and prospects

For our Building divisions in South Africa and Australia, the short-term outlook remains promising. The order books of these divisions contain strong horizons through to 2017 and around 80% of our expected work for next year has already been secured.

Trading conditions are still difficult for both the Roads and earthworks and Civil engineering divisions, but there are a number of opportunities within the market and, should these materialise as expected, our short-term performance could prove satisfactory. It is clear though, that activity levels have plateaued and in the short to medium term any growth is likely to remain challenging.

In our industry, it is always difficult to see too far into the future, but having retained a presence in key strategic sectors and geographies, we are well placed to take advantage of the commodity-related economic cycle when it turns. We also see the energy sector as a key long-term market and an area with future growth opportunities. Having successfully delivered projects in the coal, gas and solar power segments of this sector, we have gained the necessary experience, credibility and knowledge to create value for our clients. To focus on these opportunities, we have further strengthened the capacity of our Projects team during the year.

Appreciation

I would like to express my heartfelt thanks to all our employees who have, once again, demonstrated their loyalty and commitment to WBHO in a challenging environment. To our clients and other stakeholders we, as WBHO, are grateful for your continued support and value your faith in our ability and we look forward to partnering with you into the future.

Louwtjie Nel
Chief Executive Officer

OPERATIONAL REVIEW

GROUP

	FY15 Rm	Restated FY14 Rm
Revenue	**29 523**	25 722
Operating profit	**793**	1 029

Performance

Revenue from continuing operations increased by 15% from R25,7 billion to R29,5 billion for the year ended 30 June 2015. Growth of 23% from Australia and 21% from the rest of Africa underpinned this performance, however moderate growth of 3% was also achieved by our local South African businesses.

The 23% decrease in operating profit before non-trading items from R1 billion to R793 million is primarily due to the margin of 0,1% (2014: 2%) achieved in Australia for the year, resulting in a decrease in the overall margin from 4% to 2,7%. Four loss-making projects within the Australian civil businesses of the group, combined with poor trading conditions in general, were the main contributors behind this disappointing performance. While the operating profit in respect of the African-based businesses of the group improved marginally from R779 million to R783 million, margins in both South Africa (FY15: 4,3% vs FY14 4,8%) and the rest of Africa (FY15: 9% vs FY14: 9,4%) marginally decreased as a result of the heavier weighting of work-on-hand toward building and roadwork.

A number of initiatives were implemented or continued during the year in pursuit of delivering the strategic objectives of the group:

Procurement and execution excellence

Following the challenging market conditions experienced previously within building markets and currently within civil markets, the group has experienced various under-performing contracts, defined as those projects which do not achieve tendered margins. These contracts impact financial performance as well as having the potential to harm client relationships and the overall reputation of the group. The reasons for such under-performance can generally be attributable to the quality of the bid submitted, the operational management of the project itself or both.

A review of the procurement processes of the group, both locally as well as in Australia, was undertaken and a number of controls either introduced or strengthened. These included: stringent project evaluation early on, rejecting marginal and undesirable projects; strict enforcement of the authority level matrix governing the projects values that various internal decision-makers are authorised to approve; particular focus on contractual conditions outside of the norm; thorough reviews of project risk assessments and any related mitigating factors, price adjustments or qualifications; and lastly, careful resource allocation to ensure that sufficient management and operational teams are available at the outset of a project.

From an execution perspective, further entrenchment of, and adherence to, the quality processes and policies of the group was instilled. Quality is monitored through site audits, measurement of the cost of re-work and waste as well as obtaining feedback from clients and consultants through surveys and management interaction. Pleasingly, the cost of re-work and waste decreased by 63% compared to the previous year and client satisfaction remained close to the group's target of 90%. The group retained its ISO 9001 certification during the year. These combined initiatives resulted in no under-performing projects being secured during the current year.

Capacity and talent management

Given the high levels of work-on-hand within the Building divisions of the group, particularly in Australia, capacity management has been a key priority. In addition to careful resource allocation at tender stage, targeted recruitment has been necessary to sustain activity levels. Conversely, declining order books within our civil engineering divisions required a reduction in capacity. Further details are included within the accompanying individual divisional reports. This year the group invested R48,5 million (2014: R40,5 million) in our employees' career progression through various training and skills development initiatives across all skill levels.

Safety and environmental management
Safety management remains under continuous focus within the group. The "Visible Field Leadership" pilot programme introduced in the Roads and earthworks division in FY14 has proven successful and will be extended to other divisions in the year ahead. The initiative entails on-site peer reviews of projects by senior site management and demonstrates visible accountability and a proactive attitude from the top down in respect of safety management and awareness. Our safety awareness campaign, which has been in place for some time, quickly distributes information across divisions regarding safety incidents occurring on our sites as well as the industry at large. In so doing, awareness is raised as to the root causes of incidents and recommendations and instructions in respect of remedies are communicated to prevent similar incidents occurring on other sites. The improved medical fitness programme that was introduced in FY14 is now firmly in place and enables the group to proactively identify and manage unfit or unwell employees as well as ensuring all employees and subcontractors are medically examined on a regular basis. The successful outcome of these initiatives is evident in the improved safety statistics achieved this year where the lost-time injury frequency rate (LTIFR) in respect of the African based operations improved from 0,84 to 0,75 and the LTIFR in respect of our Australian operations improved from 1,6 to 0,97, resulting in an overall improvement in the group LTIFR from 0,94 to 0,78.

Through our ISO 14001 certified environmental management system, we monitor, measure and report upon the environmental impact of the group as well as ensuring compliance with all relevant laws and regulations. Environmental risks currently receiving focused attention include water pollution, waste management and erosion and encroachment. No reportable environmental incidents occurred during the year.

Transformation and localisation
The Department of Trade and Industry (DTi) has set a deadline of 30 October 2015 to table new Construction Sector Codes, although in terms of the current gazette the Construction Sector Codes are applicable until 2016. Having recently conducted our empowerment audit, our status as a Level 2 contributor will be retained until October 2016. WBHO remains at the forefront of negotiating the new Construction Sector Codes as the convener of the Established Sector membership organisations, and is fully committed to the process.

Employment equity remains one of the local construction industry's most significant challenges. With a shortage of engineering skills in general, qualified and talented black individuals are in particular demand and the constant loss of black employees as they approach senior management positions is of great concern, albeit testament to the training received at WBHO. Through open dialogue, clear career development plans and comprehensive skills development, WBHO strives to create attractive opportunities with the aim of retaining our talent more permanently.

Localisation is also becoming far more prevalent in our neighbouring African countries. Governments limit the number of work permits available to expatriate employees in order to promote employment of locally available skill sets. WBHO embraces the employment, training and development of local residents. We have enjoyed specific success in Zambia, where just four years after maintaining a permanent presence in the country, we have developed our local teams to the extent that only 8% of the workforce are expatriates. The group also employs a large number of local employees in Mozambique and subcontractors in Ghana.

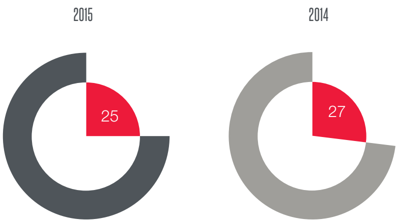
Further details in respect of our safety, environmental and quality management as well as additional information in respect of our progress in terms of transformation and social economic development are available online at www.wbho.co.za/investors, as part of the supplementary information to the integrated report.

OPERATIONAL REVIEW
CONTINUED

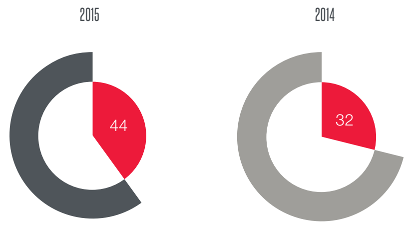
BUILDING AND CIVIL ENGINEERING

	FY15 Rm	FY14 Rm
Revenue	**7 385**	7 002
Operating profit	**352**	329

Revenue (%)



Operating profit (%)



Performance

The growth of 5,5% achieved in the current year was mostly derived from strong growth in the rest of Africa from both the Building and Civil engineering divisions. Revenue from the rest of Africa increased to 17% (FY14: 9%) of overall revenue as the division persists with its long-term strategic objective of higher exposure to these markets. The high activity levels achieved by the local building divisions in FY14 were sustained throughout FY15, where we continue to improve market share on the strength of our proven track record for delivery and strong client relationships. In all, 88% of building work this year related to the private sector, of which 78% was negotiated on the basis of our brand and reputation.

Operating profit increased by 7,0%, with margins increasing slightly from 4,7% to 4,8% due to the increased component of higher margin African and civil engineering projects.

Capital expenditure increased by 40% to R75 million in line with increased activity levels.

In Ghana, the completion of the West Hills and Junction malls together with ongoing construction at the Achimota mall, awarded toward the end of FY14, resulted in 31% growth over the prior year. In Mozambique, the construction at Ressano Garcia, the gas-fired power station, in conjunction with the Projects and Roads and earthworks divisions of the group, along with various smaller-scale industrial projects in Zambia, resulted in the good growth from the African Civil engineering divisions.

In Gauteng, having successfully delivered a number of shopping centres in the first six months of the year, focus has shifted onto the execution of a number of large-scale projects now under construction. These include new phases at both Menlyn Maine and Alice Lane in Tshwane and Sandton respectively, serviced accommodation for the Department of Statistics, secured through the Projects division of the group, and new offices for Discovery and Price Waterhouse Coopers. Construction at the Mall of Africa shopping centre, located at Waterfall, is ongoing and due for completion in the first half of FY16.

In the coastal regions, lower revenue from the Western Cape, following the completion of the Kathu photovoltaic solar farm in the Northern Cape, was offset by growth from KZN and a vastly improved performance from the Eastern Cape. In the Western Cape, activity at the V&A Waterfront in Cape Town included ongoing construction of the Museum of Contemporary African Art with an accompanying boutique hotel above, a new multi-storey parkade and new commercial offices and residential apartments, while in the city centre construction of the structure for a new private hospital is approaching completion. In KZN, development at the Umhlanga Ridge consisted of a number of commercial offices while the public hospital in Empageni is almost complete. In the Eastern Cape, two large warehouses at the Coega development zone were completed, which, together with further construction at the Greenacres shopping centre, formed the bulk of the workload for the division in FY15.

Construction of the main civil works at the Kusile power station is finally complete and the re-access works has now commenced behind the mechanical and electrical contractors. An agreement has been reached with Eskom in respect of the variations and outstanding claims relating to the project. During the year, the division also completed construction of the ancillary mining infrastructure for the coal processing and handling plant at Glencore's Tweefontein mine, as well as a new malting plant for SAB.

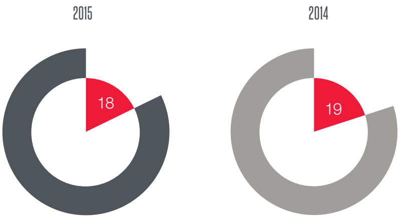
In terms of capacity management, the building divisions have employed 16 new engineers to support increased activity levels, while the low volume of work-on-hand within the Civil engineering division and the release of a significant number of resources from Kusile necessitated the right-sizing of the overall capacity of the division which has been reduced by 24%. R17,5 million (2014: R14 million) was invested in training and skills development programmes during the course of the year.

The safety performance of the division declined marginally, with the LTIFR increasing from 0,88 to 0,98. While the safety statistics relating to WBHO employees actually improved, the deterioration in the overall LTIFR was due to an increase in the number of accidents relating to subcontractors. Subcontractor employees are included in all WBHO on-site safety processes, which include compulsory attendance at safety risk assessments and toolbox talks. Site management work closely with our subcontractors in order to educate and improve their own safety management and the safety files of all subcontractors are reviewed prior to appointment on each project.

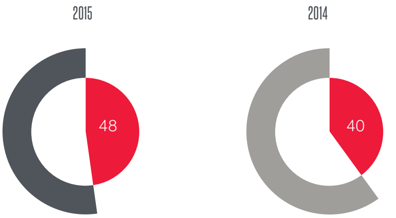
ROADS AND EARTHWORKS

	FY15 Rm	FY14 Rm
Revenue	**5 282**	5 002
Operating profit	**380**	414

Revenue (%)



Operating profit (%)



Performance

The 5,6% growth achieved by the division is highly commendable given the weak trading conditions across global civil markets. The South African business units performed strongly, delivering growth of 23% and reflects the successful redirection of resources employed to mitigate reduced activity levels in the rest of Africa and the mining sector in general.

Operating profit decreased by 8,3% from R414 million in FY14 to R380 million in the current year, despite the growth in revenue. The resulting decrease in margin from 8,3% to 7,2% is a result of the current mix of work, which includes increased exposure toward lower margin roadwork and reduced activity levels in the rest of Africa.

Capital expenditure increased by 23% to R188 million. As part of the current conservative policy toward capital expenditure, the useful lives of plant have been extended over recent years. The increase in capital expenditure is due to a larger number of plant items requiring replacement in the current year as the fleet has not been expanded.

A significant portion of the roadwork under construction this year consisted of three bus-rapid transport projects in Gauteng and KZN. Located within the city centres of Sandton, Durban and Pinetown, these projects are extremely intricate, where the relocation of existing underground services and access to adjoining properties have presented a number of challenges. The provincial road market tapered off sharply during the year, and procurement of replacement work in the second half of the year was a key concern for Edwin Construction, which is heavily reliant on this sector. A number of projects have been secured, however, following provincial budget allocations in March of this year. Roadspan's surfacing teams have performed well locally, as well as partnering with the Mozambican teams in respect of the EN4 rehabilitation for TRAC.

Energy related infrastructure projects also formed a sizable volume of work executed this year, comprising the construction of a coal stock yard and ash dam at the Kusile power station and an additional ash dam at the Komati power station.

One thousand rural houses are currently under construction in KZN and the division has now delivered a total of 11 500 homes for rural communities, of which we are especially proud.

Within the Southern African Development Community (SADC), the bulk of the remaining mining projects of the division were successfully completed during the year, with very little replacement work derived from this sector.

Activity in Botswana dropped off significantly in FY15 following the completion of the problematic North South Carrier Pipeline and very few available mining opportunities. Conversely, activity levels in Mozambique improved over the period, where the division secured a number of mining and roadwork contracts.

In West Africa, the reduced activity levels, associated with the smaller scale projects being secured, improved over the prior year, however, the division is yet to secure an anchor project in the region in the current climate.

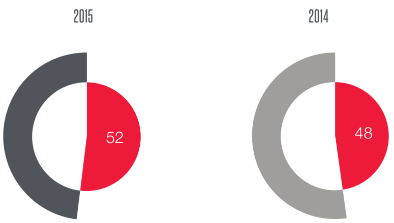
The LTIFR of the division decreased from 0,74 to 0,36 this year and this is largely attributable to the Visible Field Leadership initiative introduced in FY14.

OPERATIONAL REVIEW
CONTINUED

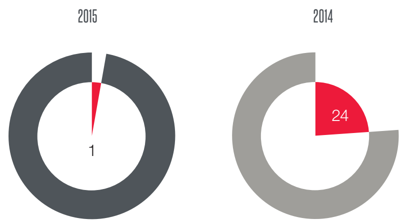
AUSTRALIA

	FY15 Rm	FY14 Rm
Revenue	**15 352**	12 438
Operating profit	**11**	250

Revenue (%)



Operating profit (%)



Performance

In aggregate, the group achieved strong growth of 23% in Australia, which comprised 42% growth from the Building divisions and a 29% decline in revenue from the civil businesses.

Operating profit, which decreased from R250 million in FY14 to just R11 million this year, was severely impacted by four loss-making contracts within the civil businesses and the subdued trading conditions prevalent in civil markets. The overall margin achieved dropped to 0,1% (2014: 2%) as a result.

Capital expenditure in Australia relates primarily to the civil businesses and, in light of the prevailing market conditions, was heavily curtailed from R127 million in FY14 to R45 million in FY15.

The Australian Building divisions began the year with a sizeable amount of work-on-hand following significant growth in the order book over the course of FY14. Although growth was generated across most of the states, it was centred in Victoria where a number of residential towers, retail shopping centres and commercial offices, including a 92 level apartment tower (our highest yet) and the Eastlands shopping centre, underpinned an extremely strong result from this region. The Brisbane business is now well established and profitable and the main focus has been on delivery of the two major projects secured last year, namely the Toowoomba shopping centre for an existing client and the Iglu student accommodation project in the Brisbane CBD. Moderate growth was achieved in Sydney, as the group seeks further exposure to this improving market and as more projects are delivered, client relationships and brand awareness continue to be strengthened. Revenue from Monaco Hickey was again lower in FY15 and in response to the subdued conditions in the healthcare and pharmaceutical market, management have expanded the target markets of the company to include smaller scale commercial projects in order to improve activity levels. Activity in Western Australia also decreased during the year as the impact of reduced mining activity continues to be felt.

In response to the lack of opportunities in their traditional markets, the civil businesses have looked to other sectors as a source of projects. Gaining entry to new markets takes time, however, and activity levels were not sustained as revenue for the year decreased significantly. Reduced activity levels and fewer available opportunities increase pressure to secure work, which can result in poor project selection when evaluating potential bids. This, together with an element of poor project execution, played a role in the losses incurred on projects this year. Of these projects, three were completed in the second half of the year, with the remaining project due for completion in October 2015. Steady progress has also been made in resolving the claims relating to these projects, all of which have been finalised at the date of this report, with no further losses incurred.

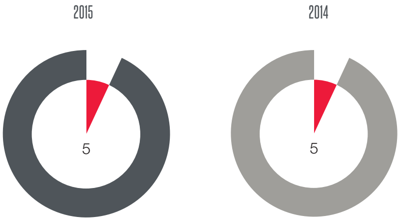
The contrasting market conditions within the building and civil engineering markets have meant capacity management has been a priority for the Australian management team this year. In addition to bolstering existing teams within the Building division, new teams have also been created to support the recent entry into new markets. With many new team members, initiatives to communicate and share the values and culture of Probuild have also been implemented. Both WBHO Civil and Probuild Civil were down-sized during the course of the year in accordance with anticipated activity levels within their markets, and subsequently rebranded as WBHO Infrastructure.

The safety performance in Australia continues to improve each year and the LTIFR of 0,97 (2014: 1,6) achieved is below the target of 1,0 set at the outset of the year.

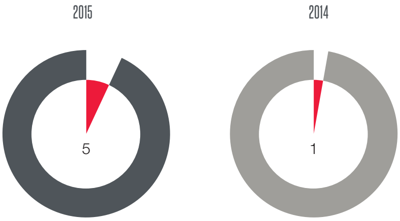
CONSTRUCTION MATERIALS

	FY15 Rm	FY14 Rm
Continuing operations		
Revenue	**1 453**	1 196
Operating profit	**38**	8

Revenue (%)



Operating profit (%)



Performance

Revenue from continuing operations (Reinforced Mesh Solutions (RMS) and 3Q Concrete) improved significantly over the prior period. The growth of 21% achieved is attributable to an increase in the number of urban building projects secured, despite a general increase in competition within the market. While operating profitability showed some improvement as well, margins remained low.

Locally procured steel has, and continues to face strong competition from cheaper Chinese imports which impacted margins within RMS. The decrease in the price of locally produced steel over the past twelve months has done little to combat this, although the imposition of a proposed 10% tariff duty may assist in the future. In 3Q, margins also remained under pressure due to excess capacity. This environment is likely to become more competitive as Nigerian and Chinese companies enter the market.

Production at the pipe factory in Mozambique, Capital Star Steel (CSS), ceased in December 2014 and in March 2015, Capital Africa Steel signed an exclusive sale of shares agreement with a prospective purchaser. On 1 June 2015 the purchaser signed a heads of agreement with the banks in respect of restructuring the debt within CSS and the detailed funding arrangements are currently being negotiated. The quarry business, Bela-Bela, was disposed of during the year.

PROJECTS

Following the successful completion of the Kathu 75MW solar energy plant in FY14, focus this year has been on the management and delivery of two large-scale and complex projects currently under construction, namely serviced accommodation for the Department of Statistics and a gas-fired power station in Mozambique. Both projects are on programme to meet their completion dates, at which time the related annuity income streams will begin to flow via the concession companies in which the group has an interest.

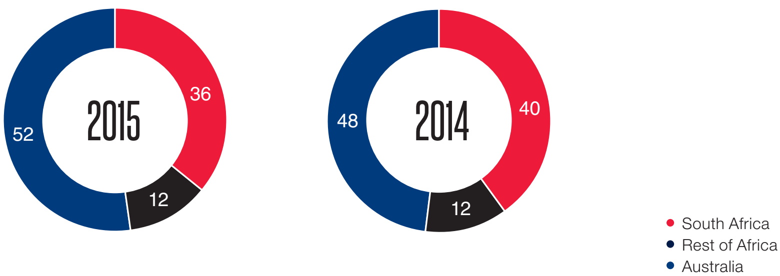
PERFORMANCE SCORECARD

1

FLEXIBILITY AND DIVERSIFICATION

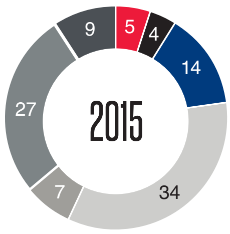
	FY15	FY14
Revenue growth (%) (Target > 10%)	15	8,4

REVENUE BY GEOGRAPHY (%)



REVENUE BY SECTOR

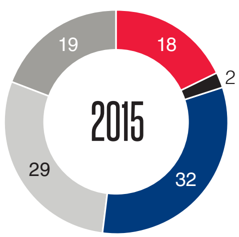
BUILDING AND CIVIL ENGINEERING (%)

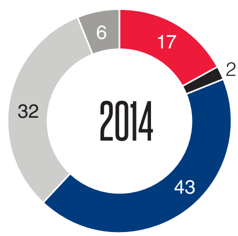


- Civil works and mining infrastructure
- Industrial
- Energy infrastructure
- Retail
- Residential
- Commercial
- Healthcare and leisure

	2015 %	2014 %
PRIVATE	85	88
PUBLIC	15	12

ROADS AND EARTHWORKS (%)

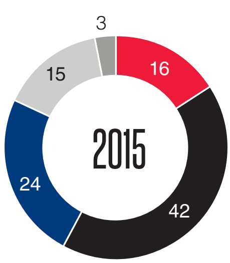


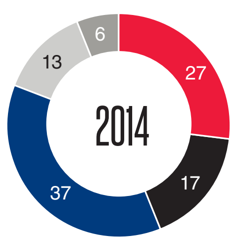


- Pipelines
- Rural housing
- Roadworks
- Mining infrastructure
- Energy infrastructure

	2015 %	2014 %
PRIVATE	40	37
PUBLIC	60	63

AUSTRALIA (%)





- Civil and mining infrastructure
- Retail
- Residential
- Commercial
- Healthcare and leisure

	2015 %	2014 %
PRIVATE	90	81
PUBLIC	10	19

2

PROCUREMENT AND EXECUTION EXCELLENCE

OPERATING MARGIN

	FY15 %	FY14 %
Group (Target 3,0% - 4,5%)	2,7	4,0
Building and civil engineering	4,8	4,7
Roads and earthworks	7,2	8,3
Australia	0,1	2,0

QUALITY MANAGEMENT SYSTEM (QMS)

	FY15	FY14
ISO: 9001 certification	✓	✓
QMS coverage (%)	99	97
Audit coverage (%)	56	47

3

REPUTATION AND RELATIONSHIPS

PROJECTS NEGOTIATED

% OF PRIVATE WORK

	FY15	FY14
Building and civil engineering	69	63
Roads and earthworks	31	17
Australia	11	10

CLIENT PERCEPTION SURVEYS

	FY15	FY14
% rating	87	88

AWARDS

	FY15	FY14
PMR awards	Diamond	Diamond

4

CAPACITY AND TALENT MANAGEMENT

TOTAL NUMBER OF EMPLOYEES

	FY15	FY14
South Africa	6 502	7 653
Rest of Africa	2 941	2 662
Australia	1 244	1 335
Total	**10 687**	**11 650**

PERFORMANCE SCORECARD
CONTINUED

EMPLOYEE TURNOVER

AVOIDABLE TURNOVER %	FY15	FY14
Avoidable turnover (% of permanent employees)	3,5	3,5
New hires (permanent)	325	304
New engineers hired (excluding Australia)	30	64

TRAINING AND SKILLS DEVELOPMENT

	FY15	FY14
South Africa and the rest of Africa		
Training spend (Rm)	30,7	37,7
Number of employees trained	2 596	2 909
Australia		
Training spend (Rm)	7,8	5,8
Number of employees trained	592	585

ECSA REGISTRATION PROGRAMME

	FY15	FY14
Candidate engineer	15	14
Candidate engineer technician	2	1
Professional engineer technician	4	1
Professional engineer technologist	1	1
Professional engineer	19	9

BURSARIES AND LEARNERSHIPS

	FY15	FY14
Bursary spend (Rm)	5,8	5,3
Number of bursaries	57	55
Number of learnerships	158	177

5

SAFETY AND ENVIRONMENTAL MANAGEMENT (SMS AND EMS)

SAFETY MANAGEMENT

	FY15	FY14
OHSAS: 18001 certification	✓	✓
SMS coverage (%)	100	100
Audit coverage (%)	100	100
LTIFR (lost-time injuries per million man hours)		
Group	0,78	0,84
Building and civil engineering	0,98	0,88
Roads and earthworks	0,36	0,74
Australia	0,97	1,60
Work-related fatalities	1	1

ENVIRONMENTAL MANAGEMENT

	FY15	FY14
ISO: 14001 certification	✓	✓
EMS coverage (%)	100	100
Audit coverage (%)	100	100
Reportable incidents	NIL	1
Carbon emissions (tCO_2e)		
Scope 1	29 774	38 790
Scope 2	11 492	21 973
Scope 3	10 428	4 858
Total	**51 694**	**65 621**

6

TRANSFORMATION AND LOCALISATION

EMPOWERMENT RATING

	FY15	FY14
LEVEL 2	✓	✓
Ownership (24)	23,4	24
Management and control (10)	6,6	6,5
Employment equity (10)	4,8	4,9
Skills development (20)	14,4	14,4
Preferential procurement (20)	19,3	19,4
Enterprise development (15)	15	15
Socio-economic development (5)	5	5
Total	88,5	89,2

WORKFORCE DEMOGRAPHICS

	Male				**Female**				**Total**
	A	C	I	W	A	C	I	W	
FY15	4 847	199	83	649	503	71	25	125	**6 502**
FY14	5 895	253	90	654	513	75	28	145	**7 653**

LOCALISATION

	FY15	FY14
Number of expatriates (%)	11	12

THE CFO'S FINANCIAL REVIEW

CHARLES HENWOOD

"Our Roads and earthworks and Civil engineering divisions have adapted well to the prevailing market conditions, particularly the lack of mining sector opportunities, by targeting those geographies and sectors offering value and have delivered growth in a difficult environment."

The group delivered disappointing operating results this year, severely affected by the performance of the Australian civil businesses. Strong overall performances from the Building divisions of the group were negated by the impact of weak conditions within civil markets globally. Having said that, our Roads and earthworks and Civil engineering divisions have adapted well to the prevailing market conditions, particularly the lack of mining sector opportunities, by targeting those geographies and sectors offering value and have delivered growth in a difficult environment.

The process of right-sizing our civil businesses both in South Africa and Australia, undertaken in response to the persistently weak demand from the global mining sector, was completed in the second half of the year with the overall costs associated with this restructuring amounting to R31 million.

Regrettably, the impact of these challenging conditions on the results of the group extended beyond our operating performance. The current poor performance of the Australian civil businesses, together with what remains a negative outlook for future earnings, necessitated an impairment of all the goodwill in these businesses, amounting to R50 million. Further impairments of goodwill, amounting to R57 million in respect of Monaco Hickey, a business focusing on the extremely competitive Australian pharmaceutical and healthcare markets, and R9 million in respect of Capital Africa Steel, were also recognised. In addition, the shrinking number of available civil projects in Australia has resulted in an over-supply of plant and a steep decline in market values. Impairments of R54 million have been recognised to reduce the carrying amounts of affected items of plant and equipment in Australia to their net realisable values.

These effects culminated in a decrease in earnings per share from continuing operations of 28,5%. Headline earnings per share from continuing operations, which excludes the effects of the impairments, decreased by 13,5%.

On a positive note, cash balances increased by 51% to R3,9 billion and this enabled the group to maintain its gross dividend of 368 cents (2014: 368 cents), despite the poorer financial performance.

KEY FINANCIAL INDICATORS (%)	Target	FY15	Restated FY14
Revenue growth	10,0	**14,8**	8,4
Operating margin*	3,0 to 4,5	**2,7**	4,0
Return on capital employed^	20,0	**18,0**	22,7

* *Revised target range aligned with current operating environment*

^ *New measure requested by shareholders*

SUMMARISED FINANCIAL PERFORMANCE (Rm)	% change	FY15	Restated FY14
Revenue	14,8	**29 523**	25 722
Operating profit before non-trading items	(22,9)	**793**	1 029
Share-based payment expense		**(36)**	(33)
Impairment of goodwill		**(116)**	–
Impairment of property, plant and equipment		**(54)**	(15)
Profit from associate		**46**	11
Profit/(loss) from discontinued operations		**93**	(523)
Effective tax rate		**33%**	30%
Earnings per share (cents)	34,6	**1 030**	764
Headline earnings per share (cents)	0,2	**1 175**	1 173
Earnings per share (cents) – continuing operations	(28,5)	**909**	1 271
Headline earnings per share (cents) – continuing operations	(13,5)	**1 106**	1 278
Dividend per share (cents)	–	**368**	368

Revenue growth

The group surpassed its target of 10% growth in the current year, achieving overall top-line growth of 15%. Growth of 42% from the Australian building divisions, supported to a large extent by an exceptional year in Victoria, underpinned this performance. Overall growth from Australia amounted to 23% as revenue from the Australian civil businesses fell sharply by 29%. The growth of 21% in the rest of Africa was pleasing and reflects delivery of our strategy to increase the exposure our Building and civil engineering division to this region. Our local businesses grew by 3%, influenced by a heavier weighting of local projects within our Roads and earthworks division and ongoing strength in local building markets.

Operating margin

The decrease in the overall operating margin from 4% to 2,7% was predominantly due to the margin of 0,1% achieved in Australia. Locally, the operating margin decreased from 4,8% to 4,4%, and from 9,4% to 9% in the rest of Africa, both as a result of an increase in lower margin building work in general, and to a lesser to extent, impacted by declining margins within the Roads and earthworks division. The Construction materials businesses, 3Q Concrete and Reinforced Mesh Solutions, were both profitable, achieving a combined margin of 2,6%.

Share-based payments expense

In accordance with the revised remuneration policy of the group, a long-term incentive scheme for executive directors and senior management, The WBHO Share Plan, was implemented during the year. This, together with additional share options issued from the WBHO Management Trust, resulted in a share-based payment expense of R2 million, pro rata for two months out of twelve, in the current year. The balance of the share-based payment expense of R34 million relates to the existing BEE and management share schemes in place. During the year, 456 006 treasury shares were acquired by the WBHO Management Trust for use in future share schemes at a cost of R52 million.

Taxation

The effective tax rate increased to 33%, primarily as a result of the non-deductibility of the impairments to goodwill in Australia.

THE CFO'S FINANCIAL REVIEW
CONTINUED

DISCONTINUED OPERATIONS (Rm)	FY15	Restated FY14
Revenue	**271**	539
Operating profit/(loss) before non-trading items	**97**	(61)
Impairment of property, plant and equipment	**–**	(360)
Profit/(loss) from discontinued operations	**93**	(523)
Non-controlling interests	**27**	(243)
Attributable profit/(loss)	**67**	(281)

During the year, the group disposed of its interests in Bela-Bela, a quarry in Botswana, as well as Dywidag Systems International (DSI). The results of Bela-Bela have been disclosed as part of discontinued operations in the current year and the comparative information has been restated in accordance with IFRS. DSI had been disclosed as a discontinued operation at 30 June 2014.

The amounts reflected under discontinued operations in FY15 represent the final trading of Capital Star Steel (CSS), the results from Bela-Bela prior to disposal, as well as any gains or losses recognised on the actual disposals of the various businesses. Foreign exchange gains amounting to R147 million have been included in the trading of CSS, arising from the functional currency of CSS being US dollars.

PROPERTY, PLANT AND EQUIPMENT (Rm)	Approved FY16	Actual FY15	Actual FY14
Property, plant and equipment		**1 984**	2 165
Impairment of property, plant and equipment		**54**	15
CAPEX			
Plant and vehicles			
Replacement	217	**236**	277
Expansion	43	**30**	83
	260	**266**	360
Land, buildings and other equipment			
Replacement	–	**34**	86
Expansion	–	**27**	38
	–	**61**	124
Total	260	**327**	484

The carrying amount of property, plant and equipment decreased by 8,3%, which reflects the conservative strategic approach of the group toward capital expenditure in the current climate, and takes cognisance of the outlook for the mining sector and a heavier weighting toward roadwork within the Roads and earthworks division. The replacement of plant, in accordance with the plant philosophy of the group, continues to be maintained to ensure operational efficiency. A budget of R260 million has been approved for FY16.

INVESTMENTS (Rm)	FY15	FY14
Investments	**148**	97
Investments in associates	**204**	98

The increase in investments relates to a further investment of AU$6 million in the Caulfield property development in Australia in which the group has a 30% interest. Probuild is currently constructing Precinct 1 of the development. All of the housing units in this phase of development have been sold and it is expected to be complete by September 2016.

The group has an interest in three associated companies, namely Dipalopalo, a concession company responsible for serviced accommodation of the new building for the Department of Statistics, Gigawatt Power, the concession company, that will provide electricity generated from a new gas-fired power station (currently under construction in Mozambique) and Gigajoule International, a shareholder in the Matola Gas Company, which sells and distributes gas in Mozambique.

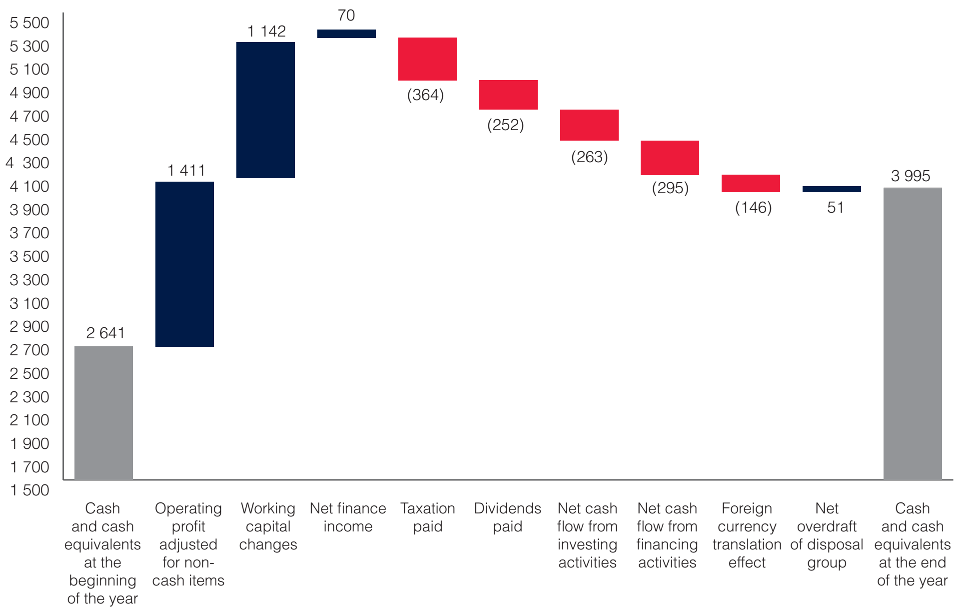
In the current year, equity of R67 million has been invested within two of the concession companies of the group. The income from associate of R46 million recognised this year relates to the share of income of the group in respect of Matola Gas Company and the rental income received by Gigawatt Power from Aggreko. No income has been recognised in respect of Dipalopalo during the year as the project is still in the construction phase.

CASH BALANCES (Rm)	FY15	FY14
Cash and cash equivalents	**3 995**	2 757
Bank overdraft	**–**	116
Cash generated from operations	**2 552**	797

Cash generated from operations increased substantially during the year due to a R1,1 billion working capital cash inflow. This reflects the heavier weighting of building work within the project portfolio of the group and three major projects, which have favourable milestone payment regimes. As a result, cash balances have increased by 51% to R3,9 billion, excluding the overdraft of R348 million (2014: R301 million) included within the disposal group held-for-sale.

Cash balances amounting to R1,7 billion are held in South Africa, an increase of R515 million from FY14, while R2,3 billion (2014: R1,5 billion) is held offshore, of which 55% relates to Australia.

The following graph illustrates the movement in cash balances over the year:



LOANS (Rm)	FY15	FY14
Long-term receivables	**685**	402
Short-term portion	**(566)**	(110)
Total	**119**	292

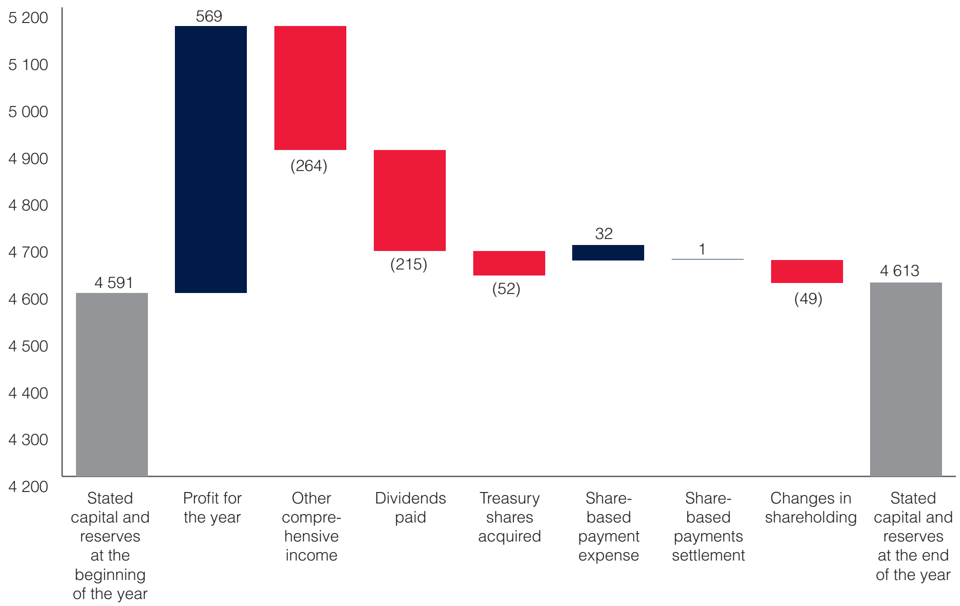
The group provides mezzanine financing to key clients where opportunities exist to unlock developments and procure work. Interest is levied at rates higher than what is achievable with financial institutions and acceptable security is obtained. The increase in long-term receivables in the current year represents additional funding of existing mezzanine financing arrangements. No new developments have been entered into and the funding of one project was repaid.

THE CFO'S FINANCIAL REVIEW
CONTINUED

EQUITY MOVEMENTS	FY15	FY14
Ordinary share capital and reserves (Rm)	**4 613**	4 591
Return on capital employed (%)	**18,0**	22,7

Return on capital employed (ROCE) has been introduced as a measure of performance in the current year. The target of 20% is aligned with the target set in respect of executive director remuneration. The ROCE of 18% achieved in the current year did not meet the target of 20% due to the poor profitability from Australia.

The following graph illustrates the movement in equity over the year:



NCI ACQUISITIONS (Rm)	% acquired	Purchase price
Probuild Constructions (Aust) Pty Ltd	0,54	11,6
WBHO Civils Pty Ltd	1,35	4,3
Probuild Civils Pty Ltd	6,25	3,2

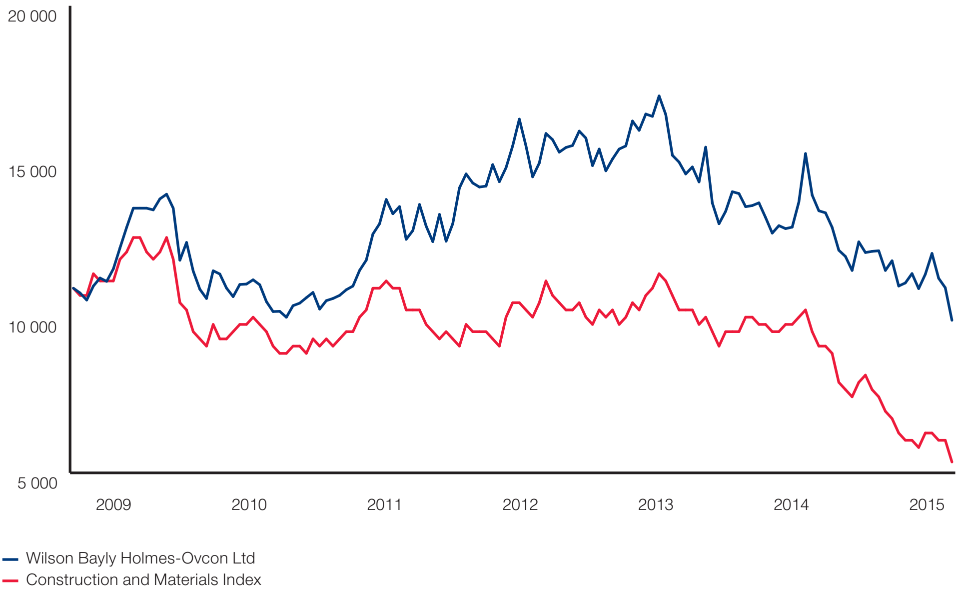
In addition to the right-sizing of the Australian civil businesses, management's interests in both WBHO Civils and Probuild Civils were acquired at a cost of AU$1,0 million. The group also increased its interest in Probuild Constructions in terms of the Contexx purchase agreement. A final settlement of AU$3,6 million was made in terms of the WBHO CARR purchase agreement. A net debit of AU$5,1 million was made to equity in respect of the above transactions.

LIABILITIES (Rm)	FY15	FY14
Long-term liabilities	**135**	185
Net current liabilities (excluding bank overdrafts)	**2 159**	1 143
Guarantees issued to third parties (contingent liabilities)	**6 206**	6 568

Long-term liabilities represent capitalised finance leases over large plant items. The decrease represents payments against existing leases and the reduced capital expenditure discussed previously. The significant increase in net current liabilities relates to sizeable subcontractor and creditor accruals on major projects. The group has secured sufficient guarantee facilities with various financial institutions to cater for future growth prospects. The unutilised portion of these facilities at 30 June 2015 amounts to R3,1 billion.

SHARE PRICE PERFORMANCE AND MARKET CAPITALISATION

The share price closed 22,5% down on the prior year at R99,20 (2014: R127,98) on 30 June 2015. This decline is indicative of the current market sentiment towards the construction industry given the prevailing market conditions. Despite this decline, the share price of WBHO continues to outperform the Construction and Materials Index. As a consequence of the lower share price, the market capitalisation of the group declined by R1,9 billion to R6,5 billion (2014: R8,4 billion).



OUTLOOK

The group enters the new financial year with a healthy order book of R37,4 billion. The local Building and civil engineering division is well placed with 78% of FY15 revenue secured for FY16. While the order book of the Roads and earthworks division has declined by 25%, sufficient work has been secured subsequent to year-end to offer a reasonable outlook for the year ahead. The heavier weighting toward roadwork is, however, expected to negatively affect margins over the short to medium term. At the time of writing, three of the four loss-making projects in Australia have been completed and the claims negotiations on all the projects have been finalised. As the Australian order book is heavily weighted toward building work, with only 3% relating to civil projects, we anticipate normalised building margins to be achieved in FY16. Due to the combination of more than 50% of group revenue being derived from Australia, a substantial increase in the volume of building work in general and aggressive competition in the Roads and earthworks sector, we expect future margins to remain at the lower end of our targeted range of between 3% and 4,5% over the medium term.

Charles Henwood
Chief Financial Officer

Victoria and Alfred Waterfront, Cape Town: The Museum of Contemporary African Art with a boutique hotel above, a multi-storey carpark and commercial offices and residential apartments.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION
for the year ended 30 June 2015

The summary consolidated financial statements, which are derived from the full audited consolidated financial statements, are prepared in accordance with the JSE Limited Listings Requirements, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the information required by IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The accounting policies applied in the preparation of these summary consolidated financial statements are in accordance with IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements.

These summary consolidated financial statements together with the audited consolidated financial statements for the year ended 30 June 2015 have been audited by BDO South Africa Inc., who expressed an unmodified opinion thereon.

The audited consolidated financial statements together with BDO South Africa Inc.'s unmodified audit report are available on the company's website at www.wbho.co.za, at the company's registered offices and upon request.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF WILSON BAYLY HOLMES-OVCON LIMITED

The summary consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited, contained in the accompanying abridged report, which comprise the summary consolidated statement of financial position as at 30 June 2015, the summary consolidated statements of financial performance, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited for the year ended 30 June 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 28 August 2015.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in the Basis of preparation note to the summary financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, together with such internal control as the directors determine is necessary to enable the preparation of summary consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Wilson Bayly Holmes-Ovcon Limited for the year ended 30 June 2015 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports set out in the Basis of preparation note to the summary financial statements and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Other matter

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

BDO South Africa Inc.

BDO South Africa Incorporated
Per: Japie Schoeman
Director
Registered Auditor

28 August 2015

22 Wellington Road
Parktown
2193

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	% change	Audited 2015 R'000	Restated Audited 2014 R'000
Revenue	14,8	**29 522 972**	25 721 683
Operating profit before non-trading items	(22,9)	**793 428**	1 029 446
Impairment of goodwill		**(115 982)**	(392)
Loss on deemed disposal of associate		**–**	(1 914)
Impairment of property, plant and equipment		**(53 926)**	(15 340)
Gain on disposal of property		**14 813**	–
Share-based payment expense		**(36 235)**	(33 337)
Operating profit		**602 098**	978 463
Share of profits from associate		**46 189**	11 168
Net finance income		**116 478**	114 091
Profit before taxation		**764 765**	1 103 722
Taxation		**(250 786)**	(332 149)
Profit from continuing operations	(33,4)	**513 979**	771 573
Profit/(loss) from discontinued operations		**93 307**	(523 336)
Profit for the year		**607 286**	248 237
Other comprehensive income			
Items that may be reclassified to profit or loss			
Translation of foreign entities		**(269 854)**	(64 216)
Share of associates' comprehensive income		**7 018**	6 967
Total comprehensive income for the year		**334 450**	190 988
Total comprehensive income attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**304 868**	401 252
Non-controlling interests		**39 582**	(210 264)
		334 450	190 988
Profit attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**568 680**	422 742
Non-controlling interests		**38 606**	(174 505)
		607 286	248 237
Earnings per share – total operations			
Basic earnings per share (cents)	34,8	**1 029,5**	763,8
Diluted earnings per share (cents)	35,0	**1 029,5**	762,6
Headline earnings per share (cents)	0,2	**1 175,2**	1 172,6
Dividend per share (cents)		**368,0**	368,0

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME (CONTINUED)

for the year ended 30 June 2015

	% change	Audited 2015 R'000	Restated Audited 2014 R'000
Profit from continuing operations attributable to:			
Equity shareholders of Wilson Bayly Holmes-Ovcon Limited		**501 885**	703 384
Non-controlling interests		**12 094**	68 189
		513 979	771 573
Earning per share – continuing operations			
Basic earnings per share (cents)	(28,5)	**908,6**	1 270,8
Diluted earnings per share (cents)	(28,4)	**908,6**	1 268,8
Headline earnings per share (cents)	(13,5)	**1 105,7**	1 278,4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Audited 2015 R'000	Audited 2014 R'000
Stated capital and reserves at the beginning of the year	**4 591 240**	4 423 257
Profit for the year	**568 680**	422 742
Other comprehensive loss	**(263 812)**	(21 490)
Dividend paid	**(215 171)**	(235 490)
Treasury shares acquired	**(52 079)**	–
Share-based payment expense	**32 117**	33 337
Share-based payment settlement	**845**	12 496
Changes in shareholding	**(49 102)**	(43 612)
Stated capital and reserves at the end of the year	**4 612 718**	4 591 240

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2015

	Audited 2015 R'000	Audited 2014 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**1 984 417**	2 164 724
Goodwill	**498 266**	644 936
Investment in associates	**203 923**	97 847
Investments	**148 465**	96 997
Long-term receivables	**118 943**	292 345
Deferred taxation	**462 279**	365 903
Total non-current assets	**3 416 293**	3 662 752
Current assets		
Inventories	**215 108**	259 025
Amounts due by customers	**1 058 957**	929 688
Trade and other receivables	**5 090 207**	4 955 738
Taxation receivable	**355 900**	356 268
Cash and cash equivalents	**3 995 089**	2 756 700
Total current assets	**10 715 261**	9 257 419
Assets held-for-sale	**237 610**	477 642
Total assets	**14 369 164**	13 397 813
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	**28 625**	28 625
Non-distributable reserves	**297 321**	578 873
Distributable reserves	**4 286 772**	3 983 742
Shareholder's equity	**4 612 718**	4 591 240
Non-controlling interests	**262 443**	273 776
Total equity	**4 875 161**	4 865 016
Non-current liabilities		
Share scheme liability	**22 734**	18 761
Borrowings	**112 530**	166 142
Deferred taxation	**47 708**	32 591
Total non-current liabilities	**182 972**	217 494
Current liabilities		
Excess billings over work done	**1 499 471**	1 417 028
Trade and other payables	**5 570 407**	4 697 296
Short-term portion of borrowings	**139 045**	149 645
Provisions	**1 619 749**	1 313 421
Taxation payable	**50 174**	66 552
Bank overdraft	**–**	115 605
Total current liabilities	**8 878 846**	7 759 547
Liabilities associated with disposal group held-for-sale	**432 185**	555 756
Total equity and liabilities	**14 369 164**	13 397 813

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2015

	Audited 2015 R'000	Audited 2014 R'000
Operating profit before working capital requirements	**1 410 626**	1 344 045
Working capital changes	**1 142 304**	(546 938)
Cash generated from operations	**2 552 930**	797 107
Net finance income	**69 531**	61 005
Taxation paid	**(363 767)**	(548 071)
Dividends paid	**(251 593)**	(265 089)
Cash retained from operations	**2 007 101**	44 952
Cash flow from investing activities		
Advances of long-term receivables	**(231 419)**	(211 166)
Additions to investments	**(58 127)**	(53 547)
Additional investments in associates	**(80 917)**	(27 524)
Repayment of loans by associates	**13 785**	–
Repayment of receivables	**–**	15 753
Proceeds on disposal of businesses	**161 106**	29 052
Proceeds on disposal of property, plant and equipment	**134 758**	106 175
Purchase of property, plant and equipment	**(202 436)**	(302 143)
Net cash flow from investing activities	**(263 250)**	(443 400)
Cash flow from financing activities		
Repayment of interest-bearing borrowings	**(24 109)**	(22 565)
Transactions with owners	**(64 538)**	(54 787)
Instalments in respect of capitalised finance leases	**(153 824)**	(163 494)
Purchase of treasury shares	**(52 079)**	–
Net cash flow from financing activities	**(294 550)**	(240 846)
Net increase/(decrease) in cash and cash equivalents	**1 449 301**	(639 294)
Foreign currency translation effect	**(146 214)**	(59 693)
Net overdraft acquired	**–**	(263 927)
Cash and cash equivalents disposed of	**(12 823)**	–
Net overdraft at the beginning of the year in respect of disposal group	**(268 450)**	–
Cash and cash equivalents at the beginning of the year	**2 641 095**	3 335 559
Net overdraft in respect of disposal group	**332 180**	268 450
Cash and cash equivalents at the end of the year	**3 995 089**	2 641 095

NOTES TO THE
AUDITED RESULTS
for the year ended 30 June 2015

	Audited 2015 R'000	Restated Audited 2014 R'000
1. RECONCILIATION OF HEADLINE EARNINGS		
Continuing operations		
Attributable profit	**501 885**	703 384
Adjusted for:		
Group:		
Impairment of goodwill*	**99 283**	392
Loss on deemed disposal of associate	**–**	1 914
Impairment of property, plant and equipment*	**49 953**	14 825
Net gain on disposal of property, plant and equipment*	**(35 011)**	(12 213)
Tax effect thereof	**(5 359)**	(731)
Headline earnings from continuing operations	**610 751**	707 571
Total operations		
Attributable profit	**568 680**	422 742
Adjusted for:		
Group:		
Impairment of goodwill*	**99 283**	392
Loss on deemed disposal of associate	**–**	1 914
Impairment of property, plant and equipment*	**49 953**	214 849
Net gain on disposal of property, plant and equipment*	**(35 011)**	(12 213)
Gain on disposal of associate*	**(2 464)**	–
Net (gain)/loss on disposal of operations*	**(26 418)**	22 101
Tax effect thereof	**(4 904)**	(731)
Headline earnings	**649 119**	649 054

* *Net of non-controlling interests*

		Audited 2015 R'000	Restated Audited 2014 R'000
2.	**DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD-FOR-SALE**		
	Revenue	**271 093**	538 955
	Operating profit/(loss) before non-trading items	**97 480**	(60 529)
	Impairment of property, plant and equipment	**–**	(360 014)
	Profit on sale of associate	**4 435**	–
	Gain/(loss) on disposal of operations	**20 573**	(39 778)
	Onerous contracts	**–**	(35 233)
	Operating profit/(loss)	**122 488**	(495 554)
	Share of profits from associate	**–**	5 223
	Net finance costs	**(18 319)**	(32 195)
	Profit/(loss) before tax	**104 169**	(522 526)
	Taxation expense	**(10 862)**	(810)
	Profit/(loss) from discontinued operations	**93 307**	(523 336)
	Effect of restatement	**–**	(3 694)
	As previously reported	**93 307**	(527 030)
	Profit/(loss) from discontinued operations attributable to:		
	Equity shareholders of Wilson Bayly Holmes-Ovcon Limited	**66 795**	(280 642)
	Non-controlling interests	**26 512**	(242 694)
		93 307	(523 336)
	Disposal group held-for-sale		
	Property, plant and equipment	**206 079**	178 000
	Inventories	**5 000**	137 270
	Trade and other receivables	**10 447**	44 722
	Cash and cash equivalents	**16 084**	32 085
	Assets of disposal group held-for-sale	**237 610**	392 077
	Trade and other payables	**(83 922)**	(213 108)
	Provisions	**–**	(42 113)
	Bank overdraft	**(348 263)**	(300 535)
	Liabilities associated with disposal group held-for-sale	**(432 185)**	(555 756)
	Non-current asset held-for-sale		
	Investment in associate	**–**	85 565

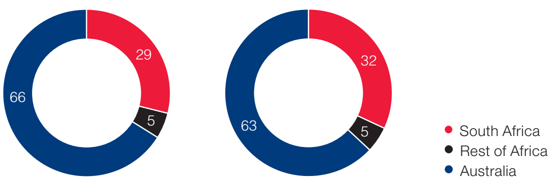
ORDER BOOK AND OUTLOOK

GROUP

	2015 %	2015 Rm	2014 %	2014 Rm
Order book by segment				
Building and civil engineering	**24**	**9 136**	23	8 207
Roads and earthworks	**10**	**3 789**	14	5 064
Australia	**66**	**24 507**	63	22 880
Total	**100**	**37 432**	100	36 151

Geographic spread (%)

2015 2014



The order book at 30 June 2015 has increased by 3,5% over the prior period and reflects increases to the order books of each of the Building divisions of the group locally, as well as in the rest of Africa and Australia. The challenging conditions within civil markets are evident in the 25% decrease in the Roads and earthworks order book to R3,7 billion; however, R687 million has been secured subsequent to 30 June 2015. The heavier weighting toward lower margin building and road work included in the order book of the group means margins are likely to remain at the lower end of the targeted range over the short to medium term.

BUILDING AND CIVIL ENGINEERING

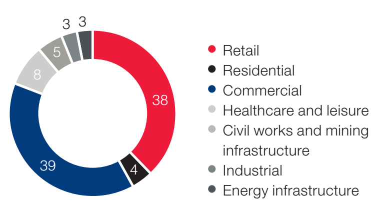
	% growth	FY15 Rm	FY14 Rm
South Africa	9	**8 211**	7 549
Rest of Africa	41	**925**	657
Total	11	**9 136**	8 206

Geographic spread (%)

2015 2014

Sector spread (%)

2016



The local building market continues to deliver a number of major projects each year, of which the Building divisions of the group are able to secure a significant share. With a strong horizon through to FY17, activity levels and margins from the divisions are likely to be sustained over the near term. Focused attention on project execution will remain a priority in the year ahead to ensure delivery to our exacting standards is maintained. Recent awards of major projects in the second half of FY15 include: commercial offices at 140 West Street in Sandton, the Ballito shopping centre in KZN, the fit out of the Netcare Hospital, and additional phases at the V&A Waterfront in the Western Cape. Additional opportunities targeted within the procurement pipeline include projects from the entertainment and public and private healthcare sectors.

In the rest of Africa, the division is the preferred contractor for two retail developments in Ghana and Mozambique, while opportunities in Namibia are also being explored.

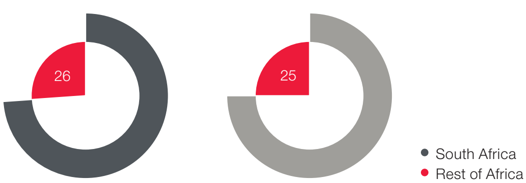
While the outlook for the Civil engineering division, which is heavily reliant on the mining and industrial sectors, remains concerning, the division successfully secured contracts for: the construction of a parkade for Nedbank, administrative offices for Transnet at Coega in the Eastern Cape, and extensions to a mill for Petro Diamonds, which will support activity in the year ahead. Furthermore, a number of opportunities in the oil and gas, energy and mining sectors, which are expected to reach the market in FY16, have been targeted.

ROADS AND EARTHWORKS

	% growth	FY15 Rm	FY14 Rm
South Africa	(38)	**2 794**	3 814
Rest of Africa	(20)	**995**	1 250
Total	(25)	**3 789**	5 064

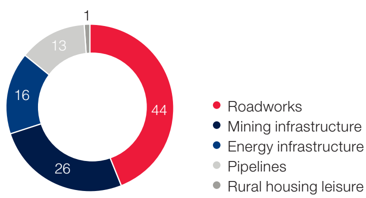
Geographic spread (%)

2015 2014



Sector spread (%)

2016



In recent years, the Roads and earthworks division has successfully re-directed resources into other markets as mining opportunities have dried up; however, the potential impact of the current low-growth economic environment on the ability of the public sector to fund future infrastructure projects is concerning. Having tapered off over the second half of FY15, activity in the road sector has again shown improvement, with SANRAL recently releasing a number of projects to the market. Construction of the BRT projects in KZN and Sandton and upgrades to the R24 to Rustenburg and N2 to Grahamstown will form the bulk of the local work from this sector in FY16. The pipeline market is also becoming significantly more competitive, with an increasing number of contractors bidding on available projects; however, the division was recently lowest on a tender for Umgeni Water in KZN. Construction of the ash dams and coal stock yard at the Kusile power station will continue until the end of the financial year. Two additional rural housing projects in KZN were secured in the second half of the year. With the Medupi power station beginning to come on-stream and construction at the Kusile power station advancing, it is anticipated that coal-related mining projects will begin to materialise.

In the rest of Africa, smaller-scale mining projects will continue to be targeted in order to retain a strategic presence in key markets. Various projects of this nature were secured in Botswana and Ghana toward the end of FY15, which will sustain our current activity levels. In Mozambique, further phases for the rehabilitation of the EN4 were secured during the year, while a project for the rehabilitation of a tailings facility on the Benga Coal mine in Tete was secured post year end.

Under these challenging conditions, revenue and margins from the Roads and earthworks division are expected to remain under pressure over the short term. The strategy of the divisions of maintaining a low cost base in high risk territories is essential to afford the necessary flexibility to pursue opportunities as they arise.

ORDER BOOK AND OUTLOOK
CONTINUED

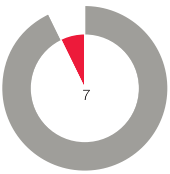
AUSTRALIA

	% growth	FY15 Rm	FY14 Rm
Building	11	**23 697**	21 292
Civil engineering	(49)	**810**	1 589
Total	7	**24 507**	22 881

Geographic spread (%)

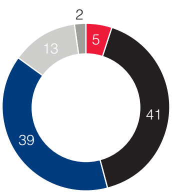
2015

2014



Sector spread (%)

2016



Non-residential building activity (commercial construction) is expected to remain subdued into 2016, reflecting persistent weakness in approvals and building commencements across most major commercial property markets. In contrast, residential building activity is forecast to remain solid into 2016 supported by elevated approvals, low mortgage interest rates, strong population growth and urban transport infrastructure developments.

The reputation of Probuild for consistent delivery and strong client relationships continues to provide opportunities to gain entry to new markets. Having successfully established a footprint in Brisbane, following the award of two projects for existing clients in FY15, the Building division of Probuild has now secured a $390 million contract in New Zealand, where building activity is again increasing. Strong Asian investment continues to support the retail and residential sectors in Melbourne and Sydney, while commercial office developments are providing opportunities as well. Building activity in Perth is expected to decline over the short term as investment in the region is largely reliant on the mining sector, which remains subdued.

The current downturn underway in engineering construction is expected to continue, as mining-related construction and related infrastructure investment falls further from its recent peaks. Increased public spending on infrastructure within Melbourne and Sydney has been identified by management as opportunities for growth. In response, the civil headquarters have now been relocated to Melbourne and, in April 2015, a recognised leader from the civil industry was appointed to reposition the business and target these markets. As previously mentioned, the capacity of the businesses in Western Australia and Queensland have been aligned to current activity levels in their respective markets.

CONSTRUCTION MATERIALS

Activity levels within the remaining continuing operations, 3Q Concrete and RMS, are expected to be sustained over the short to medium term, however margins are likely to remain under pressure. The group continues to assess the performance of its construction materials businesses and their strategic fit within the group as a whole and will favourably consider any reasonable and market-related offers in relation thereto.

PROJECTS

Bidding on the enabling works for gas infrastructure in Mozambique is currently a key focus for the group's Projects division, however the renewable energy sector locally and in the rest of Africa continues to provide opportunities as well.

Sandton: 90 Grayston commercial offices.

GOVERNANCE AND REMUNERATION REVIEW

This section of the report presents the corporate governance and remuneration practices of the group for the reporting period. It includes an overview of the current governance structures and reporting processes, followed by a discussion of the key governance tasks addressed during the year. These tasks have been tied to the governance structure primarily responsible for addressing them, either the Board or one of its sub-committees. This discussion concludes with our Remuneration Report for the year.

GOVERNANCE STRUCTURES AND PROCESSES

We recognise that accountability and transparency are fundamental to investor trust and commercial sustainability. This requires us to deliberate and act with fairness, responsibility and integrity, and to consider more than just our financial performance, appraising the short- and long-term impacts of our operations on society and the environment at the same time.

The WBHO Board of Directors and its sub-committees are responsible for corporate governance throughout the group and, in this regard, the Board subscribes to the recommendations of the King Code of Corporate Governance Principles for South Africa (King III); the dictates of the Companies Act No 71 of 2008; and the JSE Listings Requirements. The following diagram illustrates our existing governance structures and reporting processes:

SHAREHOLDERS AND STAKEHOLDERS

BOARD OF DIRECTORS

Responsible for strategic leadership and guidance and ensuring that the company remains a robust, successful business, responsive to stakeholders and accountable to shareholders.

AUDIT AND RISK COMMITTEE
Responsible for financial sustainability and risk management

SOCIAL AND ETHICS COMMITTEE
Responsible for good corporate citizenship, encompassing ethical, legal, social and environmental governance

NOMINATION COMMITTEE
Responsible for identifying and sourcing appropriately skilled directors

REMUNERATION COMMITTEE
Responsible for attracting, retaining and motivating world-class employees

EXECUTIVE COMMITTEE

Responsible for assisting the CEO in managing the day-to-day operations of the group. The committee recommends policies and strategies to the Board and, once approved, monitors the implementation thereof. In addition, mandates are given to the committees below to oversee specific areas of importance on behalf of Exco.

INFORMATION TECHNOLOGY STEERING COMMITTEE
Responsible for ensuring effective, appropriate IT governance and support

CREDIT COMMITTEE
Responsible for assessing all capital projects against financial, technical and strategic objectives

TRANSFORMATION COMMITTEE
Responsible for implementing initiatives to achieve the strategic transformation objectives of the group

SKILLS DEVELOPMENT COMMITTEE
Responsible for ensuring the training and skills development programmes of the group are co-ordinated and effective

Further information regarding the governance structures, processes and guiding principles of the group, including our King III register, committee charters, Code of Conduct and board composition and attendance, can be found on the WBHO website at www.wbho.co.za.

GOVERNANCE REVIEW

From a governance perspective, we continue to make good progress towards a unified governance framework for the entire group. The process began with an assessment of the variance governance protocols in effect in both South Africa and Australia and we have sought to align processes where they differed significantly as well filling any gaps where they occurred. Attention this year centred around internal audit, risk management and governance in respect of procurement. Details of the enhancements implemented are included in the accompanying individual committee reports.

During the year, we also further refined and simplified our risk processes to ensure that the right information is made available to management and the Board and commenced development of a framework to align our internal and external assurance processes into one combined model. Further details regarding these developments are available in the Audit and risk committee report in this section.

King III progress report

The group has fully applied 70 of the 75 principles included in the King III report. The following list describes the progress we have made in respect of certain principles this year as well as listing the remaining principles to which we partially comply or that remain under review. Our full King III Register can be downloaded in PDF format as part of our online integrated report at www.wbho.co.za/investors.

Principle 2.16 P -> Y

The Board should elect a Chairman of the Board who is an independent non-executive director. The Chief Executive Officer (CEO) of the company should not also fulfil the role of Chairman of the Board.

In line with best practice, the roles of the Chairman and Chief Executive Officer are separate. Since the Chairman is an executive of the organisation, a Lead independent non-executive director has been appointed.

Principle 2.24 U

A governance framework should be agreed between the group and its subsidiary boards.

The Board is in the process of drafting procedures for all subsidiary companies, including the Australian subsidiaries, to adopt a governance framework in line with that of Wilson Bayly Holmes-Ovcon Limited (see the Audit and risk committee report for further detail).

Principle 2.26 P

Companies should disclose the remuneration of each individual director and certain senior executives.

The Remuneration Report is recommended to the Board by the Remuneration committee, which provides a clear explanation of how the remuneration policy has been implemented, and provides sufficient forward-looking information for the shareholders to pass a special resolution in terms of Section 66(9) of the Companies Act to approve the remuneration policy by way of a non-binding advisory vote. The Remuneration Report is published in the annual report (see the Remuneration committee report for further detail).

Principle 3.4 P -> Y

The Audit committee should oversee integrated reporting.

The committee must have regard to all factors and risks that may impact on the integrity of the Integrated Report; all integrated reporting is reviewed by the committee and referred to the Board for approval (see the Audit and risk committee report for further detail).

Principle 3.5 P

The Audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

The committee is to obtain assurance on the effectiveness of internal controls and ensure that the combined assurance received is appropriate to address all the significant risks facing the organisation. An overall procedure is being developed to ensure that overall assurance is achieved. The internal audit function was independently assessed during FY14 (by the Institute of Internal Auditors) and the recommendations of the assessment have been implemented (see the Audit and risk committee report for further detail).

Principle 4.8 P -> Y

The Board should ensure continual risk monitoring by management.

The Board delegates through the Strategic risk committee, which is an extension of the Audit and risk committee, to ensure that the Operational risk committee, which is comprised of senior executives, continuously monitors risk (see the Audit and risk committee report for further detail).

GOVERNANCE AND REMUNERATION REVIEW
CONTINUED

Principle 5.5 P
IT should form an integral part of the risk management of the company.

Due to the nature of technology, policies and procedures are reviewed on a regular basis to ensure compliance and reduction of risk (see the Audit and risk committee report for further detail).

Principle 8.2 P -> Y
The Board should delegate to management to deal with stakeholder relationships proactively.

The Board is responsible for effective communication with stakeholders, particularly investors, clients and potential clients, staff and unions. Executive management maintain regular dialogue with investors and clients. The level of stakeholder engagement has increased significantly in the last few years. The Board delegates this function effectively and engages with stakeholders on a regular basis directly as well.

Principle 9.3 U
Sustainability reporting and disclosure should be independently assured.

It is the intention of the Audit committee and the Board to obtain external assurance on the accuracy of the sustainability information published in the integrated Report.

Y -> Fully applied
P -> Partially applied
U -> Under review

AUDIT AND RISK COMMITTEE REPORT

Background and duties

The Audit and risk committee has executed its duties and responsibilities during the 2015 financial year in accordance with its terms of reference as these relate to the accounting, internal auditing, internal control, risk management and financial reporting practices of the group. The operation of the committee is guided by a detailed Charter, which is informed by the Companies Act of South Africa and King III and is approved by the Board.

During the year under review, the committee satisfied itself as to:
- the adequacy of financial controls and reporting; insofar as they relate to;
- the audit plans of the external and internal auditors and their adherence to these plans;
- the completeness and appropriateness of all publicly disclosed financial information and recommended it for adoption by the Board;
- the extent of non-audit services undertaken by the external auditors;
- compliance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa; and
- the expertise and experience of the CFO.

The committee also oversees the governance of risks faced by the group on behalf of the Board. Its primary objectives during the year, which are outlined in the Risk management charter, were to:
- establish and maintain an understanding of the risk universe that needs to be addressed if the group is to achieve its objectives;
- review the business risk assessment and risk profile compiled by management;
- monitor the risk management of the group; and
- satisfy corporate governance reporting requirements.

Membership

Each of the four members of the Audit and risk committee is an independent non-executive director. There were no changes to the composition of the committee during the year. The committee is chaired by the Lead independent non-executive director, Nomgando Matyumza. The other members of the committee are Nonhlanhla Mjoli-Mncube, James Ngobeni and Ross Gardiner.

The committee meets at least four times a year to discuss audit-related issues and at least twice a year to discuss risk-related issues. Shareholders approve and re-elect committee members at the annual general meeting of the company. The CEO, CFO, members of senior management, the Chief Audit Executive, Chairman of the Operational risk committee (ORC), and representatives of the external auditors attend committee meetings by invitation.

Internal audit and information technology

The implementation of the recommendations of the independent evaluation of the internal audit function were finalised during the year and the committee has now satisfied itself that the internal audit function adheres to the relevant standards, is properly resourced, and performs an effective role in the overall internal control environment of the organisation. An internal audit function was established in Australia during FY14, and is now fully operational. This year a risk-based audit plan was developed and successfully delivered. An IT governance framework has also been drafted and is under review.

Progress towards global combined assurance

While all of the necessary assurance processes have been in place across the organisation for some time, the foundations for combined assurance have now been established. The committee has now begun the task of finalising an overarching framework that will align all of the assurance processes and enable the Board to assess where interventions are necessary. The framework will enable the committee to present assurance processes and outcomes to the Board in such a way that gaps and instances where more or less assurance is required can be identified and deliberated upon easily.

A unified governance framework

We have instituted Audit sub-committees in our Australian business as a whole as well as Capital Africa Steel reporting to the Board Audit committee quarterly and providing the committee with a deeper level of insight into these operations. As a next step, the risk management practices of South Africa and Australia will be reviewed and even better aligned.

Risk management

From a risk management perspective, the period under review was spent refining and simplifying our risk processes to ensure that the right information is made available to management. The objective was to transform our risk management into a useful tool that assists decision making, at both a site and divisional level, as well as being able to consolidate the information up to Board level. These refined processes are awaiting final ratification and approval by the committee.

Providing robust reporting oversight

The committee provided thorough oversight regarding the integrated reporting processes of the group and the integrity of this Report. The committee reviewed this Report thoroughly and, once satisfied, recommended this Report to the Board for its approval.

Going concern

Upon the review of a documented assessment of the going concern status of the group, including key assumptions prepared by management and the external auditors, and having ensured that the annual financial statements fairly present the financial position of the company, the committee has satisfied itself that the company will operate as a going concern for the foreseeable future.

Nomgando Matyumza
Chairperson

GOVERNANCE AND REMUNERATION REVIEW
CONTINUED

SOCIAL AND ETHICS COMMITTEE REPORT

Background and duties

The broad-reaching mandate of the Social and ethics committee is to act as the "conscience" of the organisation and to ensure that WBHO conducts itself as a responsible corporate citizen. To perform this function, the committee monitors and informs the activities of the organisation from a variety of perspectives, including: social and economic development; ethical standards and decision making; environmental, health and public safety accountability; responsiveness to stakeholders; and labour and empowerment objectives.

During the year under review, the committee satisfied itself as to:

- the conformity of WBHO to all appropriate legislation and codes of best practice;
- whether the United Nations Global Compact (UNGC) principles, in terms of labour and human rights, are being upheld across the group;
- adherence to environmental and health and safety laws; and
- whether the empowerment and transformation objectives of WBHO (which include preferential procurement, corporate social investment and emerging contractor development) are being advanced.

Membership

The Social and ethics committee consists of five members. There were no changes to the composition of the committee during the year. The committee is chaired by independent non-executive director, Nonhlanhla Mjoli-Mncube. The other members of the committee are Nomgando Matyumza, Terry Armstrong, Shereen Vally-Kara and Andrew Logan.

UNGC and OECD review finalised

During the year, the committee finalised its review of the standing of the company in terms of the 10 principles of the United Nations Global Compact (UNGC) and the Organisation for Economic Co-operation and Development (OECD). These requirements and their associated risks are now being assessed and reviewed on a regular basis by the organisation. The outcomes of this process included: a review of supply chain declarations; the promulgating of an updated Code of Conduct for the Australian subsidiaries of the group; a review of the WBHO Alert fraud hotline and employee grievance procedures; and a review of WBHO hiring practices and controls.

As the next step in this ongoing process, the HR department has now been tasked with determining the standing of the company in terms of the guidelines promulgated by the International Labour Organisation (ILO) and this review will be finalised during the year ahead.

Enhanced decision making processes

The committee is pleased to be able to report that the group maintained its ISO 14001, 18001 and 9001 compliance during the year and a framework has now been introduced to ensure that reports from the Shared services divisions within the group are provided to the committee on a monthly/quarterly basis. These regular reports are now used to support the decision making processes of the committee.

Monitoring transformation

The committee is assisting the Executive committee (Exco) by monitoring transformation within the organisation and regularly reporting back on progress.

Social Economic Development programme assessments

The committee has also begun reviewing the WBHO Social Economic Development (SED) programme, ensuring that the budget and mix of projects reflects the strategy of the group.

Appointment of Group Legal Officer

Plus review of corporate legal compliance and risk areas, such as the Companies Act, Basic Conditions of Employment Act.

Nonhlanhla Mjoli-Mncube
Chairperson

NOMINATION COMMITTEE REPORT

Background and duties

The Nomination committee identifies and recommends individuals for Board appointments. Members of the committee consider specific skills, Board composition requirements and gender when nominating candidates. The committee is also responsible for ensuring the integrity of the nomination process. Its principal responsibilities, which are outlined in the Nomination committee Charter, are to ensure that: directors are appointed through a formal process; induction and ongoing training and development of directors take place; and that formal succession plans for the Board, CEO and senior management appointments are in place.

Membership

There are five members of the Nomination committee. There were no changes to the composition of the committee during the year. The committee is chaired by Lead independent director, Nomgando Matyumza. The other members of the committee are Nonhlanhla Mjoli-Mncube, James Ngobeni, Ross Gardiner and Savannah Maziya. Executives and senior management attend by invitation.

Fulfilling its mandate

In fulfilment of its mandate, the Nomination committee reviewed the composition of the Board to ensure that the balance of skills, experience and knowledge continued to be appropriate for the business to meet its strategic objectives. The committee reviewed the succession plans for both executive and non-executive appointments to the Board as well.

Nomgando Matyumza
Chairperson

REMUNERATION COMMITTEE REPORT

Background and duties

The role of the Remuneration committee is to assist the Board in ensuring that directors, executives and senior management of the company are fairly and responsibly remunerated, and that the disclosure of director remuneration is accurate, complete and transparent. Meetings take place biannually, at times when bonuses are awarded and when increases are decided.

The committee reports directly to the main Board of WBHO and submits all of its decisions to the Board for final ratification. During the year under review, the committee satisfied itself as to:

- the planning and structuring of the company remuneration policy;
- the determining of both executive and non-executive packages;
- the suitability of performance and other incentive-based schemes for both executives and employees;
- all proposals for executive share-based and other short- and long-term incentive schemes;
- the conditions stipulated in employment contracts for the executive directors of the company and other members of executive management, with appropriate notice periods; and
- all benefits, including retirement and medical aid funds.

Subsidiaries in Australia are governed by a separate remuneration committee, consisting of executive Board members, which follows similar procedures to those conducted in South Africa. The final authorisation of Australian increases and incentives is given after a detailed presentation has been made to the Chairman, CEO and CFO of WBHO.

As part of its review of executive remuneration, the committee formulated the "WBHO Share Plan", a long-term incentive scheme for directors and senior management. In formulating the scheme, the committee engaged with key stakeholders to obtain their input into the performance criteria and targets contained in the scheme. The scheme was approved by shareholders at the last AGM of the company on 7 November 2014.

Membership

The Remuneration committee consists of at least two independent non-executive directors and it is currently chaired by non-executive director, Savannah Maziya. The other committee member is Ross Gardiner. Senior executive management is invited to meetings to provide adequate background to the matters that are debated.

Savannah Maziya
Chairperson

REMUNERATION REPORT

Remuneration within WBHO is aligned to corporate strategy and in adherence to the principles set out in the King Report on Governance for South Africa 2009 (King III) and with the requirements of the Companies Act of South Africa in relation to the remuneration of directors and principal officers.

Our approach to remuneration

WBHO aims to remunerate all employees fairly and to reward individual performance in a way that is able to attract, motivate and retain key personnel.

The remuneration policy of the group — which is available online under the “Governance” section of the WBHO website at www.wbho.co.za/governance — defines the principles to be applied when determining remuneration for employees, including both executive and non-executive packages. The policy aims to align the interests of senior executives with the interests of shareholders, and with the business strategy formulated by the Board, particularly in regard to how performance-based rewards are to drive performance.

Total remuneration consists of the following three elements:

- guaranteed remuneration benchmarked against comparable industry packages and, for executive directors and senior managers, set below the median;
- short-term incentives (STIs), which reward high-performing employees for their contribution to the group, divisional cluster and division in which they work, based on a scorecard of economic, social and environmental targets; and
- long-term incentives (LTIs), which aim to reward both company performance and individual/team/project performance.

Performance variable pay carries a heavier weighting than guaranteed pay when rewarding the operational performance of senior directors and key management.

In order to maintain cohesion within senior management, gaps in salary between executive directors and key senior operational managers are kept to a minimum. As a result, the guaranteed pay levels of executive directors are benchmarked below the median level, while still taking cognisance of comparable guaranteed executive pay levels within the industry.

WBHO Share Plan

During the year, the group implemented a long-term incentive plan, the WBHO Share Plan, for executives and senior management, which was approved at the Annual General Meeting held on 7 November 2014. The scheme consists of two components, namely:

- share appreciation rights (SAR), where value will be created through share price growth; and
- performance shares (PS), where value is created through growth or maintenance of returns relative to competitors.

Offers in respect of each component will be made annually by the Board. In the current year, allocations of 137 000 SARs and 128 000 PSs were made to executive directors and senior management.

Share appreciation rights

The allocation of SARs will be made annually and will vest in equal tranches over three years. Rights will be available for vesting on the third, fourth and fifth anniversaries, but need not be exercised until the seventh anniversary. On settlement, the value accruing to participants will be the full appreciation of the share price over the vesting period.

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

Performance shares

Conditional awards of performance shares will be made annually to participants. Vesting will commence on the third anniversary of the award, to the extent that the company has met the specified performance criteria over the intervening period. Being a full value share element, essentially without a strike price, the number of shares that vest will depend on the extent of the company performance against the criteria over the three-year vesting period.

The performance criteria for each award are decided at Board level and have been set as follows for 2015:

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

The total shareholder return (TSR) is the increase in value of a portfolio of shares, with dividends reinvested over the performance period.

Performance criteria will be determined on an annual basis where TSR is measured against a comparative peer grouping consisting of Aveng, Basil Read, Group 5, Murray and Roberts, Raubex, Stefanutti Stocks, Hudaco, Barloworld and PPC.

The following allocations were made to executives and prescribed officers during the year:

	Share appreciation rights '000	Performance shares '000	Total '000
Executive directors			
EL Nel	20	19	39
CV Henwood	19	18	37
Prescribed officers			
PJ Foley	19	18	37
S Vally-Kara	5	5	10
RM Smith	19	18	37
EA Mashishi	11	10	21

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

Total guaranteed packages

This year, the average increase for South African senior management was 4,4%. Executive directors and the divisional management directors waived an increase in the current year in recognition of the current market conditions experienced by the industry. Average increases for the remainder of employees in South Africa were 5,9%. Senior management in Australia received average increases of 3,3%, and the remaining employees received average increases of 3,4%.

Short-term incentives (STI)

The STIs for executive directors and other senior management are short-term, cash-based annual performance rewards determined by performance scorecards, structured with the following weighting:

- 70% for financial targets; and
- 30% for personal scorecard objectives.

In respect of executive directors, financial targets, approved by the Board annually in advance, are set taking cognisance of operational budgets and define "minimum", "expected" and "maximum" targets for the business with respect to:

- headline earnings per share (HEPS) growth;
- operating profit;
- return on capital employed (ROCE); and
- cash generation.

The key financial performance indicators for FY15, in respect of the executive directors, are:

	Threshold %	Target %	Stretch %
Operating profit	24	50	98
Cash generation	10	20	42
ROCE	21	42	86
HEPS	15	28	54
Bonus based on financial targets	70	140	280
Bonus based on personal scorecard objectives	30	60	120
Total potential bonus	100	200	400

GOVERNANCE AND REMUNERATION REVIEW
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While the percentages may appear above market norms, stakeholders are reminded that TGP is deliberately set below the lower quartile, which necessitates a higher STI percentage.

Performance against FY15 STI targets and objectives

	Personal scorecard component	Operating profit %	ROCE %	Cash generation %	HEPS %	Actual bonus as a % of TGP %	Potential maximum bonus as % of TGP5
Executive directors							
El Nel	95	0	64	42	15	216	400
MS Wylie	100	0	64	42	15	221	400
CV Henwood	93	0	64	42	15	214	400

Group operating profit before non-trading items for the year ended 30 June 2015 decreased by 23% to an amount of R793 million. HEPS increased by 0,2%, ROCE was 18,0% and the cash generated for the year amounted to R1,3 billion.

Executive directors' emoluments

	Total guaranteed package R'000	STI R'000	Total R'000
2015			
EL Nel	**2 427**	**5 246**	**7 673**
CV Henwood	**2 305**	**4 936**	**7 241**
MS Wylie	**1 932**	**4 272**	**6 204**
2014			
EL Nel	2 139	5 506	7 645
CV Henwood	2 053	5 018	7 071
MS Wylie	1 740	4 583	6 323
JP Botha*	1 038	–	1 038

* *Resigned from the board on 23 January 2014*

Executive directors' shareholding

	2015			2014		
'000	Direct	Indirect	Total	Direct	Indirect	Total
EL Nel	**261**	**–**	**261**	261	–	261
CV Henwood	**–**	**100**	**100**	–	100	100
MS Wylie	**–**	**900**	**900**	–	900	900

Prescribed officers' emoluments

R'000	Total guaranteed package	STI	Total
2015			
PJ Foley	**2 238**	**5 000**	**7 238**
TR Armstrong	**1 866**	**3 800**	**5 666**
S Vally-Kara	**1 266**	**500**	**1 766**
MJ Sprott*	**1 259**	**2 375**	**3 634**
RM Smith	**2 106**	**5 000**	**7 135**
EA Mashishi^	**1 828**	**4 500**	**6 328**
L Cohen+	**1 190**	**1 550**	**2 740**
2014			
PJ Foley	1 985	5 500	7 485
TR Armstrong	1 764	4 000	5 764
S Vally-Kara	1 176	500	1 676
MJ Sprott	1 868	4 000	5 868
RM Smith	1 869	5 500	7 369
L Cohen	1 615	2 500	4 115

* *Retired 30 June 2015*
^ *Appointed 1 July 2014*
+ *Resigned March 2015*

Prescribed officers' shareholding

	2015			2014		
'000	Direct	Indirect	Total	Direct	Indirect	Total
PJ Foley	**78**	**–**	**78**	78	–	78
TR Armstrong	**14**	**514**	**528**	14	564	578
MJ Sprott*	**91**	**–**	**91**	91	–	91
RM Smith	**18**	**–**	**18**	18	–	18
EA Mashishi^	**2**	**114**	**116**	-	–	–
L Cohen+	**49**	**–**	**49**	49	–	49

Non-executive directors' remuneration

Directors' fees are determined by Remco and ratified by the Board and shareholders. The average percentage increase proposed for directors' fees is 4,6%. The proposed fees for non-executive directors in respect of 2016 are disclosed below:

	2016 R'000	2015 R'000
Lead independent director	295	**281**
Non-executive director	184	**176**
Chairman of Audit committee	280	**266**
Chairman of Remuneration committee	137	**130**
Chairman of Social and ethics committee	64	**64**
Committee members (per meeting)	24	**24**

GOVERNANCE AND REMUNERATION REVIEW
CONTINUED

Non-executive directors' emoluments

	2015 R'000	2014 R'000
NS Maziya	**350**	280
NS Mjoli-Mncube	**437**	407
JM Ngobeni	**351**	323
RW Gardiner^	**366**	141
NNM Matyumza	**656**	523

^ Appointed 23 January 2014

Non-executive directors' shareholding

	2015			2014		
'000	Direct	Indirect	Total	Direct	Indirect	Total
NS Maziya	**–**	**712**	**712**	–	701	701
NS Mjoli-Mncube	**–**	**712**	**712**	–	701	701
JM Ngobeni	**–**	**712**	**712**	–	701	701
RW Gardiner^	**–**	**–**	**–**	–	–	–
NNM Matyumza	**–**	**–**	**–**	–	–	–

Shares disclosed in the above table are allocated shares in respect of the empowerment initiative of the group and do not represent the number of shares likely to vest upon fulfilment of the vesting conditions.

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

EMPLOYEE AND MANAGEMENT LONG-TERM INCENTIVE SCHEMES

'000	WBHO Share Trust	WBHO Management Trust	Akani Investment Holdings	Edwin Construction Share Trust	Probuild Share Scheme
Total shares allocated	50	771	3 453	289	1 027
Shares/options issued in the current year	–	75	–	–	–
Shares available for future allocations	42	1 262	1 887	311	–
Dividend shares purchased	n/a	n/a	231	n/a	n/a
Vesting period	5 years	5 years	5 years	5 years	n/a
Shares vested/bought back in the current period	–	–	49	18	–
Treasury shares acquired		456			

WBHO Management Trust

In the current period, 75 000 options were offered to qualifying employees at an exercise price of R83,06. These options are exercisable five years from the date of issue and their main aim is to retain, reward and motivate key management personnel.

Further details in respect of the above schemes are available online in the consolidated annual financial statements under the investor section of the company's website at www.wbho.co.za/investors.

STATUTORY INFORMATION

WILSON BAYLY HOLMES-OVCON LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1982/011014/06)
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ISIN: ZAE000009932
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SPONSOR

Investec Bank Limited

SHAREHOLDERS' DIARY

Financial year-end	30 June
Preliminary announcement	September
Annual report posted	October
Interim results announced	February

SHAREHOLDERS' PAYMENTS

Interim payment

– approved	February
– payable	April

Final payment

– approved	August
– payable	October


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